

**A meeting of the Inverclyde Council will be held on Thursday 26 September 2019 at 4pm within the Municipal Buildings, Greenock.**

GERARD MALONE  
Head of Legal and Property Services

## **BUSINESS**

**\*\*Copy to follow**

1. <b>Apologies and Declarations of Interest</b>	<b>Page</b>
<b>NEW BUSINESS</b>	
2. <b>2018/19 Annual Audit Report to Elected Members and the Controller of Audit</b> Report by Chief Executive	<b>p</b>
3. <b>Minutes of Meetings of The Inverclyde Council, Committees, Sub-Committees and Boards</b> Local Police & Fire Scrutiny Committee (pp 203 – 204) Inverclyde Council (pp 205 – 209) General Purposes Board (pp 210 – 211) Planning Board (Special) (pp 212 – 213) Grants Sub-Committee (pp 214 – 222) Grants Sub-Committee (pp 223 – 224) Audit Committee (Special) (p 225) Inverclyde Council (Special) (pp 226 – 227) Policy & Resources Committee (pp 228 – 232) Local Review Body (p 233) Grants Sub-Committee (p 234) General Purposes Board (p 235) Audit Committee (pp 236 – 237) Health & Social Care Committee (pp 238 – 241) Environment & Regeneration Committee (pp 242 – 250) Education & Communities Committee (pp 251 – 259) Planning Board (pp 260 – 265) Local Review Body (pp 266 – 269) General Purposes Board (pp 270 – 271) ** Policy & Resources Committee (pp 272 – ) ** Local Police & Fire Scrutiny Committee (pp )	

<p>4. <b>Review of the Roles of and Support Given to Council Champions</b> Report by Head of Legal &amp; Property Services</p>	<p><b>p</b></p>
<p>5. <b>Clyde Valley Learning and Development Project 2019 – Revised Minute of Agreement</b> Report by Head of Legal &amp; Property Services</p>	<p><b>p</b></p>
<p><b>REMITS FROM COMMITTEES</b></p>	
<p>6. <b>Treasury Management – Annual Report 2018/19 – Remit from Policy &amp; Resources Committee</b> Report by Corporate Director Environment, Regeneration &amp; Resources</p>	<p><b>p</b></p>
<p>The documentation relative to the following item has been treated as exempt information in terms of the Local Government (Scotland) Act 1973 as amended, the nature of the exempt information being that set out in the paragraphs of Part I as detailed in the minute of the relevant Committee, Sub-Committee or Board.</p>	
<p><b>NEW BUSINESS</b></p>	
<p>7. <b>Business in the Appendix</b></p>	

Enquiries to – **Sharon Lang** – Tel 01475 712112

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<b>Report To:</b>	<b>The Inverclyde Council</b>	<b>Date:</b>	<b>26 September 2019</b>
<b>Report By:</b>	<b>Chief Executive</b>	<b>Report No:</b>	<b>FIN/86/19/AP/CM</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>2018/19 Annual Audit Report to Elected Members and the Controller of Audit</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to present the Annual Audit Report for Elected Members and the Controller of Audit for the Financial Year 31 March 2019 to the Council for consideration.

Representatives from Audit Scotland will be in attendance to present the Annual Report and to answer questions.

## 2.0 SUMMARY

- 2.1 It is a statutory requirement for the Council to consider the Annual Report from its External Auditors for the financial year ended 31 March prior to the 30 September of the same year. The report contains a number of formal requirements and subject to the approval of the Council, the accounts require to be signed by the External Auditors, Council Leader, Chief Executive and the Chief Financial Officer.
- 2.2 The full Annual Audit Report is contained in Appendix 1 and contains a number of distinct sections. The key messages are largely positive and this continues the ongoing improvement reported in the 2017 Best Value Report.
- 2.3 The first sections of the Annual Report relate to the Council's Audited Accounts which are attached at Appendix 2 and report an unqualified opinion on the Financial Statements for the financial year ended 31 March 2019, subject to receipt of the signed Letter of Representation which is attached at Appendix 3.
- 2.4 The auditors have highlighted a number of amendments to the accounts all of which have been actioned by the Council's Finance Service. The Auditors have raised some matters which officers need to address and these, along with the officer responses are shown in Appendix 1 of the Annual Report .
- 2.5 The Financial Management and Sustainability sections of the Annual Report provide comment on areas relating to the Revenue Budget, Capital Programme, Efficiency Performance and Reserves. The Governance and Transparency and Value for Money sections repeat many of the issues contained in the 2017 Best Value report and subsequent progress.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Council considers the contents of the Annual Report to Members and the Controller of Audit for the Financial Year ended 31 March 2019 and approves the Action Plan in Appendix 1 of the Annual Report report.
- 3.2 It is recommended that the Council considers the Annual Accounts for Inverclyde Council for the Financial Year 2018/19 and after seeking further information as required, gives approval for the signing of the accounts by the Council Leader, Chief Executive and Chief Financial Officer.

3.3 It is recommended that the Council considers the Letter of Representation in Appendix 3 and approves the signing of the letter by the Chief Financial Officer.

**Aubrey Fawcett**  
**Chief Executive**

## **4.0 BACKGROUND**

- 4.1 It is a statutory requirement for the Council to consider the Annual Report from its External Auditors for the financial year ended 31 March prior to the 30 September of the same year. The report contains a number of formal requirements and subject to the approval of the Council, the accounts require to be signed by the External Auditors, Council Leader, Chief Executive and the Chief Financial Officer.
- 4.2 The Council's External Auditors will be in attendance at the Council meeting to present the main findings to Members and to answer any questions arising.

## **5.0 ANNUAL REPORT TO ELECTED MEMBERS**

- 5.1 The Annual Report is attached as Appendix 1 to this covering report and is presented in 5 distinct sections. These sections represent a standard approach which meets the requirements of the Accounts Commission.
- 5.2 The key messages are largely positive and this represents further improvement and a continuation of the trend reported in the 2017 Best Value Assurance Report.
- 5.3 The first part of the report relates to the Council's Audited Accounts which are attached at Appendix 2 and report an unqualified opinion on the Financial Statements for the financial year ended 31 March 2019. The formal Audit Certificate will be issued by the External Auditors following receipt of the Letter of Representation which is attached at Appendix 3. This letter requires to be signed by the Chief Financial Officer (as the Accountable Officer) following approval by the Council.
- 5.4 The Financial Management and Sustainability sections of the Annual Report provide comments on areas relating to the Revenue Budget, Capital Programme, Efficiency Performance and Reserves. No specific actions are highlighted. The final sections of the Annual Report cover Governance, Transparency and Value for Money.

## **6.0 NEXT STEPS**

- 6.1 Subject to the views of Members and following any questions raised with both the External Auditors and relevant officers, the Council requires to approve the Letter of Representation (Appendix 3) and the Annual Accounts for 2018/19. Thereafter the Council Leader, Chief Executive, Chief Financial Officer in addition to the External Auditors are required to sign the requisite copies of the Annual Accounts whilst the Chief Financial Officer signs the Letter of Representation.
- 6.2 In addition the Action Plan in Appendix 1 of the Annual Report requires approval. Progress against these actions will be tracked via updates to the Audit Committee.

## **7.0 IMPLICATIONS**

### **7.1 Finance**

There are no financial implications arising from this report.

## Financial Implications:

### One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

### Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

## 7.2 Legal

The approval of the recommendations discharges the Council's statutory responsibilities in respect of the 2018/19 Annual Accounts.

## 7.3 Human Resources

There are no HR issues arising from this report.

## 7.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

## 7.5 Repopulation

There are no repopulation issues arising from the report.

## 8.0 CONSULTATIONS

8.1 The Council's External Auditors have discussed the contents of Annual Report with the Corporate Management Team who have agreed the supporting Action Plan and delivery timescales.

## 9.0 LIST OF BACKGROUND PAPERS

9.1 None

# Inverclyde Council

## 2018/19 Annual Audit Report



 AUDIT SCOTLAND

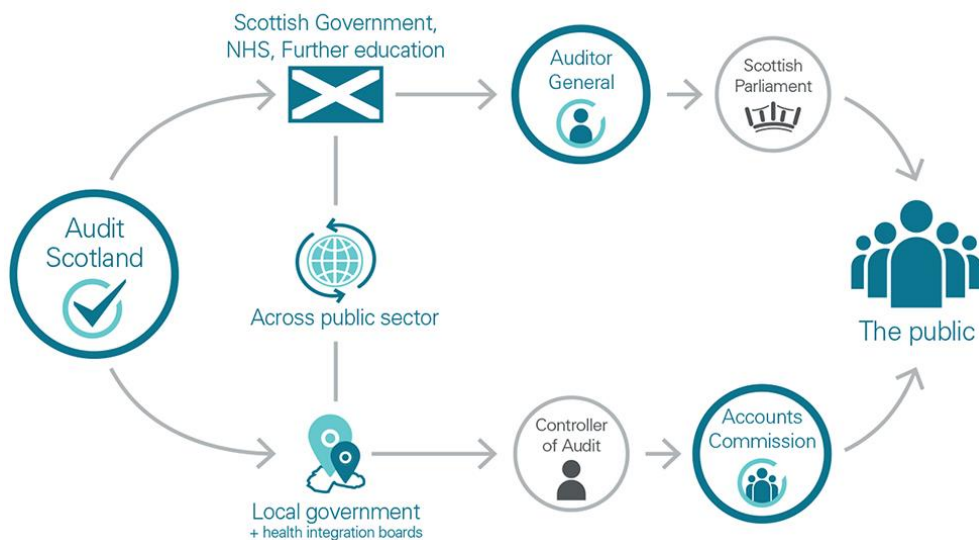
Prepared for the Members of Inverclyde Council and the Controller of Audit

26 September 2019

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.



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# Key messages

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## 2018/19 annual accounts

- 1** Inverclyde Council (the council) and its group financial statements were unqualified.
- 2** There were significant adjustments made in the audited financial statements for council tax debtors, non-current asset depreciation and IJB transactions.
- 3** The pensions liability has increased by £8.4 million following decisions by the UK Supreme Court in June 2019.
- 4** Although the management commentary is consistent with the accounts, the council could do more to improve transparency in the narrative

## Financial management and sustainability

- 5** The council's 2018/19 budget included savings targets of £3 million, all of which were achieved on a recurrent basis.
- 6** The underspend of £3.2 million included unused inflation contingencies of £1.2 million.
- 7** Earmarked reserves continue to reduce, and the Council faces financial challenges with an estimated further £19 million of savings required over the period 2020 to 2023.
- 8** The council has a long-term financial strategy and a medium-term financial plan. The CMT has been developing further savings options for the medium/ long term and these may require difficult decisions by members.

## Governance, transparency and value for money

- 9** The Council has made good progress in progressing the Best Value Assurance Report Improvement Plan.
- 10** Equality arrangements have been established and the council is actively engaged in reducing the gender pay gap, which has reduced year-on-year over the past three years. However, it is still the third highest amongst Scottish Councils.
- 11** The Council continues to perform well against a range of national indicators.

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# Introduction

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1. This report summarises the findings arising from the 2018/19 audit of Inverclyde Council and its group (the council).
2. The scope of the audit was set out in our 2018/19 Annual Audit Plan presented to the 26 February 2019 meeting of the Audit Committee. This report comprises the findings from:
  - an audit of the annual report and accounts
  - consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

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## Exhibit 1 Audit dimensions



Source: *Code of Audit Practice 2016*

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3. The main elements of our audit work in 2018/19 have been:
  - an audit of the council and its group 2018/19 annual report and accounts including the issue of an independent auditor's report setting out our opinions
  - a review of the council's key financial systems
  - audit work covering the council's arrangements for securing best value relating to the BVAR action plan points that the council have assessed as complete. We also undertook a review of the council arrangements for ensuring equality, following up on work undertaken as part of the initial BVAR in 2017.

## Added value through the audit

### 4. We add value to the council through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements that have been accepted by management
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability

### 5. In so doing, we aim to help the council promote improved standards of governance, better management and decision making and more effective use of resources.

## Responsibilities and reporting

### 6. The council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The council is also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

### 7. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice 2016](#) and supplementary guidance, and International Standards on Auditing in the UK. As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on the effectiveness of the council's performance management arrangements, the suitability and effectiveness of corporate governance arrangements, the financial position and arrangements for securing financial sustainability and best value. In doing this we aim to support improvement and accountability. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).

### 8. This report raises matters from the audit of the annual accounts and consideration of the audit dimensions. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

### 9. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.

### 10. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and the 2018/19 audit fee of £248,140 as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

### 11. This report is addressed to both the council and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course. We would like to thank all management and staff for their cooperation and assistance during the audit.

# Part 1

## Audit of 2018/19 annual accounts



### Main judgements

**Inverclyde Council and its group financial statements are unqualified.**

**There were significant adjustments made in the audited financial statements for council tax debtors, non-current asset depreciation and IJB transactions.**

**The pensions liability has increased by £8.4 million following decisions by the UK Supreme Court in June 2019**

**Although the commentary is consistent with the accounts, the council could do more to improve transparency in the narrative**

The council's annual accounts are the principal means of accounting for the stewardship of resources and performance in the use of resources.

### The annual accounts received unqualified opinions

**12.** The annual accounts for the council and its group for the year ended 31 March 2019 were approved by Inverclyde Council on 26 September 2019. We reported, within the independent auditor's report that the;

- financial statements give a true and fair view and were properly prepared
- the audited part of the remuneration report, management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance

**13.** We have nothing to report in respect of unadjusted misstatements in information in the financial statements, the adequacy of accounting records, the information and explanations we received, or the achievement of prescribed financial objectives.

### Finance staff provided good support to the audit team

**14.** We received the unaudited annual accounts on 27 June 2019 in line with the audit timetable set out in our 2018/19 Annual Audit Plan. The working papers provided with the unaudited accounts were of a good standard and finance staff provided good support to the audit team during the audit.

### No objections were received on the annual accounts

**15.** The Local Authority Accounts (Scotland) Regulations 2014 require a local authority to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. The council complied with the regulations and there were no objections to the accounts.

## We identified and addressed risks of material misstatement

16. [Appendix 2](#) provides a description of those assessed risks of material misstatement in the annual accounts and any wider audit dimension risks that were identified during the audit planning process. It also summarises the work we have done to gain assurance on these risks. We have no issues to report from our work on the risks of material misstatement highlighted in our 2018/19 Annual Audit Plan.

## Our materiality values reduced slightly from the audit plan

17. Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The assessment of what is material is a matter of professional judgement and involves considering both the amount and nature of the misstatement.
18. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit and is summarised in [Exhibit 2](#). With regards to the annual accounts, we assess the materiality of uncorrected misstatements both individually and collectively.
19. On receipt of the annual accounts we reviewed our planning materiality calculations and concluded that they could be reduced slightly based on the gross expenditure of the council. Materiality still represents 1% of gross expenditure, with performance materiality being 50% of this.

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## Exhibit 2 Materiality values

Materiality level	Planning amount	Revised amount
Overall materiality	£3.4 million	£3.2 million
Performance materiality	£1.7 million	£1.6 million
Reporting threshold	£100 thousand	£100 thousand

Source: Audit Scotland, Annual Audit Plan 2018/19




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## We report significant issues with the council tax bad debt provision, depreciation calculations, IJB transactions, and on the pension liability following the McCloud judgement

20. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. Significant findings are summarised in [Exhibit 3](#).

## Exhibit 3

### Significant findings from the audit of the financial statements

Issue	Resolution
<p><b>1. Council tax bad debt provision</b></p> <p>The council tax bad debt provision was incorrectly calculated and understated over the period 2014/15 - 2018/19. The overall debtor was therefore overstated. This occurred due to incorrect application of the policy and an incorrect budgeted collection rate being applied.</p>	<p>This issue has been adjusted in the audited annual accounts.</p> <p>The amendments resulted in a decrease in council tax income.</p> <p>The total impact is a decrease in council tax income over the period 2014/15 - 2018/19 of £1.7 million.</p> <p> Recommendation 1 (refer <a href="#">appendix 1</a>, action plan)</p>
<p><b>2. Depreciation</b></p> <p>An error in the fixed asset register depreciation calculations overstated depreciation costs for 2018/19 for vehicle additions and building revaluations. The miscalculation resulted in an overstatement of £2.2 million for depreciation costs.</p>	<p>This issue has been adjusted in the audited annual accounts.</p> <p>The amendment resulted in a decrease in the cost of services of £2.2 million.</p> <p> Recommendation 2 (refer <a href="#">appendix 1</a>, action plan)</p>
<p><b>3. Integration Joint Board income and expenditure</b></p> <p>Income and expenditure figures for health and social care in the Comprehensive Income and Expenditure Statement and in the Expenditure and Funding Analysis were understated by £1.8 million. This was due to budgeted figures being included instead of actual.</p>	<p>This issue has been adjusted in the audited annual accounts.</p> <p>The amendment resulted in an increase in both income and expenditure of £1.8 million.</p>
<p><b>4. Pension scheme valuations</b></p> <p>In January 2017 an employment tribunal ruled that a group of claimant judges had been subject to age discrimination when they were transferred to a new career average scheme, known widely as the McCloud case. The UK Government sought leave to appeal this decision but in June 2019 the appeal was denied by the UK Supreme Court.</p> <p>This issue arose in June 2019 and has been treated as an adjusting event. The actuary, Hymans Robertson, produced revised (IAS19) reports for the council and its subsidiaries to take account of the impact of the McCloud case.</p> <p>This has affected all final salary pension schemes across the public sector.</p>	<p>This issue has been adjusted in the audited annual accounts.</p> <p>The amendments resulted in an increase of £8.4 million (6.7%) of the pension liability of the council and £0.3 million for the group.</p> <p>In addition, in accordance with IAS10, a narrative disclosure has been included in Note 16.</p>
<p><b>5. Management commentary</b></p> <p>The management commentary that accompanies the financial statements should explain in simple terms and provide clarity to readers in order to help them understand clearly how the council has performed. Although the commentary is consistent with the accounts, the council should adopt best practice for the narrative contained within the</p>	<p>Management commentary will be comprehensively reviewed as part of the 2019/20 accounts preparation.</p> <p> Recommendation 3 (refer <a href="#">appendix 1</a>, action plan)</p>

Issue	Resolution
management commentary outlined in the Accounts Commission's Financial Overview Report in 2017/18.	

Source: Audit Scotland

## All material adjustments have been made in the audited statements

21. There was one adjustment to the unaudited financial statements that was material (by value). This was due to the requirement to revise the pension liabilities for the impact of the McCloud judgement detailed in [Exhibit 3](#) above. There were three additional misstatements which exceeded our performance materiality of £1.6 million, these are included in [Exhibit 3](#). In each case we considered whether further audit procedures were necessary.
- In the case of the McCloud judgement we requested that the council obtain a revised IAS19 valuation from the actuary reflecting this judgement. We also encouraged group auditors to do the same for their audits. The estimate of the total effect was identified in the revised IAS 19 report.
  - For the bad debt provision, we reviewed the methodology and application of the provision in full to establish a revised provision
  - The IJB transactions were agreed to confirmations of the total funding by partners.
  - The error in depreciation was identified from a variance analysis. We carried out additional sample testing and asked officers to revise the calculations on all assets of the type identified.
22. It is our responsibility to request that all misstatements above the reporting threshold are corrected.

## Data analytics enhanced audit procedures

23. In 2018/19 we used data analytics in Inverclyde Council as part of our planned audit approach. Data analytics is defined by the International Auditing and Assurance Standards Board (IAASB) as *“the science and art of discovering and analysing patterns, deviations and inconsistencies.... in the data underlying.... an audit .... for the purpose of planning and performing the audit”*. Such techniques provide ways of dealing with high volumes of transactions as well as complexity. They also enhance audit quality and efficiency.
24. **Reperformance of the trial balance/ accounts classification.** We obtained and analysed every general ledger transaction processed in 2018/19. The collected data was used to reperform the trial balance and confirm that the accounts agree to the ledger.
25. **Analysis of ledger processing.** In general, the council's financial processing performance was consistent with its size and complexity. We did not identify any specific risk/issues with the council's processing performance. There were around 59,000 transactions with around 10% of these posted directly as journals.
26. **Risk tagging of individual transactions.** We used a risk-tagging model to review all ledger transactions. The model incorporated factors such as value, timing and nature. We investigated high scoring transactions. The results of



this testing were satisfactory, and we did not identify evidence of fraud or management bias.

### **Prior year recommendations are being progressed**

- 27.** The council has made reasonable progress in implementing our prior year audit recommendations, with one of three actioned and two ongoing as planned. For actions not yet fully implemented, revised responses have been agreed with management, and are set out in [Appendix 1](#).

# Part 2

## Financial management



### Main judgements

The council's 2018/19 budget included savings targets of £3 million, all of which were achieved on a recurrent basis.

The Council underspend of £3.2 million, included unused inflation contingencies of £1.2 million and over recovery of income (£0.7 million)

Financial management and reporting are effective

Earmarked reserves continue to reduce. Unearmarked reserves are higher than the council's policy of 2%

We identified financial control weaknesses in payroll.

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively

### The council's 2018/19 budget was £188 million; this included savings targets of £3 million

28. The 2018/19 budget was approved by the Council in March 2018. The budget was set at £188 million and identified that the funding gap of £3 million would be met through savings. The council carried out a budget consultation on a range of savings and proposals to increase charges. These include:

- a reduction in economic and regeneration funding for urban regeneration
- an increase in all-day parking charges from £1 to £2
- a £2.50 weekly charge for community alarms to bring the council into line with other Scottish councils
- free swimming for over 60s was withdrawn and the management fee paid to Inverclyde Leisure reduced offset by limited increase in future prices.

29. In total just over £1 million in budget savings from the budget consultation was taken as part of the council budget for 2018/19. The council also identified £2 million in savings delivered through a range of reviews and restructures which had already been agreed by the council's service committees. This includes a management restructure carried out by the council's Chief Executive.

### Financial management and reporting are effective

30. The council effectively monitors the budget position through bi-monthly budget monitoring reports to the Corporate Management Team and bi-monthly reports to the Policy and Resources Committee. In addition, performance against budget for each service area is reported to the relevant service committee.

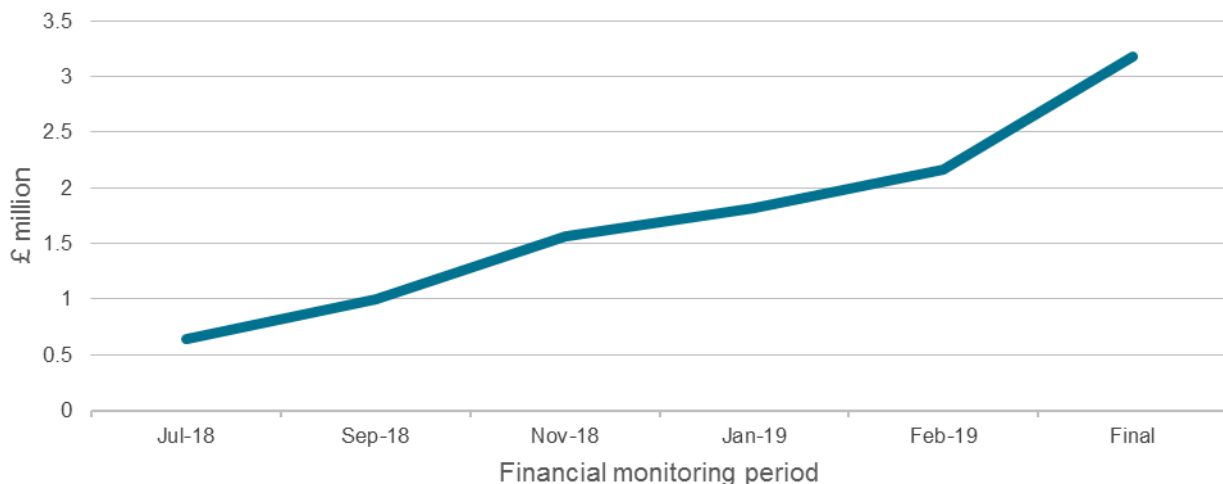
Detail of how the year end outturn position developed throughout 2018/19 is included in [Exhibit 4](#).

31. Financial forecasting is an embedded part of management and reporting. From our review of budget monitoring reports, we concluded that they provided an overall picture of the budget position at service level. The reports forecast the outturn position for the year and include narrative explanations for significant variances against budget. This allows both members and officers to carry out effective scrutiny of the council's finances.

## Exhibit 4

### Outturn reporting of the projected year-end surplus during 2018/19

The year-end underspend of £3.2 million (includes IJB) developed gradually during the year



Source: Inverclyde Council Revenue Budget Monitoring Reports and 2018/19 Annual Accounts

### The 2018/19 outturn was a surplus of £3.2 million. This included unused inflation contingencies of £1.2 million

32. The 2018/19 revenue outturn is an underspend of £3.2 million (1.8%). In addition to the recurrent savings achieved (£3 million), across all service committees the Council achieved savings of £1.0 million due to non recurrent savings from employee turnover and £0.7 million over recovery of income. Inflation contingencies of £1.2 million were not required, and there was additional interest earned of £0.3 million. The year end outturn for at least the last three years has included a saving due to inflation contingencies not being used (£1m in 2017/18 and £0.4m in 2016/17). This would suggest that inflation contingencies have been set too high.

## Recommendation 4

### Inflation contingencies should be reconsidered as part of the next budget setting process, possibly reducing the savings target required

33. While the council's spending has remained in line with its overall budget, there are significant variations in how different services have performed. These are summarised in [Exhibit 5](#).

## Exhibit 5

### Summary of significant under / overspends against budget

Area	(Under)/over spend (£m)	Reason for variance
<b>Underspends</b>		
Policy & resources	£1.9	Inflation contingencies not used (£1.2m), additional Internal Resources Interest (£0.3m) and various other over recoveries and additional income.
Education and Communities	£0.1	Turnover savings and additional income recovery
Environment & Regeneration	£0.4	Turnover savings and additional income recovery
Health and social care	£0.8	Turnover savings and additional income recovery

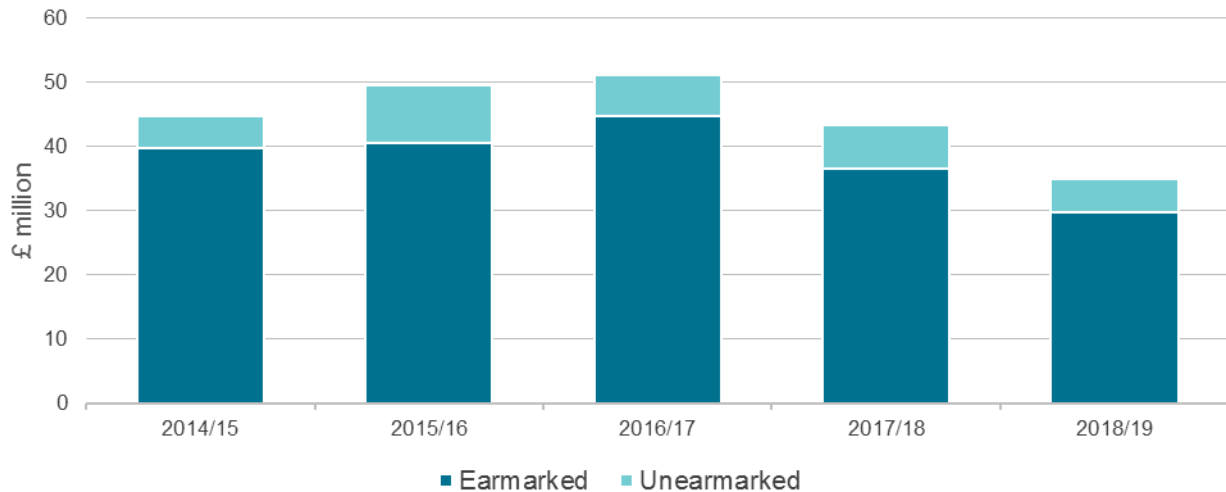
Source: Inverclyde Council 2018/19 Annual Accounts

### Earmarked reserves continue to reduce although unearmarked balances are higher than the council's policy of 2%

34. The planned use of earmarked reserves is reported regularly to the corporate management team and to relevant service committees within financial monitoring reports. The Policy and Resources Committee also receives an earmarked reserves position statement.
35. The level of usable reserves held by the council decreased from £43 million in 2017/18 to £35 million in 2018/19 as illustrated in [Exhibit 6](#). The movement includes correction of a prior year misstatement which increased reserves by £2.1 million.
36. The reduction is in part due to a 2017/18 change in policy. The Council now uses the "revenue contribution to capital programme" reserve to fund capital projects rather than undertaking new borrowing. The reduction is also due to the planned use of other earmarked reserves, with notable reductions to "Contribution to Riverside Inverclyde", "School Estate Management Plan", "Equal Pay" and "Early Retiral" reserves.
37. Of the balance remaining at 31 March 2019, £30 million has been earmarked for particular purposes. This leaves £5.2 million of unallocated reserves (2.8% of the Council's budgeted net annual running costs). This is £1.4 million more than the council's policy (2% of annual turnover based on the 2018/19 budget). The Council has agreed to an additional £3 million of unearmarked reserves for budget smoothing as part of the Medium-Term Financial Strategy.
38. [Exhibit 6](#) provides an analysis of the general fund over the last five years split between committed and uncommitted reserves. The Council continues to have relatively high levels of reserves despite the reduction in 2018/19, but most of these are earmarked.

## Exhibit 6

### Analysis of general fund over last five years



Source: Inverclyde Council Audit Annual Accounts

39. Although usable reserves remain high, only £18 million (38%) are cash-backed. This means that further borrowing would need to be undertaken to realise all of the rest.

### The council has restructured some debt and internal loans fund repayments are to be reviewed in 2020/21

40. No new borrowing was undertaken during 2018/19, however the council restructured £3 million of its market loans during 2018/19. The net effect of this restructuring is an annual saving in loan charges of around £30,000 per year for 44 years. The review of loans fund repayment periods is permitted where it is prudent to do so. This may generate medium term revenue savings. The council intend to review its loans fund repayment periods as part of the 2020/21 budget exercise.

### Financial system controls are operating effectively in most areas, but there are weaknesses in payroll

41. As part of our audit we identify and inspect the key internal controls in those accounting systems which we regard as significant to produce the financial statements. Our objective is to gain assurance that the council has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.
42. Our findings were included in our management report that was presented to the Audit Committee on 23 April 2019. We concluded that the key controls were operating effectively. However, two significant control weaknesses were identified during payroll system testing relating to employee validation and system access. In response to this, we increased our substantive testing of staff costs and concluded that there were no material errors in the financial statements. These identified weaknesses have now been addressed by officers.



#### Recommendation 5

**The council should ensure that robust controls are in place to address the weaknesses reported in April 2019 including payroll validation and system access.**

### **Internal audit operates in accordance with standards**

- 43.** We reviewed of the adequacy of the internal audit function and concluded that it operates in accordance with the Public Sector Internal Audit Standards and has sound documentation standards and reporting procedures in place.

# Part 3

## Financial sustainability



### Main judgements

**The Council faces financial challenges with an estimated further £19 million of savings required over the period 2020 to 2023.**

**The council has a long-term financial strategy and a medium-term financial plan. The CMT has been developing further savings options for the medium/ long term and these may require difficult decisions by members**

Financial sustainability looks forward to the medium and long term to consider whether a body is planning effectively to continue to deliver its services or the way in which they should be delivered.

### The 2019/20 budget is based on achieving further savings of £2.3 million, and a reduction in unearmarked reserves

44. The 2019/20 budget was approved by the Council in March 2019. The budget was set at £193 million after closing an initial funding gap of £4.0 million through savings of £2.3 million, a previously agreed draw of £0.8 million on unearmarked reserves and a 4.79% council tax increase (£0.9 million). The approved proposals also resulted in a general increase of 3% in fees and charges, as well as a loss of 53 FTE posts. At the same meeting, the Council agreed to use a further £4.0 million of unearmarked reserves to support time limited investment in policy areas.

45. The council's Members' Budget Working Group (MBWG) has continued to work together successfully. Difficult decisions have been made after careful consideration and debate across political parties. This includes increases in fees and charges and loss of posts, as included in the paragraph above.

### The council's current budget position is projecting an underspend mainly due to inflation contingencies not required

46. As at 31 July 2019 the council is projecting a £1.2 million underspend (excluding Health & Social Care Directorate) which represents 0.64% of the net revenue budget. This is mainly due to:

- Release of non-pay inflation not required (£250,000)
- Release of pay inflation not required (£500,000)
- Projected over recovery Internal Resources Interest (£250,000).

47. Again, inflation contingencies have not been required ([Recommendation 3](#)).

## **The council has a long-term financial strategy and a medium-term financial plan**

48. The [Best Value Assurance Report on Inverclyde Council](#) identified that the Council has a good process in place for financial planning. The Council's financial strategy covers the period 2019/20 to 2028/29. It is updated on a six-monthly basis and ensures that strategic initiatives that require long-term revenue and capital commitments are properly incorporated into the financial planning process. Such longer-term initiatives include the asset management strategy, school estates management plan and roads asset management plan.
49. The strategy provides detailed financial forecasts over the medium-term period 2020/21 to 2022/23 and identifies issues that will impact in the longer-term so that the Council can plan ahead. Through this process, officers have identified that the Council has a budget gap of £7 million in 2020/21 and an additional gap of £12 million over the period to 2023. This is a mid-range estimate. Optimistic and pessimistic scenarios for the period 2020 to 2023 are £6.8 million and £30.5 million respectively.

## **The CMT has been developing further savings options for the medium/ long term and these may require difficult decisions by members**

50. The council is facing several challenges in maintaining a sustainable financial position over the medium to long term.
51. The Corporate management Team (CMT) has been developing savings options at directorate level. Each directorate has been given a target to develop between to £5 to £6 million worth of savings options. A report by the Chief Financial Officer to the August 2019 Policy and Resources Committee noted that the current value of savings options identified is between £18 and £20 million and more detail will be reported to members in due course. The report also notes that given the volume of savings there will be an impact on the council workforce with some areas potentially seeing quite significant reductions if savings proposals are approved.



# Part 4

## Governance and transparency



### Main Judgements

**There are appropriate governance arrangements and the council is open and generally transparent.**

**There are appropriate standards of conduct for prevention and detection of fraud and error.**

**The council has appropriate arrangements to assess the risk of key supplier dependency and is reasonably prepared for EU withdrawal.**

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information.

### Appropriate governance arrangements are in place to support decision making

- 52.** The standing orders and scheme of administration were updated in June 2018. They set out the committee structure that operates and the terms of reference for each committee.
- 53.** Our observations at committee meetings and review of papers and minutes have confirmed that there is effective scrutiny and decision-making by members and effective working relationships in place.

### The council is open and generally transparent in the way it conducts its business

- 54.** There is evidence from several sources which demonstrate the council's commitment to transparency, including:
- members of the public can attend meetings of the full Council and other committees and the agenda, papers and minutes of these committee meetings are readily available on the Council's website
  - the Council's website allows the public to access a wide range of information including the register of members' interests, current consultations and how to make a complaint
  - the website provides details of the citizen's panel and how to join it as a means of influencing future service delivery arrangements
  - the Council also makes its annual accounts, and the annual accounts of all subsidiaries, available on its website.

## There are appropriate standards of conduct for prevention and detection of fraud and error

55. The council has a range of established procedures for preventing and detecting fraud and irregularity including a whistleblowing policy, anti-fraud strategy and codes of conduct for members and officers. We assessed these to ensure that they were appropriate, readily available to staff and are regularly reviewed to ensure they remain relevant and current. We concluded that the council has appropriate arrangements in place for the prevention and detection of bribery and corruption. We are not aware of any specific issues we require to bring to your attention.

## The council has made good progress in investigating National Fraud Initiative (NFI) matches

56. The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise coordinated by Audit Scotland. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify 'matches' that might suggest the existence of fraud or irregularity. NFI activity is summarised in [Exhibit 7](#).

### Exhibit 7 NFI activity



2,788

Matches



1,462 (52%)

Completed/closed  
investigations



67

In progress investigations

Source: NFI secure website: [www.nfi.gov.uk](http://www.nfi.gov.uk)

57. The council prioritises reviewing and investigating high risk matches but aims to investigate all matches. Since January 2019, when the matches became available, the council has investigated and closed 1,462 matches (52 per cent). To date the council are progressing the recovery of 12 cases which have been concluded as fraud or error, with a cumulative value of £18,283. These all relate to housing benefits, for which the council has plans in place to recover the overpayments.

58. Internal Audit continues to regularly report the outcomes of the NFI exercise to the Audit Committee.

## The council has appropriate arrangements to assess the risk of key supplier dependency

59. The impact of a failure or collapse of a key supplier can be significant to an organisation and can result in either delays or non-completion of major contracts or, disruptions in the continued provision of vital services. This has brought into focus the risk of key supplier failure and / or underperformance of suppliers that are experiencing financial difficulties.

60. During the selection stage of a contract award the council considers a range of selection criteria including "supplier financial appraisal". In addition, as part of the council's approved framework, reports for organisations with which the council has a significant financial relationship are presented to the relevant

service committee throughout the year. This gives assurance in terms of performance, governance and financial stability. An annual report is presented to the Policy & Resources Committee summarising progress and highlighting any areas where the agreed governance actions have not been delivered.

### The council is reasonably prepared for EU withdrawal

- 61.** There remains significant uncertainty surrounding the terms of the UK's withdrawal from the European Union (EU). It is critical that public sector bodies are working to understand, assess and prepare for the impact on their business in three broad areas:
- Workforce – the extent to which potential changes to migration are likely to affect the availability of the people and skills needed to deliver services.
  - Funding – the extent to which potential changes to existing EU funding programmes are likely to affect the finances of public bodies and the activity that such funding supports.
  - Regulation – the extent to which potential changes to EU regulations are likely to affect the activities of some public bodies.
- 62.** We assessed the council's readiness for withdrawal from the EU and found them to be reasonably prepared ahead of the expected withdrawal date (29 March 2019). The council has a risk in its strategic risk register in relation to EU withdrawal and has activated the Crisis and Resilience Management Team in 2018 to review the risk posed by Brexit and develop responses. The CRMT is linking with the Regional Resilience Partnership and has responded to guidance from Scottish Government and COSLA.
- 63.** The council has not identified a significant number of non-UK EU employees in its workforce and does not consider there to be any fundamental risk to services. In terms of financial preparedness, the council is aware of its EU funding streams and has engaged with a range of bodies, such as COSLA and the Scottish Government, to identify the impact of the loss of EU funding. As detailed in paragraph 49 the council has a long-term financial strategy which considers EU withdrawal. The council has confirmed their 'Ready' Status as specified on the Local Authority Readiness Dashboard (which provides an overview of all 32 Scottish Local Authorities' level of preparedness).

# Part 5

## Value for money



### Main judgements

The Council has made good progress in progressing the Best Value Assurance Report Improvement Plan

Equality arrangements have been established and the council is actively engaged in reducing the gender pay gap, but it is still the third highest amongst Scottish Councils

The Council has made further progress on shared services and continues to actively pursue opportunities with other councils

The Council continues to perform well against a range of national indicators

Value for money is concerned with using resources effectively and continually improving services.

### The council reports good progress against the Best Value Assurance Report Improvement Plan

64. The [BVAR report for Inverclyde Council](#) was published in June 2017. This was a positive report overall. There were ten recommendations made in the report to support further improvement at the council.
65. At its meeting in June 2017 the council agreed the improvement actions within the BVAR and that a progress report will be submitted to the Performance and Resources Committee every six months.
66. In our Annual Audit Report on 2017/18, we identified that four of the ten recommendations had been completed. One further recommendation has been identified as complete during 2018/19. The remaining five actions are still ongoing with progress identified in the following table, as indicated in the most recent report to the Policy and Resources Committee in September 2019.

BVAR Recommendation	Council assessment	Summary of progress
3. Actions to deliver strategic improvements should identify the difference they are expected to make to the overall strategic outcomes, with milestones at key intervals.	Green – on track	<p>Work is ongoing in this area.</p> <p>A review of KPIs has been carried out to ensure that performance measurement is linked to corporate priorities.</p> <p>The CDIPs 2019/22 are aligned to the delivery of the Corporate Plan organisational priorities.</p> <p>An annual report for the Inverclyde Outcomes Improvement Plan has been</p>

BVAR Recommendation	Council assessment	Summary of progress
		approved and is available on the Council's website.
<p>6. The council should develop more detailed workforce plans and longer-term forecasts of workforce numbers and skills required.</p>	Green – on track	<p>Work is ongoing in this area.</p> <p>A Leadership event and workshop took place in June 2019. Views were captured from senior managers on the key challenges and the actions needed to address these.</p> <p>The feedback received will be used to inform the Organisational Development Strategy.</p> <p>All succession plans are complete.</p>
<p>7. The council has experienced delays in its City Deal projects. Councillors and officers should continue to focus significant efforts on developing these projects with private sector partners.</p>	Green – on track	<p>Regular updates are provided to the Project Board and Environment and Regeneration Committee. As part of the Glasgow City Region City Deal Inverclyde Council is investing in three projects:</p> <p><b>Ocean Terminal:</b> an augmented Outline Business Case for Ocean Terminal has been approved by the Glasgow City Deal Cabinet. A final business case was approved for the implementation of the floating pontoon. All consents are now in place for the pontoon and the construction contract has been awarded.</p> <p><b>Former Power Station, Inverkip:</b> agreement has been reached on preferred junction improvements and Scottish Power is progressing detailed designs. These designs will be taken through contract preparation and tender when a Final Business Case will be submitted by the Council to the City Deal Project Management Office.</p> <p><b>Inchgreen Dry Dock:</b> The proposals on site involve construction of vessels, marine engineering, fish processing and a fisheries training facility. Subject to negotiations with the interested parties, an Outline Business Case will be submitted later in 2019 which will facilitate land accumulation</p>

BVAR Recommendation	Council assessment	Summary of progress
		and progression to Final Business Case
<p><b>8.</b> To progress community empowerment to the level that the Act requires, the council will need to further develop the capacity of communities it is working with. It will need to raise awareness of the possibilities for communities and look at the level of funding and staffing required to work with communities to progress initiatives including the transfer of assets and participatory budgeting.</p>	Green – on track	<p>An agreed structure is now in place for locality planning along with a Communication and Engagement.</p> <p>Community events are planned to obtain a better understanding of community priorities</p>
<p><b>9.</b> All service review reports should be presented to councillors at the relevant service committee, in accordance with the council's service review guidance. Councillors should also receive progress reports on service reviews.</p>	Green – on track	<p>Service review reports are reported to relevant service committees as they are completed. The timing of reporting of some service reviews is affected by the budget planning process.</p>

## Our review confirms the BVAR progress reported by the council

**67.** During 2018/19, our work specifically focused on the BVAR action plan points that the Council have assessed as complete. We confirmed the following:

- Recommendation 1 – single set of outcomes.** The Local Outcome Improvement Plan (LOIP) sets out three strategic priorities (Population; Inequalities; and Environment, Culture and Heritage). These have been agreed from the conclusions of a strategic needs assessment. The local priorities are also linked to National Outcomes to ensure the alignment is clear. Indicators are also in place to ensure progress against outcomes can be measured. The new Corporate Plan was approved by the Council in June 2018. The wellbeing outcomes and priorities of the Corporate Plan also link to the LOIP priorities and include reference to strategic initiatives such as the City Deals and shared services. The corporate plan also includes clear indicators in order to measure the success of progress.
- Recommendation 2 – Budget Working Group.** For a number of years, councillors have operated a cross-party forum (Members Budget Working Group) to discuss and agree budget priorities and actions. The MBWG will continue to meet throughout the development of the 2020/23 budget.
- Recommendation 4 – corporate initiatives included in plans.** We have confirmed that the LOIP and the new Corporate Plan includes references to the City Deals and shared service developments.
- Recommendation 5 – review of earmarked reserves.** We have confirmed that the review of reserves is now complete. The Corporate Management

Team (CMT) considered whether the size of reserve was reasonable and for older, unused reserves whether it was still necessary to have these.

- **Recommendation 10 – change management groups.** We have confirmed that this is complete in terms of regular meetings and officers are progressing all change management proposals. Three Change Management Groups have been established to review progress on all change projects on a monthly basis.

## Equality arrangements have been established

**68.** In line with the Equality Act 2010, the Council has developed an approach to mainstreaming equality, as outlined in the council's Equality Outcomes and Mainstreaming Report 2019. The report shows clear progress has been made on Equality Outcomes. Points to note include:

- Training on Equality Impact Assessments (EIAs) has been delivered to both Elected Members and employees. Equalities training remains mandatory on an annual basis. Each member of staff must complete the "Brightwave" module. In addition, all staff will be given the opportunity to attend face-to-face training every three years. Equality and diversity training is included in the induction programmes for all employees within the council.
- EIAs were prepared between November 2018 and January 2019 for each of the 2019/20 budget saving proposals.
- There has been increased and targeted engagement with Inverclyde's children, citizens and communities who have protected characteristics.
- A range of translation and interpretation services are available when required to support customers who contact the council, including British Sign Language. Documents which are published on the council website are available in alternative formats upon request.
- Two thirds of the workforce have updated their equal opportunities status in 2018, which is double the previous response rate.
- Recruitment and selection procedures are equality impact-assessed and are subject to rigorous re-evaluation at regular intervals.

## Gender pay gaps are reducing and the council is actively engaged in this. The gap has reduced year-on-year over the past three years, but Inverclyde still has the third highest gap of Scottish councils

**69.** The Equality Mainstreaming Report 2019 includes data on employee profile and pay from 2017/18. The highest paid 5% of earners that are women, has been fairly steady over time, and is 53.9 per cent for 17/18. The council are still working towards a target of 52.5 per cent.

**70.** The gender pay gap between the average hourly rate of pay for male and female employees is 8.7 per cent for 17/18 - this shows a steady decrease since 15/16. The average for Scotland is 3.9 per cent and Inverclyde has the third highest gender pay gap of all Scottish councils.

**71.** The Equality Mainstreaming Report shows:

- The workforce is predominately female at 75%.
- Women are more likely to work in part time, lower graded jobs / Men are more likely to work in full time, higher graded jobs.



- There is occupational segregation with females more likely to work in traditional 'female' jobs like care, catering and cleaning.
- The implementation of the Living Wage has had a positive effect on the Gender Pay Gap as more females have benefitted.

**72.** The Council held a seminar for female employees to explore further whether there are barriers or cultural issues that prevent female employees from being employed in higher grades. A new internal programme, "Uplifting Leadership", has also been introduced to promote progression in the Council, for which the uptake is understood to be predominantly female colleagues.

### **Inverclyde council has also reviewed pay gaps on the basis of disability**

**73.** The equal pay analysis also shows a disability pay gap of 4.4%. Measures are being taken to reduce this, including the "Disability Confident Scheme", of which Inverclyde Council is level 3 (top) accredited.

### **The council has reviewed its grading and pay structure**

**74.** An independent Equality Impact Assessment on the council's revised grading and pay structure was completed in 2018. This revised structure incorporated the consolidation of the Scottish Local Government Living Wage rate. This was an independent report which concluded that the proposed revisions to the Inverclyde LGE grading and pay structure remained well-founded in the job evaluation results; benefited the majority of employees in the lowest part of the grading structure and virtually eradicated the gender pay gap in terms of basic pay for the 3 lowest grades.

### **The council is a living wage employer**

**75.** Inverclyde Council was one of the first Councils in Scotland to introduce the new Living Wage rate. Approximately 700 employees in Inverclyde Council benefited from the living wage foundation supplement. Inverclyde Council is a fully accredited living wage employer and its status was achieved in March 2016.

### **92% of staff agree that the council supports equality and diversity**

**76.** The equality and diversity pages on the council website show that in 2018, 92% of staff agreed that the council accepts and supports equality and diversity. The evidence clearly shows a commitment to equal opportunities in service delivery at Inverclyde Council. The data is monitored to ensure continuous improvement and measures are consistently being taken to improve.

### **The council has made further progress on shared services and continues to actively pursue opportunities with other councils**

**77.** The Accounts Commission and Auditor General have highlighted the benefits to the people who use council services, communities and public sector organisations of working well together. Our recent report, [Local government in Scotland – challenges and performance 2019](#) (April 2019) identified limited evidence of councils collaborating or sharing services.

**78.** In March 2017, Inverclyde and West Dunbartonshire Councils agreed to progress a shared service for roads and transportation. The Shared Head of Service for Roads and Transportation was appointed on the 7 January 2019. The postholder leads the Roads and Transportation Service within both West Dunbartonshire and Inverclyde Councils.



- 79.** Inverclyde Council has also agreed, following approval from West Dunbartonshire Council, to implement a shared management model for Internal Audit services. This will involve a single Head of Internal Audit to oversee both internal audit departments. A transitional period from September to December 2019 will support the implementation of the new management model. This will include conclusion of appropriate HR processes, matching to the new joint post and effective handover arrangements with the joint manager taking effect from January 2020.
- 80.** The council continues to explore opportunities for wider shared service opportunities such as ground maintenance, waste management and fleet management. It has now been agreed that the shared management of Roads and Transportation be extended to wider Environmental Services from April 2020.

### **Good arrangements are in place for arm's-length external organisations and the council continues to review these**

- 81.** The Council has well-developed arrangements in place for its governance of arm's length external organisations (ALEOs), as we assessed in the 2017 BVAR Report.
- 82.** Following publication of the May 2018 Accounts Commission report 'Councils' use of arm's-length organisations', the Chief Financial Officer presented an assessment of the council's position relative to its two ALEO's against the nine recommendations contained in the report to the Policy & Resources Committee. The assessment identified that the council complies with eight of the recommendations and proposes that for the remaining action (make information about ALEO funding and performance clear and publicly available), officers will investigate ways to make information about ALEOs more prominent within the Council Website and Annual Accounts.

### **Performance management information is publicly available**

- 83.** Information on how Inverclyde Council is performing is publicly available on the performance page of its website. Information is gathered from statutory performance indicators, local government benchmarking framework indicators and other sources and is presented in corporate and service-level summaries. The site provides access to useful one-page graphic snapshots.

### **The council continues to perform well against the Local Government Benchmarking Framework**

- 84.** The council participates in the [Local Government Benchmarking Framework](#) (LGBF). The most recent [National Benchmarking Overview Report 2017/18](#) by the Improvement Service was published in February 2019 and covered the 2017/18 reporting period. The Council has 38 indicators out of 65 (59%) in the top two quartiles which is the joint third highest across all Scottish councils. This can be seen in [Exhibit 8](#) below. Notable performance improvements include:
- Inverclyde was the top performing authority in the percentage of invoices that were paid within 30 days
  - The council is ranked second across Scottish councils for the net cost per waste collection per premise
  - The percentage of pupils living in the 20% most deprived areas gaining 5+ awards at level 5 increased to 46% from 41%.

## Exhibit 8

### Local Government Benchmarking Framework 2017/18 – National rankings

Service	Indicators	1 <sup>st</sup> Quartile	2 <sup>nd</sup> Quartile	3 <sup>rd</sup> Quartile	4 <sup>th</sup> Quartile
Children's services	27*	6	5	4	1
Corporate services	8	2	3	1	2
Adult social care	6	2	2	1	1
Culture and leisure services	8	1	3	3	1
Environmental services	15	3	4	5	3
Corporate assets	2	1	1	0	0
Economic development and planning	10	3	2	2	3
<b>Total 17/18</b>	<b>65 (100%)</b>	<b>18 (28%)</b>	<b>20 (31%)</b>	<b>16 (24%)</b>	<b>11 (17%)</b>
<b>Total 16/17</b>	<b>59 (100%)</b>	<b>19 (32%)</b>	<b>16 (27%)</b>	<b>13 (22%)</b>	<b>11 (19%)</b>

Source: SOLACE Improving Local Government Benchmarking Framework 2017/18 \*11 indicators unavailable at time of writing

**85.** Areas where performance declined in 2017/18 include:

- Cost per pre-school education place, where Inverclyde is the highest in Scotland at £6,874
- Cost of museums per visit, where Inverclyde has dropped into the fourth quartile
- Cost of maintenance per kilometre of roads, where the council is the second highest in Scotland at £25,571.

### The council has appropriate arrangements in place for collecting statutory performance indicators (SPIs)

**86.** For 2018/19 two SPIs were prescribed:

- SPI 1: covering a range of information relating to areas of performance such as improving local public services, improving local outcomes, engaging with communities and achieving best value
- SPI 2: relates to the reporting of performance information as required by the [Local Government Benchmarking Framework](#).

**87.** Inverclyde Council has demonstrated that the process is well planned with instructions issued for those preparing the indicators and the Council's arrangements for public performance publication are satisfactory.

### Inspections by Education Scotland have continued to be positive

**88.** In October 2018, Education Scotland published its report, 'How well is Inverclyde Council improving learning, raising attainment and closing the poverty-related attainment gap?'. The Report notes that the council is making

very good progress in improving learning, raising attainment and narrowing the poverty-related attainment gap. Inverclyde's approach was described both as life-changing and sector leading.

89. In January 2019, Education Scotland also carried out an inspection of Community Learning and Development (CLD) in Inverclyde Council. The inspection identified strong partnership working in relation to the Attainment Challenge and strong and effective leadership for CLD. Of the four quality indicators that the service was assessed against, two indicators were rated good and two very good.

### **National performance audit reports are routinely presented to relevant committees**

90. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2018/19, Audit Scotland published a number of reports were issued which are of direct interest to the council. These are outlined in [Appendix 3](#).
91. The Council has processes in place to ensure that findings from national and other relevant Audit Scotland reports are reported to members. These are provided alongside an assessment of potential improvement actions by Inverclyde Council to support further improvements.

# Appendix 1

## Action plan 2018/19



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p><b>Council Tax bad debt provision policy</b></p> <p>The council tax bad debt provision was incorrectly calculated. This has been amended in the audit annual accounts.</p> <p><b>Risk</b></p> <p>There is a risk that the council tax income is inaccurately adjusted for bad debts.</p>	<p>An internal control check should be undertaken to ensure that the information and calculations within the annual accounts are accurate and in line with policy.</p> <p>The council tax bad debt provision policy should also be reviewed to ensure it is appropriate and reasonable.</p> <p><a href="#">Exhibit 3 (Issue 1)</a></p>	<p>Bad Debt Policy to be reviewed and resource to carry out a secondary check of year end entries to be identified.</p> <p><i>Chief Financial Officer</i></p> <p><i>30 November, 2019</i></p>
2	<p><b>Fixed Asset Register</b></p> <p>An error in the fixed asset register depreciation calculations overstated depreciation costs for 2018/19 relating to vehicle additions and building revaluations.</p> <p><b>Risk</b></p> <p>There is a risk that information on non-current assets in the annual accounts is inaccurate.</p>	<p>An internal control check should be undertaken on the fixed asset register (Logotech) to ensure that the depreciation output is accurate.</p> <p><a href="#">Exhibit 3 (Issue 2)</a></p>	<p>Address software issues with supplier and identify time in the year end timetable for further checks of reasonableness of entries</p> <p><i>Finance Manager (Environment &amp; Corporate)</i></p> <p><i>31 January, 2020</i></p>
3	<p><b>Management commentary</b></p> <p>Although a number of improvements were made to disclosures in the management commentary, the council could do more to improve transparency in the narrative.</p> <p><b>Risk</b></p> <p>Users of the accounts do not clearly understand the development of the budget throughout the year and how this is represented in the financial statements.</p>	<p>The council should adopt best practice for the narrative contained within the management commentary outlined in the Accounts Commission's Financial Overview Report in 2017/18.</p> <p><a href="#">Exhibit 3 (Issue 5)</a></p>	<p>Management commentary will be comprehensively reviewed as part of the 2019/20 accounts preparation.</p> <p><i>Chief Finance Officer</i></p> <p><i>31 March 2020</i></p>
4	<p><b>Inflation contingencies</b></p> <p>The year end outturn for at least the last three years has included</p>	<p>Inflation contingencies should be reconsidered as part of the next budget</p>	<p>Review of all contingencies will be carried out during the 2020/21 Budget exercise</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>a saving due to inflation contingencies not being used (£1m in 2017/18 and £0.4m in 2016/17). This would suggest that inflation contingencies have been set too high.</p> <p><b>Risk</b></p> <p>There is a risk that these are being set too high as part of the budget setting process</p>	<p>setting process, possibly reducing the savings target required.</p> <p><a href="#">Paragraph 33</a></p>	<p><i>Chief Financial Officer</i></p> <p>28 February, 2020</p>
5	<p><b>Internal controls</b></p> <p>Our work on internal controls identified weaknesses in controls within the payroll system in particular. This is a concern given the extent of expenditure incurred on staff costs.</p> <p><b>Risk</b></p> <p>There is a risk that payroll information is inaccurate and not identified by service departments resulting in incorrect payments.</p>	<p>The council should ensure that robust controls are in place to address the weaknesses reported in April 2019 and ensure a robust control environment. Areas of specific focus are payroll validation and system access.</p> <p><a href="#">Paragraph 42</a></p>	<p>The control weaknesses identified have been addressed by officers and validation and system access continue to be monitored.</p> <p><i>Head of OD, Policy &amp; Communications</i></p>
Follow up of prior year recommendations			
b/f	<b>Financial ratios</b>	<p>The Council should adopt a consistent approach to calculating and reporting financial indicators.</p>	<p><b>Actioned</b></p> <p>Financial ratios were reviewed as part of the annual accounts audit and were found to be consistently reported.</p>
b/f	<b>Shared services</b>	<p>The Council needs to be clear on the benefits that it hopes to achieve and should ensure that any agreed shared service arrangement can deliver the desired outcomes.</p>	<p><b>Ongoing</b></p> <p>Shared service arrangements have progressed with a shared Head of Roads and Transportation, and a shared Head of Internal Audit in place with West Dunbartonshire Council. Expected benefits include:</p> <ul style="list-style-type: none"> <li>• Increased potential to share best practice, learning and improve service;</li> <li>• Service delivery retained within public sector;</li> <li>• Efficiency delivered at management level providing overall savings.</li> </ul> <p>The Council will continue to receive six monthly updates</p>



**No. Issue/risk**



**Recommendation**



**Agreed management action/timing**


No.	Issue/risk	Recommendation	Agreed management action/timing
b/f	<b>Common Good Fund</b>	Current spending levels can no longer be sustained. Management must take corrective action to return the fund to a surplus position and to build up the minimum level of recommended reserves.	<p><b>Ongoing</b></p> <p>The Council remains on target for the Common Good fund to reach a balance of £100,000 within the next four years.</p> <p>Based on the latest projections and the recent approved sale of a Common Good asset the Council has advised that plans are on target.</p>

# Appendix 2

## Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
<b>Risks of material misstatement in the financial statements</b>		
<p><b>1 Risk of management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements.</p>	<p>Detailed testing of journal entries.</p> <p>Reviewed accounting estimates.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluated significant transactions that are outside the normal course of business.</p>	<p><b>Results</b> - We did not identify any significant issues within our work on journals or accounting estimates. Our testing of accruals and prepayments and results of data analytics risk assessment did not identify any errors and there were no significant transactions outside the normal course of business.</p> <p><b>Conclusion</b> - No issues were identified that indicate management override of controls.</p>
<p><b>2 Risk of fraud over income</b></p> <p>Inverclyde Council receives a significant amount of income from several sources including income from fee and charges funding. The extent and complexity of income means that, in accordance with ISA240, there is an inherent risk of fraud.</p>	<p>Analytical procedures on income streams.</p> <p>Detailed testing of revenue transactions focusing on the areas of greatest risk.</p> <p>Reviewed the process for undertaking care income assessments</p>	<p><b>Results</b> - We did not identify any significant issues from our testing of income controls and transactions.</p> <p><b>Conclusion</b> - No fraud issues were identified.</p>
<p><b>3 Risk of fraud over expenditure</b></p> <p>The Code of Audit Practice extends the assumptions within ISA 240 to the risk of fraud associated with areas of expenditure. Inverclyde Council incurs significant expenditure in areas such as welfare benefits, social care payments and grants and therefore there is an inherent risk of fraud.</p>	<p>Walked through the controls over social care payments.</p> <p>Detailed substantive testing of expenditure including social care payments, grants and housing benefit transactions.</p>	<p><b>Results</b> - We did not identify any significant issues from our testing of expenditure controls and transactions, although we reported specific areas where controls could be strengthened.</p> <p><b>Conclusion</b> - No fraud issues were identified.</p>
<p><b>4 Estimation and valuations</b></p> <p>There is a significant degree of subjectivity in the measurement</p>	<p>Assessed the scope, independence and competence of the</p>	<p><b>Results</b> – We requested revised IAS19 reports for the council and its subsidiaries to reflect the</p>

Audit risk	Assurance procedure	Results and conclusions
<p>and valuation of pensions and estimation of provisions. This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<p>professionals engaged in providing estimates.</p> <p>Reviewed appropriateness of actuarial results including comparison with other councils.</p> <p>Assessed the appropriateness of the actuarial assumptions.</p> <p>Established officers' arrangements for assessing the impact of any movement in fund values between the IAS19 valuation date and the year end.</p> <p>Reviewed actual experience of significant estimates made at previous year end.</p> <p>Reviewed officers' assessment of other significant accruals and provisions at the year end.</p>	<p>changes resulting from the McCloud judgement.</p> <p>The IAS19 reports were based on actual investment values at the year end.</p> <p>Audit testing of accruals and provisions did not identify any issues and the judgement of officer's was found to be appropriate, although the calculation of the council tax bad debt provision did require correction.</p> <p><b>Conclusion</b> – No issues other than with the council tax bad debt provision were identified and this issue was corrected in the audited financial statements.</p>
<p><b>5 Openness and transparency</b></p> <p>The importance of openness and transparency in reporting has been highlighted by the Accounts Commission and within the 2017/18 Local Government Overview. In particular, the management commentary in the annual accounts should clearly show:</p> <ul style="list-style-type: none"> <li>• the outturn against budget position for the year with the reasons for significant variances</li> <li>• the outturn reported in the narrative reconciled to the movement in general fund contained in the financial statements and major differences explained</li> <li>• progress against agreed savings specifically reported on in the accounts.</li> </ul> <p>There is a risk that users of the annual accounts do not clearly understand the development of the budget throughout the year and how this is represented in the financial statements.</p>	<p>Reviewed revenue budget progress reports throughout the year.</p> <p>Reviewed the management commentary against Finance Circular 5/2015 and the recommendations in the Local Government Overview.</p>	<p><b>Results</b> – Although a number of improvements were made to disclosures in the management commentary, the council could do more to improve transparency in the narrative.</p> <p><b>Conclusion</b> - the council should adopt best practice for the narrative contained within the management commentary outlined in the Accounts Commission's Financial Overview Report in 2017/18.</p> <p> Recommendation 3 (refer <a href="#">appendix 1</a>, action plan)</p>



Audit risk	Assurance procedure	Results and conclusions
<p><b>6 EU withdrawal</b></p> <p>There are considerable uncertainties surrounding the implications of EU withdrawal and public bodies should assess the potential impact on their operations and identify specific issues and planned responses.</p> <p>There is a risk that the council is not prepared for the impact of EU withdrawal on the delivery of services.</p>	<p>Assessed how the council has assessed and prepared for EU withdrawal, including the specific work on workforce impact and dependency on key suppliers.</p> <p>Considered how the council responds to any emerging issues after March 2019.</p>	<p><b>Results</b> – The council has recognised EU withdrawal in the strategic risk register and activated the ‘Crisis and Resilience Management Team’. Work has been completed to assess the impact on workforce and funding streams.</p> <p><b>Conclusion</b> – We assessed the council’s readiness for withdrawal from the EU and found them to be reasonably prepared ahead of the expected withdrawal date.</p>
<p><b>7 Dependency on key suppliers</b></p> <p>Dependency on a key supplier could expose the council to service delivery issues should the supplier fail. Where a significant supplier dependency exists, there should be monitoring and business continuity arrangements to ensure the council is able to respond to significant issues.</p> <p>There is a risk that the council is unable to deliver services if it is not aware of its key supplier dependencies and / or fails to have sufficient business continuity arrangements in place.</p>	<p>Carried out work to establish the extent, value and nature of key supplier dependencies, including considering the councils work planning for EU withdrawal.</p> <p>Where issues were identified considered the robustness of the business monitoring and continuity arrangements in place.</p>	<p><b>Results</b> – Our work on contract awards and business continuity arrangements confirmed that the financial standing and implication of failure are a core part of the process.</p> <p><b>Conclusion</b> – The council has appropriate arrangements in place to address the risk of key supplier failure.</p>

# Appendix 3

## Summary of national performance reports 2018/19

		 <b>2018/19 Reports</b>	
Local government in Scotland: Challenges and performance 2018		<b>Apr</b>	
Councils' use of arm's-length organisations		<b>May</b>	 Scottish Fire and Rescue Service: an update
Scotland's colleges 2018		<b>Jun</b>	
		<b>Jul</b>	 The National Fraud Initiative in Scotland 2016/17
Forth Replacement Crossing		<b>Aug</b>	 Major project and procurement lessons
Children and young people's mental health		<b>Sept</b>	 Superfast broadband for Scotland: further progress update
NHS in Scotland 2018		<b>Oct</b>	
Health and social care integration: update on progress		<b>Nov</b>	 Local government in Scotland: Financial overview 2017/18
		Dec	
		Jan	
		Feb	
		<b>Mar</b>	 Local government in Scotland: Challenges and performance 2019

### Local government relevant reports

[Local government in Scotland: Challenges and performance 2018](#) – April 2018

[Councils' use of arm's-length organisations](#) – May 2018

[Health and social care integration: update on progress](#) – November 2018

[Local government in Scotland: Financial overview 2017/18](#) – November 2018

[Local government in Scotland: Challenges and performance 2019](#) – March 2019

# Inverclyde Council

## 2018/19 Annual Audit Report

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Inverclyde Council  
**Audited Annual Accounts**  
2018 - 2019



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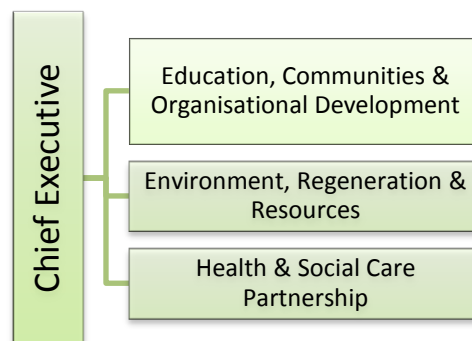
## 1. Introduction

This publication contains the financial statements of both Inverclyde Council and its group for the year ended 31 March 2019, and its main purpose is to demonstrate the stewardship of public funds entrusted to the Council. This foreword outlines the objectives and strategy of the Council and its financial performance for the year 2018-2019. It also provides an indication of issues and risks which may impact upon the finances of the Council in the future.

### Principal Activities

Inverclyde Council was established in 1996 as part of local government reorganisation in Scotland under the Local Government (Scotland) Act 1994. The Council has responsibility for providing local authority services for the residents of Inverclyde which is located in the West of Scotland along the River Clyde. It is one of the smallest local authorities in Scotland, covering 61 square miles and serving a population of 78,150 (1.4% of the total population of Scotland). The Council employs 4,150 employees and provides a wide range of vital services to the public such as education, social services, leisure and recreation, libraries and museums, regeneration, planning and building standards, roads and transport, street cleaning and refuse collection. The Council transferred its housing stock to River Clyde Homes, a not-for-profit social housing provider, in 2007. Inverclyde Council and NHS Greater Glasgow and Clyde created an Integrated Joint Board for the delivery of Health and Social Care Services during 2015-2016 and budgets were delegated to the IJB on 1 April 2016. The Council approved a restructure in early 2018 which reduced the number of senior officers by 12, delivered ongoing savings of £650,000 and amended Committee and Directorate remits to improve alignment between the two. The majority of these changes have been delivered with the final changes due over 2019/21.

Inverclyde Council has 22 councillors; elected every five years to represent the interest of the local community. Following the Local Government elections in May 2017, the Council has a minority Labour administration with Councillor Stephen McCabe as its Leader. During 2018-2019 the management of Inverclyde Council was led by the Chief Executive, Aubrey Fawcett. The operational structure is divided into three directorates as shown on the right. The Council has established two Arms' Length Organisations – Inverclyde Leisure and Riverside Inverclyde – to deliver certain services on the Council's behalf. Section 5 has more details of these and the other entities in the Inverclyde Council group and section 6 has links to their websites.



## 2. Objectives and Strategy of the Council

### Getting it Right for Every Child, Citizen and Community

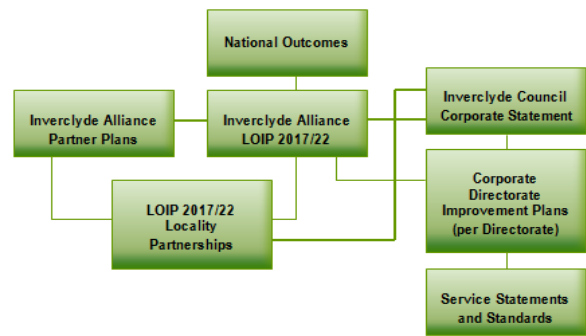
The Council's Corporate Statement is a public facing, focused statement, setting out the Council's vision for Inverclyde, which is "Getting it Right for Every Child, Citizen and Community". Inverclyde Council wants all of its residents to be "safe, healthy, achieving, nurtured, active, respected, responsible and included". In addition the Community Empowerment (Scotland) Act 2015 places a legal duty on Community Planning Partners to demonstrate that they are making a difference to the lives of their residents through the planning and delivery of local outcomes and the involvement of community bodies at all stages of community planning. The Inverclyde Local Outcomes Improvement Plan (LOIP) 2017/22 sets out the outcomes that Community Planning Partners in Inverclyde, known as the Inverclyde Alliance, will seek to improve. This, in turn, should improve the well-being and quality of life of the residents of Inverclyde, with a particular focus on reducing inequality and poverty. The LOIP does not cover everything that is being delivered in Inverclyde but focuses on three key priority areas: Repopulation; Reducing Inequalities; and Environment, Culture and Heritage. The Plan can be viewed on the Council's website at <http://www.inverclyde.gov.uk/council-and-government/community-planning-partnership/inverclyde-outcome-improvement-plan>



## Delivering the Strategy

Inverclyde Council has an established framework in place that integrates strategic planning with performance management to ensure the effective delivery of corporate and service outcomes. The main aspects of the framework are illustrated in the diagram on the right.

The Scottish Government publishes a set of “National Outcomes” for public services and engages with each local authority to reach agreement on local outcomes and measures which are set out in the LOIP 2017/22.



Inverclyde Council's Corporate Statement sets out the key outcomes the Council is committed to delivering with its Partners. Services demonstrate how their own activities link to the Council's vision and priorities through their Corporate Directorate Improvement Plans (CDIP). Consultation on the future vision and activities of the Council is undertaken through the Council's Citizens' Panel and through specific consultations.

## Public Performance Reporting

Inverclyde Council publishes a wide range of comprehensive and diverse performance indicators to allow the public to make an informed assessment of how the Council is performing. Full details of the Council's performance reporting can be found by following the link to the Council's performance pages on its website <http://www.inverclyde.gov.uk/council-and-government/performance>. The CDIPs also contain details about financial and non-financial performance indicators. The most recent indicators, including snapshots of these, can be found at <http://www.inverclyde.gov.uk/council-and-government/performance/statutory-performance-indicators>

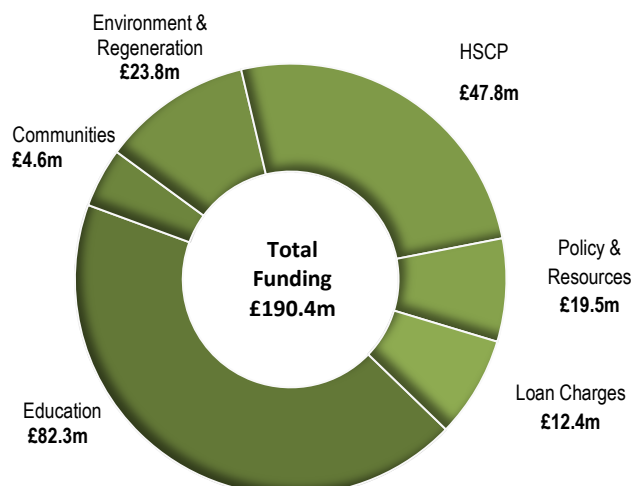
The most recent available data for the Council's performance relates to 2017-2018. Some of the performance highlights for that reporting year include:

- The percentage of residents satisfied with their neighbourhood as a place to live rose by 5% to 86% between 2016 and 2018.
- Between 2016-2017 and 2017-2018, there was an improvement with all the indicators used to measure the attainment of our S5 pupils.
- Our cost per primary school pupil decreased by £134 between 2016-2017 and 2017-2018. During the same period, our cost per secondary school pupil also decreased by £65. Meanwhile, our costs per pre-school place rose by £1,409; this means our pre-school costs are the most expensive of any local authority in Scotland.
- In terms of satisfaction with schools in Inverclyde, there was a decrease of 3% to 86.33% between 2014-2017 and the last reporting period (2015-2018). Despite a decline of two places in the national rankings, we retained our position in the first quartile. We are also 14% above the Scottish average for this measure.
- Our cost per dwelling of collecting Council Tax reduced very slightly (by £0.11) in 2017-2018 which is still £5.86 less than it was in 2010-2011. We also saw a 0.2% increase in our in-year Council Tax collection rate to 95.52% in 2017-2018 which is the highest ever achieved by the Council.
- We saw an increase of 2.92% to 67.78% in terms of the number of people aged 65 and over with long-term needs who receive personal care at home.
- Our recycling performance increased by 3.77% to 57.21% in 2017-2018, making last year's figure the highest for this measure since the Local Government Benchmarking Framework was introduced in 2010-2011. Our improved performance resulted in an increase of five places to fifth in the national rankings. Our performance is also 11.61% above the Scottish average.
- The number of unemployed people assisted into work from Inverclyde Council operated/funded employability programmes was 21% in 2017-2018, an increase of 4.05% on the previous reporting year and 6.6% above the national average.

## The Annual Budget and Setting Council Tax

The Council's approach to the 2018/19 budget was agreed by the Council and included a public consultation as to how the Council could save money and the operation of the cross party Members Budget Working Group (MBWG) to arrive at a consensus on the use of surplus reserves and consideration of the savings identified by the public consultation. On the 15 March, 2018 the Council agreed to savings totalling £3.061million in 2018/19 with these savings increasing to £4.930 million by 2019/20. Work has continued throughout 2019/20 to identify further savings in anticipation of future budget reductions. As at 31 March 2019 all the 2018/19 savings have been implemented.

The Council formally approved the 2018-2019 budget on 15 March 2018. The budget was based on the Council Tax for band D increasing by 3%, the first increase in Council tax in Inverclyde since 2006/07.



Funding from Scottish Government (Non-Domestic Rates and Government Grants) £160.6m (84.4%) and Council Tax (including Council Tax Reduction costs) £29.8m (15.6%).

Spend of £190.4 million was planned in 2018-2019 after taking account of Government Grants, inflation, borrowing costs and approved savings. The Council also approved a £79.4 million three-year capital investment programme covering 2018-2021 of which over £50 million would be funded by the Council with the balance met from government grants. The major areas of planned investment were the ongoing programme of construction and refurbishment of schools, key improvements to the roads and lighting infrastructure plus significant capital work on other Council assets.

## 3. Financial Performance in 2018-2019

### General Revenue Budget

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules provide otherwise. The General Fund is funded by Government Grant and Council Tax revenues and the Movement in Reserves Statement on page 28 shows a deficit of £8.5 million. The Council set a balanced budget for 2018-2019. During the year, the Council generated underspends of £1.5 million across all Service areas due to advancement of savings, increased turnover, a reduced call on inflation contingencies and general service underspends. An increase in Council tax income and a planned reduction to an earmarked reserve generated a surplus of £1 million and the correction of a prior year misstatement has further increased reserves by £2.074 million, details of the restatement can be found in Note 30. This has been offset in full by an increase in capital spend funded from reserves and a correction to the Council Tax Bad Debt provision (£1.674m) which has resulted in a deficit in the year of £8.5 million.

Deducting the deficit from the restated accumulated funds brought forward from 2017-2018 of £43.3 million, produces a working balance of £34.8 million to be carried forward to 2019-2020. Of the balance, £29.7 million has been earmarked for particular purposes as detailed in Note 3 on Pages 31-32. This leaves a balance of £5.1 million of unallocated reserves (2.68% of the Council's budgeted net annual running costs). This is £1.3 million more than the recommended level of £3.8 million (2% of annual turnover based on the 2018-2019 budget), and the Council will consider uses for the excess as part of the 2020-2023 revenue budget.

### Capital Budget

The Council continues to make significant capital investment in schools, roads, leisure, community and town centre estate with £26.9 million being spent in 2018-2019. The largest individual element of the capital expenditure for the year was the £8.6 million spent on building and refurbishing educational properties as part of the Council's School Estates Strategy. Funding of capital expenditure included £0.2 million from receipts and £11.6 million from Government grants with the balance of £15.1 million being met through internal funding and internal borrowing. Further information about spend on capital projects is shown in Note 9 on page 39.



# Management Commentary

Major projects progressed during the year included:

- £3.8 million on the Roads Asset Management Plan
- £2.4 million on the replacement of St Ninian's Primary School
- £1.9 million on the refurbishment of Lady Alice Primary School
- £1.6 million on the Bakers Brae road re-alignment
- £1.0 million on the Watt Complex refurbishment

The Council is able to regulate its own capital spending limits within a Prudential Framework recommended by CIPFA and endorsed by the Scottish Government. The Council's performance confirms its overall capital spending of £26.9 million was managed within the "Prudential Framework" limits approved by the Council. There was net advancement of projects from future years of £0.146 million (0.52%).

## Key Financial Ratios

The Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance Section recommends that certain "financial ratios" are included in the Management Commentary to assist the reader to assess the performance of the Council over the financial year and of the affordability of its ongoing commitments. The following table provides the indicators with an explanation of each, grouped into CIPFA categories for the various areas of financial activity.

Financial Indicator	Commentary	2018-2019	2017-2018
<b>Reserves</b>			
Uncommitted General Fund Reserve as a proportion of Annual Budgeted Net Expenditure	Reflects the level of funding available to manage Financial risk/unplanned expenditure. The Council's Policy is 2% of annual turnover which is considered appropriate in the context of the Council's financial and ongoing risk profile. More Information is provided in the <i>General Revenue Budget</i> section above.	2.68%	3.55%
Movement in the Uncommitted General Fund Balance	Reflects the extent to which the Council is using its Uncommitted General Fund Reserve.	£1.5m decrease	£0.2m increase
<b>Council Tax</b>			
In-year collection rate	Reflects the Council's effectiveness in collecting Council Tax debt and financial management. The Council continues to achieve high collection Levels despite the current economic climate and its effect on the local economy. Collection in 2018-2019 was the Council's highest level to date.	95.7%	95.52%
<b>Financial Management</b>			
Actual Outturn compared to Budgeted Expenditure	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management. This indicator is based on the format of budget monitoring as reported throughout the year. More details are provided in the General Revenue Budget section above.	99.2%	98.73%
<b>Debt/Long-term Borrowing</b>			
Ratio of financing costs to net revenue stream	Assurances of borrowing only being for capital purposes with an indication of the Council's ability to service the borrowing costs. The Council's cost of borrowing remains consistently below the Scottish average; is affordable; and fits with the Council's medium to long-term finance strategy.	14.87%	14.04%

## Assets and Liabilities

The Balance Sheet on page 27 summarises the Council's assets and liabilities as at 31 March 2019 and explanatory notes are provided. Net Assets have decreased by £52.1 million to £104.9 million. Within this headline figure, there have been significant changes in both asset values and liabilities. Property, plant & equipment has increased by £8.3 million while short-term investments have decreased by £14.0 million and cash and cash equivalents has decreased by £1.7 million; on the liabilities side the pensions liability has increased by £52.5 million and borrowing and lease finance has reduced by £11.6 million. The major changes in the Council's Balance Sheet between March 2018 and March 2019 are explained in more detail in the following paragraphs.

## Non-current and Current Assets

Property, Plant & Equipment have increased in value by £8.3 million to £491.501 million. This increase in asset values is a result of the Council's investment in key capital projects. Short term investments have reduced by £14.0 million whilst cash equivalents have decreased by £1.7 million. This has arisen as a result of funding requirements for 2018-2019. Long and short-term debtors decreased by £2.1 million and short-term creditors increased by £2.0 million.

## Pensions Position

The Council's pension position has worsened over the year and the net liability has increased by £52.5 million. The worsening is largely due to a lower discount rate and an increase in the salary increase rate and pension increase rate used by the appointed actuaries to calculate the current value of future payments to pensioners according to accounting standards. The details are shown in Note 16. The impact of the McCloud judgement and of the changes in the guaranteed minimum pension (GMP) rules detailed in Note 25 have also had an impact on the net liability as at 31 March 2019.

The change in the valuation of the net liability does not impact upon the General Fund balance. Scottish Government regulations require the General Fund balance to be charged with the amount payable by the Council to the pension fund or to pensioners in the year, not the amount calculated according to accounting standards.

## Long-term and Short-term Borrowing and Lease Finance

The Council's borrowing (including finance leases) decreased by £11.6 million during the year. Short-term borrowing and lease financing increased by £4.7 million, whilst long-term borrowing and lease financing reduced by £16.3 million. This reflects the funding of the capital programme this year and the repayment of borrowing and lease finance.

The 4 year Treasury Management Strategy and Investment Strategy covering the period 2018-2019 to 2021-2022 was approved at the meeting of Inverclyde Council on 12 April 2018. The Strategy identified the need to borrow £35 million over the period to replace existing loans due to be repaid and to fund the planned Capital Programme.

The borrowing strategy is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities. The Council's borrowing comes from market loans and from borrowing from the Public Works Loan Board. Further details are provided at Note 20. The Council regulates its capital spending limits within a prudential framework recommended by CIPFA and endorsed by the Scottish Government. Each year, the Council calculates its capital financing requirement (CFR) for the forthcoming year. The CFR is a prudent assessment of the external borrowings for capital investment purposes that are affordable and sustainable over the longer-term. The Council's external borrowings have only been for capital investment purposes. The Council's gross external debt was £259.3 million at 31 March 2019 compared to the CFR limit of £307.4 million. The Council's average loans rate was 3.65% for 2018-2019, an increase of 0.05% from 2017-2018. The Council refinanced £3 million of long term borrowing but made no other long term borrowings during the year.

## 4. Financial Outlook, Key Risks & Plans for the Future

### Financial Outlook

The Council's Financial Strategy for June 2019 highlights that the pressure on public finances is scheduled to continue until at least 2022/2023. This in addition to the fact that Local Government is currently not one of the areas "protected" in Scottish Government Grant settlements, means continuing real term reductions to the Council's funding are likely.

For the next three years budget (2020-2023) the estimated mid-range funding gap is £15.0 million with optimistic and pessimistic scenarios of £2.8 million and £31.0 million respectively. Included within this is the fact that, the Council faces

# Management Commentary

ongoing service and cost pressures arising from a range of issues, most significantly demographic and socio-economic factors which continue to play a major role in driving spending pressures for the Council, particularly in relation to social care services. The Council continues to operate a cross party Members Budget Working Group and this Group plus the Trade Unions/Corporate Management team meeting via the Joint Budget Group will be pivotal as the Council faces unprecedented financial pressures.

## Management of Risk

The Council constantly reviews its Financial Strategy to address the challenges of forward planning, preparatory investment and a sufficient lead-in period prior to implementation of both savings and investment over the short, medium and longer term.

Over the short-term, the primary financial challenge and risk facing the Council will be to stay within the approved revenue budget and deliver a capital programme that continues to maintain a high level of investment in key infrastructure.

Over the medium to longer term, the major challenges and risks faced by the Council include changes to fiscal arrangements; increasing demands upon services and the Council's finances, including depopulation, inflation, demographic change; and the need for a better alignment between available resources across all agencies and the outcomes identified in the Local Outcomes Improvement Plan (LOIP). Given the difficult position the Council faces on capital expenditure, future capital expenditure proposals are largely self-financing through the release of other capital assets, in addition to delivering efficiencies that will secure ongoing revenue savings.

The Annual Governance Statement, shown on pages 10-14, details the arrangements the Council has put in place for the proper governance of the Council's affairs and for the management of risk. This Statement explains the system of internal control in place and sets out improvement actions to the governance framework, identified from the Council's ongoing review of these arrangements.

## Plans for the Future

2019-20 will be a hugely important year for the Scottish public sector with the implications arising from the outcome of the EU Referendum and how the Scottish Parliament decides to continue the development of its fiscal powers in the context of the pressure on public finances. The combination of anticipated cost pressures, coupled with real terms reductions in Government Grant, present major challenges and financial risks to the Council over the medium term. Cost reductions of the level outlined above will require a fundamental review of priorities, income levels and how services are delivered to the public.

The Community Planning Partnership's LOIP and the Council's Corporate Plan provide a helpful focus in terms of the policy priorities for the Council, whilst recognising the financial pressures existing and forecast. The Council and Community Planning Partnership are continuing to develop approaches to fully implement the requirements set out in the Community Empowerment Act, including approaches to locality planning (in line with the Health and Social Care Partnership), community participation and engagement. Communities have a key role to play in shaping local public services.

Inverclyde Council is one of the member local authorities of the £1.1 billion Glasgow and Clyde Valley City Deal, the largest in the UK and the first of its kind in Scotland. This is one of the most significant funding arrangements to take place in Scotland and is funding major infrastructure projects and greatly add to the value of the wider local economy over the next 20 years. The headline projects within the Inverclyde area are the developments to the Greenock Ocean Terminal, the Greenock Inchgreen dockland and the Inverkip transport interchange, with work due to commence on the Greenock Ocean terminal in 2019/20.

Inverclyde Council commenced implementation of the 1140 hours early years provision in 2018-2019. A full bid was submitted in accordance with Scottish Government requirements and Inverclyde Council have been awarded funding to have 1140 hours provided in all its early years facilities by 2020. This will present challenges in terms of both developing the workforce and the necessary buildings.

The recently revised Financial Strategy demonstrates that the Council is clear both about the outcomes it wants to achieve for the communities in Inverclyde and the financial challenges that must be addressed if the Council is to successfully deliver on these outcomes.

## 5. Supplementary Information

Local Authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council with its share of the Integration Joint Board, joint venture, the Common Good and Trust Funds, subsidiaries and five associates – Inverclyde Leisure, Riverside Inverclyde, Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Board and Renfrewshire Valuation Joint Board. The effect of the inclusion of these bodies in the Group Balance Sheet is to increase both net assets and total reserves by £22.086 million representing the Council's share of the net assets in these entities.

### Inverclyde Council Group

The Common Good Fund, administered by the Council, returned a surplus of £0.019 million on the usable reserves available for spending. The total usable reserves of the Common Good Fund now stand at £0.026 million; this is below the recommended minimum level of £0.1 million for this fund. Action has been taken in the 2019-2020 budget to address this and return reserves to an acceptable level. The financial statements and notes of the Common Good Fund are detailed on pages 69-70.

Inverclyde Leisure (IL) provides leisure facilities within the Inverclyde Council area to the general public and manages sports and leisure facilities, community centres, swimming pools and parks and pitches owned by the Council.

Riverside Inverclyde (ri) is the urban regeneration company responsible for a series of regeneration projects predominately on a 4.5 mile stretch of waterfront at Greenock and Port Glasgow and in the town centres of Gourock, Greenock and Port Glasgow. The joint working between ri and the Council continues to maximise the efficiency and collective impact of the two organisations in the face of increasingly scarce resources.

Strathclyde Partnership for Transport (SPT) and Strathclyde Concessionary Travel Scheme (SCTS) are public transport related Joint Boards and look after the public transport policy for the twelve local authorities in the area of the former Strathclyde Region. During the year, SPT provided funding to the Council for cycle routes and quality bus corridor improvements in Inverclyde. SCTS looked after the operation of the concessionary fares scheme for public transport.

The Integration Joint Board has responsibility for the strategic commissioning (either planning or direct service delivery, or both) of the full range of health and social care services: population health and wellbeing, statutory health and social work/ social care services for children, adults, older people and people in the community justice system. During the financial year 2018-19, the Health and Social Care Partnership generated a surplus of £1.485 million which is retained within the Integrated Joint Board Reserves.

The main focus for Renfrewshire Valuation Joint Board is to maintain electoral, Council Tax and Non-Domestic property registers.

Further details about the associates in the Inverclyde Council group and their financial results can be found on pages 72 to 77.

### Carbon Emissions and Energy Consumption

The Council takes its responsibilities with regard to reducing the effects of climate change seriously. This is most visibly demonstrated in the drafting of its Climate Change Plan. The Council has set a target to reduce carbon emissions, the largest contributor to climate change, from its operations by 16%, by 31 March 2022 from a 1 April 2007 baseline. In 2018-19 the Council reduced its carbon emissions by 18.9%, thereby exceeding the target. The Climate Change Plan will also consider how the Council can adapt to inevitable climate change.

The new Climate Change Plan correspondingly states a requirement for the Council to investigate projects that can help achieve national targets to reduce greenhouse gases. The Council has been awarded a grant by the Scottish Government to undertake a pilot 'Local Heat and Energy Efficiency Strategies' project. This will investigate the potential opportunities for improving energy efficiency and developing low carbon heating across the public sector estate in Inverclyde.

### Equality and Diversity

Inverclyde Council is firmly committed to the principle of equality of opportunity. The Council recognises its responsibility as a community leader, service provider and employer, to encourage the fair treatment of all individuals and to tackle social exclusion. The Council is also committed to eradicate all forms of discrimination, direct or indirect, and aims to eliminate

# Management Commentary

discriminatory practices and promote measures to combat its effects. Information on the Council's Equality Outcomes 2017/21, its Mainstreaming Report 2019, and its Education Mainstreaming Report 2017-2021 can be found on its website at <https://www.inverclyde.gov.uk/council-and-government/equality-and-diversity>.

## Consultation and Communication with Workforce

Inverclyde Council has in place employee governance arrangements to ensure its employees are well informed, involved in decisions, appropriately trained, treated fairly and consistently and provided with a safe environment. The Council carries out periodic employee surveys, the last one being undertaken in 2018, and seeks the views of the workforce through regular consultations with staff and trade unions. Inverclyde Council is an accredited Living Wage Employer and was voted the Best Government Services Employer in the UK in the Bloomberg Best Employer Awards 2016.

## Events after the Balance Sheet Date

Events from the Balance Sheet Date until the Date of Signing the Accounts have been taken into consideration. There were two post Balance Sheet events to report. The first was an adjusting post Balance Sheet event related to the McCloud judgement and of the changes in the guaranteed minimum pension (GMP) rules which resulted in an increase in the pension liability of £8.4 million. In addition as at 30 June 2019 the Council took on the pension liability of Riverside Inverclyde (RI), this had no impact to the Balance Sheet as at 31 March 2019. Details of the events after the Balance Sheet date can be found at Note 25.

## 6. Where to Find More Information

### In This Publication

An explanation of the financial statements which follow and their purpose are shown at the top of each page. The accounting policies and a glossary of terms can be found at the end of this publication and these provide an explanation of the main guidelines and terms used.

### On Our Website

Further information about Inverclyde Council can be obtained on the Council's website ([www.inverclyde.gov.uk](http://www.inverclyde.gov.uk)) or from Finance Services, Municipal Buildings, Clyde Square, Greenock PA15 1LY.

### On Group Entities' Websites

Further information about the entities within the Inverclyde Council group, the nature of their business and their financial results can be found on Inverclyde Leisure ([www.inverclydeleisure.com](http://www.inverclydeleisure.com)), Riverside Inverclyde ([www.riversideinverclyde.com](http://www.riversideinverclyde.com)), SPT ([www.spt.co.uk](http://www.spt.co.uk)), Renfrewshire Valuation Joint Board ([www.renfrewshire-vjb.gov.uk](http://www.renfrewshire-vjb.gov.uk)) and Inverclyde Integrated Joint Board ([www.inverclyde.gov.uk/health-and-social-care](http://www.inverclyde.gov.uk/health-and-social-care)).

## 7. Conclusion and Acknowledgements

The continuation of prudent financial management and medium term financial planning have allowed the Council to manage its financial affairs within budget and the financial objectives prescribed, whilst at the same time progressing major strategic initiatives such as the School Estate Strategy, the Road Assets Management Plan, wider regeneration via City Deal and the successful implementation of the Integrated Joint Board. This reflects well on both the efforts and professionalism of the employees and the effectiveness of our financial management procedures.

We would like to take this opportunity to acknowledge the significant effort in producing the Annual Accounts and to record our thanks to our colleagues for their continued hard work and support. We greatly appreciate the significant efforts of all who were involved.



**Cllr Stephen McCabe**  
Leader of the Council



**Aubrey Fawcett**  
Chief Executive



**Alan Puckrin C.P.F.A**  
Chief Financial Officer



# Statement of Responsibilities for the Annual Accounts

## 1. The Council's Responsibilities

The Council is required to:

- (i) Make arrangements for the proper administration of its financial affairs and to ensure that the proper officer of the authority has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Chief Financial Officer.
- (ii) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- (iii) Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- (iv) Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by Inverclyde Council at its meeting on 26 September 2019.

Signed on behalf of Inverclyde Council

**Cllr Stephen McCabe**

Leader of the Council

**Date:** 26 September 2019

## 2. The Chief Financial Officer's Responsibilities

The Chief Financial Officer of Inverclyde Council is responsible for the preparation of the Council's Annual Accounts, in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("The Accounting Code").

In preparing the Annual Accounts, the Chief Financial Officer has:

- (i) Selected suitable accounting policies and then applied them consistently.
- (ii) Made judgements and estimates that were reasonable and prudent.
- (iii) Complied with legislation.
- (iv) Complied with the Local Authority Accounting Code (in so far as it is compatible with legislation).

The Chief Financial Officer has also:

- (i) Kept adequate accounting records which were up to date.
- (ii) Taken reasonable steps for the prevention and detection of fraud and other irregularities.
- (iii) Signed and dated the Balance Sheet.

I certify that the financial statements give a true and fair view of the financial position of the local authority and its group at the reporting date and the transactions of the local authority and its group for the year ended 31 March 2019.

**Alan Puckrin C.P.F.A**

Chief Financial Officer

**Date:** 26 September 2019

## 1. Scope of Responsibility

Inverclyde Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Under the Local Government in Scotland Act 2003, the Council also has a statutory duty to make arrangements to secure best value, which is defined as continuous improvement in the performance of the Council's functions.

In discharging these responsibilities, Elected Members and the Corporate Management Team are responsible for putting in place proper arrangements for the governance of the Council's affairs, and for facilitating the effective exercise of its functions, including the arrangements for the management of risk. The Council has established two Arms-Length External Organisations – Inverclyde Leisure and Riverside Inverclyde – to deliver services more effectively on the Council's behalf, and which report regularly to Elected Members. From 1 April 2016, the Inverclyde Integration Joint Board was established for the formal integration of health and care services between Inverclyde Council and the NHS Greater Glasgow and Clyde.

The Council has adopted a Local Code of Corporate Governance ("the Local Code") consistent with the seven principles of CIPFA and the Society of Local Authority Chief Executives (SOLACE) framework, "Delivering Good Governance in Local Government Framework (2016)". A copy of the Local Code can be obtained from the Corporate Policy Unit, Municipal Buildings, Greenock, PA15 1LY.

This statement explains how Inverclyde Council has complied with the Local Code and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirements for an Annual Governance Statement.

## 2. The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and through which it accounts to, and engages with communities. It enables the Council to monitor the achievement of its key corporate priorities and strategic objectives set out in the Council's Corporate Plan. It enables the Council to consider whether those objectives have led to the delivery of appropriate value for money services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. Internal control cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

This governance framework has been in place at Inverclyde Council for the year ended 31 March 2019 and up to the date of the approval of the Statement of Accounts.

## 3. The Governance Framework

The main features of the Council's governance arrangements are described in the Local Code but are summarised below:

- The overarching strategic vision of the Council is detailed in the Council's Corporate Plan which sets out the key outcomes the Council is committed to delivering with its partners, as set out in the Inverclyde Local Outcomes Improvement Plan. Services are able to demonstrate how their own activities link to the Council's vision and outcomes through their Corporate Directorate Improvement Plans. These were reviewed and updated during 2018/2019. Performance management and monitoring of service delivery is reported principally through the Policy & Resources Committee and to other Committees on a regular basis. The Corporate Management Team monitors performance information. The Council publishes information about its performance regularly as part of its public performance reporting requirements at <http://www.inverclyde.gov.uk/council-and-government/performance/>.
- The Inverclyde Alliance Community Engagement Strategy sets out the Alliance's approach for engaging with stakeholders. Consultation on the future vision and activities of the Council is undertaken through the Inverclyde Alliance, and through service specific consultations and the Council actively engages the Council's partners through existing community planning networks.

- Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations from Audit Scotland, the external auditor, Inspectorates and the Internal Audit section to the Corporate Management Team, the relevant service Committee of the Council and, where appropriate, the Audit Committee.
- The Council operates within an established procedural framework. The roles and responsibilities of Elected Members and officers are defined within the Council's Standing Orders and Scheme of Administration, Contract Standing Orders, Scheme of Delegation and Financial Regulations; these are subject to regular review. The Council facilitates policy and decision making through a thematic Committee structure.
- Responsibility for maintaining and operating an effective system of internal financial control rests with the Council's Chief Financial Officer as Section 95 Officer. The system of internal financial control is based on a framework of regular management information, Financial Regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council.
- The Council's approach to risk management is set out in the risk management strategy and is being embedded within the Council's Strategic Planning and Performance Management Framework. Regular reporting on risk management is undertaken and reported annually to the Audit Committee.
- The Council has adopted a code of conduct for its employees. Elected Members observe and comply with terms of the Councillors' Code of Conduct. In addition, the Council has developed a protocol on Member/officer relations, a multi-member ward protocol and guidance on Member/Member relationships.
- Comprehensive arrangements are in place to ensure Members and officers are supported by appropriate learning and development.

#### 4. Review of Effectiveness

Inverclyde Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness of the framework is informed by the work of the Corporate Management Team who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and reports from the external auditors and other review agencies and inspectorates.

The review of the Council's governance framework is supported by a process of self-assessment and assurance certification by Heads of Service. Heads of Service were provided with a "Self-assessment Checklist" to complete and return as evidence of review of seven key areas of the Council's governance framework. As part of this process, Heads of Service were asked to identify their progress on implementing improvement actions identified as part of their 2018-2019 assessments and to identify actions they proposed to take during 2019-2020 to address service governance arrangements. The Corporate Directors then considered the completed evaluations and provided a Certificate of Assurance for their Directorate. In addition, the review of the effectiveness of governance arrangements and the systems of internal control within the group entities places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

There were no significant governance issues identified by the review but two issues worthy of noting were identified and are detailed in Section 7 together with progress made in implementing improvement actions identified during 2017-2018. We propose over the coming year to take steps to address this matter to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvement which were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

#### 5. Roles and Responsibilities of the Audit Committee and the Chief Internal Auditor

Elected Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services. The Council's Audit Committee operates in accordance with CIPFA's Audit Committee Principles in Local Authorities in Scotland and Audit Committees: Practical Guidance for Local Authorities.

The Audit Committee performs a scrutiny role in relation to the application of CIPFA's Public Sector Internal Audit Standards 2017 (PSIAS) and regularly monitors the performance of the Council's Internal Audit service. The Council's Chief Internal Auditor has responsibility to review independently and report to the Audit Committee annually, to provide assurance on the adequacy and effectiveness of conformance with the PSIAS.



The Internal Audit service undertakes an annual programme of work, approved by the Audit Committee, based on a strategic risk assessment. The Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control.

The Chief Internal Auditor has conducted a review of all Internal Audit reports issued in 2018-2019 and the Certificates of Assurance from Corporate Directors. In conclusion, although no systems of internal control can provide absolute assurance, nor can Internal Audit give that assurance, on the basis of the audit work undertaken during the 2018-2019 financial year, the Chief Internal Auditor is able to conclude that a reasonable level of assurance can be given that the system of internal control is operating effectively within the Council.

## 6. Compliance with Best Practice

The Council complies with the requirements of the CIPFA Statement on “The Role of the Chief Financial Officer in Local Government 2010”. The Council’s Chief Financial Officer (Section 95 Officer) has overall responsibility for the Council’s financial arrangements, and is professionally qualified and suitably experienced to lead the Council’s finance function and to direct finance staff.

The Council complies with the requirements of the CIPFA Statement on “The Role of the Head of Internal Audit in Public Service Organisations 2010”. The Council’s Chief Internal Auditor has responsibility for the Council’s Internal Audit function and is professionally qualified and suitably experienced to lead and direct the Council’s Internal Audit staff. The Internal Audit service generally operates in accordance with the CIPFA “Public Sector Internal Audit Standards 2017”.

## 7. Governance Issues and Planned Actions

The Council continues to recognise the need to exercise strong management arrangements to manage the financial pressures common to all Local Authorities. Regular reviews of the Council’s arrangements are undertaken by Internal Audit and overall the Council’s arrangements are generally satisfactory. The table below sets out two improvement actions to the governance framework which were identified from the Council’s ongoing review and monitoring of the effectiveness of its governance arrangements. These represent corporate initiatives that will be further progressed during 2019-2020.

	Where are we now?	Where do we want to be?	How will we know we are getting there?	Who is responsible?
1	Senior managers are not undertaking relevant training in line with agreed training matrix. The Workforce Information and Activity Report (WIAR) has provided some focus in this area however there is currently no reporting in place of levels of compliance within the Directorates at individual course/staff level.	Training matrix for senior managers is implemented across all services.	More detailed reporting on individual course uptake by senior managers will be provided to Heads of Service on a quarterly basis for review and action.	Heads of Service (supported by Head of Organisational Development, Policy and Communications)  March 2020
2	Services have identified relevant information assets which are being collated into a corporate information asset register. Arrangements are being put in place to allow file sharing for all services for ease of access to and update of the information.	Central information asset register is held which can be accessed and updated by all services.	The corporate information asset register is being finalised. File sharing will be put in place for all services to allow ease of access and update of the information held in the register.	Head of Legal and Property Services  December 2019

In addition, the status of action plans from 2017-2018 Annual Governance Statement (AGS) is set out in the undernoted table:

	Agreed Action	Status at 31/3/19	Further Action	Who is responsible?
1	Key service change proposals will use relevant change management framework documentation and this is consistent across Directorates.	Complete		
2	Quarterly WIAR reports will highlight the improvement in uptake of courses by senior managers. Organisational Development & Human Resources (OD&HR) should provide additional support to Heads of Service as required.	Partially implemented. The WIAR report has provided some focus in this area however there is currently no reporting in place of levels of compliance within the Directorates at individual course/staff level.	This has been highlighted as an issue during 2018-2019 and an action plan is in place to address this issue by 31 March 2020.	Link to AGS Action Point 1 for 2018-2019.
3	Corporate guidance on key aspects of Information Governance and Management is implemented across the Council.	Partially implemented. Services have identified relevant information assets which are being collated into a corporate information asset register. Arrangements are being put in place to allow file sharing for all services for ease of access to and update of the information.	This has been highlighted as an issue during 2018-2019 and an action plan is in place to address this issue by 31 December 2019.	Link to AGS Action Point 2 for 2018-2019.
4	The AGS Head of Service self-assessment process will be updated to reflect the requirement for an annual review of Succession Plans by services.	Complete		

## 8. Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2018-2019 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

**Cllr Stephen McCabe**  
Leader of the Council

26 September 2019

**Aubrey Fawcett**  
Chief Executive

26 September 2019

## 1. Introduction

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No. 2014/200) require local authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

All information disclosed in the tables in this Remuneration Report, with the exception of the Tiered Contribution Pay Rates table on Page 17, will be audited by Audit Scotland. The other sections of the Remuneration report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

## 2. Remuneration of the Leader of the Council, the Provost and Senior Councillors

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Provost are set out by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2017. In 2018-2019 Councillors received a 0.4% pay increase. The salary for the Leader of the Council is £28,326 per annum (2017-2018 £28,213) and for the Provost is £21,245 per annum (2017-2018 £21,160).

In terms of the same Regulations, the Scottish Government permits Inverclyde Council to nominate up to nine Senior Councillors (in addition to the Leader of the Council and the Provost) whose salaries in aggregate must not exceed a specified amount, currently £172,073 per annum (2017-2018 £171,390) and whose salaries individually must be on a specified scale, currently £16,994 to £21,245 (2017-2018 £16,927 to £21,160). The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme.

The Inverclyde Council Members' Salary and Expense scheme was agreed at a meeting of the full Council on 24 May 2006. On 25 May 2017 the Council approved that Inverclyde Council would have up to nine senior Councillors, (four Strategic Committee Convenors, three Regulatory Board Chairs, one Depute Leader and one Leader of the Opposition); each paid a salary of £19,120 per annum (2017-2018 £19,043).

## 3. Remuneration of Senior Officers

The salary of Senior Officers is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets out the salary for the Chief Executives of Scottish Local Authorities. Inverclyde Council does not pay bonuses or performance related pay. Senior Officers received a £1,600 pay award in 2018-2019.

The Regulations define a Senior Officer as an employee who meets one or more of the following criteria:

- Who has responsibility for the management of the Local Authority to the extent that the person has the power to direct or control the major activities of the Authority, whether solely or collectively with other persons;
- Who holds a post that is politically restricted by reason of section 2(1) (a),(b) or (c) of the Local Government and Housing Act 1989; or
- Whose annual remuneration, including any annual remuneration from a Local Authority subsidiary body, is £150,000 or more.

The Council has interpreted the above criteria as including the Chief Executive, Corporate Directors, Chief Financial Officer and the Head of Legal & Property Services.

The term *remuneration* means gross salary, fees and bonuses, allowances and taxable expenses, and compensation for loss of employment. The table below outlines the remuneration details for Senior Officers, including prior year figures. The table shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2019. The table below contains remuneration details for those persons who were Senior Officers in 2018-2019.

# Remuneration Report

Senior Officers	Year ended 31 March 2019				2017-2018
	Gross Salary	Other Fees and Allowances	Taxable Expenses	Total Remuneration	Total Remuneration
	£	£	£	£	£
<b>Fawcett A:</b> Chief Executive	118,138	174	0	118,312	119,383
<b>Allan, R S:</b> Corporate Director Environment, Regeneration & Resources	107,769	0	0	107,769	107,769
<b>Bain, W:</b> Corporate Director Education, Communities & Organisational Development (1)	6,614	0	0	6,614	107,883
<b>Binks R:</b> Corporate Director Education, Communities & Organisational Development (2)	99,741	0	0	99,741	0
<b>Long, L:</b> Corporate Director, Health and Social Care Partnership (3)	107,769	1,612	94	109,475	100,075
<b>Malone, G:</b> Head of Legal & Property Services	87,790	0	0	87,790	88,890
<b>Puckrin, A:</b> Chief Financial Officer	87,790	0	0	87,790	87,890
<b>Totals</b>	<b>615,611</b>	<b>1,786</b>	<b>94</b>	<b>617,491</b>	<b>611,890</b>

- (1) W Bain was in post until 10 April 2018. The full-time equivalent for the Corporate Director Education, Communities & Organisational Development was £107,769.
- (2) R Binks was appointed on 26 July 2018. The full-time equivalent for the Corporate Director Education, Communities & Organisational Development was £107,769.
- (3) L Long joined on 8 May 2017. As the Chief Officer of Inverclyde HSCP, 50% of her salary was funded by NHS Greater Glasgow and Clyde.

#### 4. Remuneration of Senior Councillors

Under the Regulations, remuneration disclosures are to be made for the Leader of the Council, the Provost and any Councillor designated a Senior Councillor. The table below shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2019.

Leader of the Council, Provost and Senior Councillors	Year ended 31 March 2019			2017-2018
	Gross Salary	Taxable Expenses	Total Remuneration	Total Remuneration
	£	£	£	£
<b>Ahlfeld, R:</b> Chair, Licensing Board	19,120	0	19,120	18,919
<b>Brennan, M:</b> Provost (from 25 May 2017)	21,245	158	21,403	20,777
<b>Clocherty, J:</b> Depute Leader of the Council and Convener, Education & Communities	19,120	0	19,120	18,919
<b>Dorrian, G:</b> Chair, General Purposes	19,120	468	19,588	19,046
<b>McCabe, S:</b> Leader of the Council	28,326	322	28,648	27,888
<b>McCormick, M:</b> Convener, Environment & Regeneration	19,120	0	19,120	18,919
<b>McEleny, C:</b> Leader of the Opposition	19,120	0	19,120	18,919
<b>Moran, R:</b> Convener, Health & Social Care	19,120	84	19,204	19,344
<b>Rebecchi, L:</b> Convener, Audit	19,120	0	19,120	18,919
<b>Wilson, D:</b> Chair, Planning	19,120	301	19,421	19,244
<b>Totals</b>	<b>202,531</b>	<b>1,333</b>	<b>203,864</b>	<b>200,894</b>

1. No payments were made in connection with loss of employment or office, nor were any other payments received which are not in the above table.

2. No Senior Councillor received any remuneration from a subsidiary of the Council as a representative of the Council.

## 5. Pension Entitlement

Pension benefits for Councillors and Local Government employees are provided through the Local Government Pension Scheme (LGPS). The pension is based on the person's pensionable service (how long he or she has been a member of the LGPS) and his or her pay. For Councillors, the pension is based on a "career average" – the aggregate of each year's pay (adjusted by inflation) is divided by the total number of years and part years they have been a member of the LGPS.

For officers, the pension is based on a career average from 1 April 2015. For service before this date, the annual pension is calculated by dividing their pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. The normal retirement age (NRA) for service post 1 April 2015 is the same as for the state pension; the NRA for service pre 1 April 2015 is 65. Pensions payable are increased annually in line with changes in the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pension Act 1975. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

A LGPS member's contribution depends upon his or her full-time equivalent pay. The tables for the allocation of rates for 2018-2019 and 2017-2018 are shown below.

### Tiered Contribution Pay Rates

Full Time Equivalent (FTE) Pensionable Pay (2018-19)	Rate (%)
On earnings up to and including £21,300	5.50%
On earnings above £21,300 and up to £26,100	7.25%
On earnings above £26,100 and up to £35,700	8.50%
On earnings above £35,700 and up to £47,600	9.50%
On earnings above £47,600	12.00%

Full Time Equivalent (FTE) Pensionable Pay (2017-18)	Rate (%)
On earnings up to and including £20,500	5.50%
On earnings above £20,500 and up to £25,300	7.25%
On earnings above £25,300 and up to £34,700	8.50%
On earnings above £34,700 and up to £46,300	9.50%
On earnings above £46,300	12.00%

The value of benefits in the table below has been provided by the Strathclyde Pension Fund Office and is calculated on the basis of the age at which the person will first become entitled to a full pension on retirement without reduction on account of its payment at that date: without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service, and not just their current appointment.

The pension entitlements for Senior Officers and Senior Councillors for the year to 31 March 2019 are shown in the tables below, together with the contribution made by the Council to each person's pension during the year. The tables contain information for those persons who were Senior Officers or Senior Councillors in 2018-2019.

# Remuneration Report

Senior Officers	Accrued Pension Benefits		Change in Accrued Benefits		Pension Contributions made by Inverclyde		Length of Service at 31 March 2019 (years/days)
	as at 31 March 2019		since 31 March 2018		2018-2019	2017-2018	
	Pension £	Lump Sum £	Pension £	Lump Sum £	£	£	
<b>Fawcett, A:</b> Chief Executive	54,327	97,344	3,799	1,999	22,801	22,801	31/270
<b>Allan, R S:</b> Corporate Director Environment, Regeneration & Resources	55,814	108,987	3,463	2,376	20,799	20,799	36/235
<b>Bain, W:</b> Corporate Director Education, Communities & Organisational Development (until 10 April 2018)	63,136	0	59	0	1,277	20,799	34/66
<b>Binks, R:</b> Corporate Director Education, Communities & Organisational Development (from 26 July 2018)	6,633	0	2,137	0	19,250	15,147	3/247
<b>Long, L:</b> Corporate Director Health and Social Care Partnership (from 8 May 2017)	13,434	0	2,720	0	21,073	19,147	14/48
<b>Malone, G:</b> Head of Legal & Property Services	45,217	85,973	2,945	5,153	16,943	16,943	35/262
<b>Puckrin, A:</b> Chief Financial Officer	43,006	79,351	3,053	1,987	16,943	16,943	33/268
<b>Totals</b>	<b>281,567</b>	<b>371,655</b>	<b>18,176</b>	<b>11,515</b>	<b>119,086</b>	<b>132,579</b>	

Leader of the Council, Provost and Senior Councillors	Accrued Pension Benefits		Change in Accrued Benefits		Pension Contributions made by Inverclyde Council	
	as at 31 March 2019		since 31 March 2018		2018-2019	2017-2018
	Pension £	Lump Sum £	Pension £	Lump Sum £	£	£
<b>Ahlfeld, R:</b> Chair, Licensing Board	3,582	0	455	0	3,690	3,651
<b>Brennan, M:</b> Provost (from 25 May 2017)	2,443	0	503	0	4,100	3,962
<b>Clocherty, J:</b> Depute Leader of the Council and Convener, Education & Communities (from 25 May 2017)	4,297	1,527	462	20	3,690	3,651
<b>Dorrian, G:</b> Chair, General Purposes	4,166	1,451	472	25	3,690	3,651
<b>McCabe, S:</b> Leader of the Council	5,491	0	1,140	(2,246)	5,467	5,319
<b>McCormick, M:</b> Convener, Environment & Regeneration	4,205	929	450	8	3,690	3,651
<b>McEleny, C:</b> Leader of the Opposition	557	0	151	0	3,690	3,651
<b>Moran, R:</b> Provost (resigned 3 May 2017), Convener, Health & Social Care (from 25 May 2017)	4,512	1,594	458	15	3,690	3,689
<b>Wilson, D:</b> Chair, Planning	4,297	1,426	462	(81)	3,690	3,651
<b>Totals</b>	<b>33,550</b>	<b>6,927</b>	<b>4,553</b>	<b>(2,259)</b>	<b>35,397</b>	<b>34,876</b>

Notes:

1. Councillor Rebecchi is not a member of the Pension Scheme.

# Remuneration Report

## 6. Councillors' Remuneration

The Council paid the salaries, allowances and expenses to Councillors (including the Senior Councillors above) detailed in the table below for 2018-2019. The annual return of Councillors' salaries and expenses is available for any member of the public to view at all Council libraries and public offices during normal working hours and is also available on the Council's website at <http://www.inverclyde.gov.uk/council-and-government/councillors/elected-members-expenses/>

The annual return of Councillors' salaries and expenses is compiled under Scottish Local Authority Remuneration Committee (SLARC) guidance for public records whereas the Remuneration Report is compiled under a Scottish Statutory Instrument

<u>All Councillors (Information from public record)</u>	2018-2019	2017-2018
	£	£
Salaries	405,345	398,833
Travel costs - reimbursed	5,227	4,948
Travel costs - paid directly by the Council	1,390	7,729
Subsistence expenses - accommodation	187	0
Subsistence expenses - meals	38	50
Training and conferences - paid directly by the Council	5,505	5,313
Telephone and ICT expenses - reimbursed	1,382	1,504
Telephone and ICT expenses - paid directly by the Council	2,889	3,359
Other allowances and expenses	3,766	11
<b>Totals</b>	<b>425,729</b>	<b>421,747</b>

## 7. Remuneration of Officers receiving more than £50,000

The following table details the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2018-2019 in bands of £5,000; the details of the number of those employees who left the employment of the Council during 2018-2019; and the details of the number of those employees who were part or fully funded by other bodies.

<u>Officers over £50,000</u>	<u>Number of Employees</u>		<u>Left during</u>	<u>Part funded or fully funded by</u>
<u>Remuneration Bands</u>	<u>2018-2019</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>other organisations</u>
£50,000 - £54,999	54	54	7	6
£55,000 - £59,999	17	21	4	0
£60,000 - £64,999	4	5	1	0
£65,000 - £69,999	3	3	0	0
£70,000 - £74,999	3	2	1	0
£75,000 - £79,999	8	8	0	2
£80,000 - £84,999	1	0	1	0
£85,000 - £89,999	3	3	0	1
£90,000 - £94,999	1	0	0	0
£95,000 - £99,999	1	1	1	0
£100,000 - £104,999	0	0	0	0
£105,000 - £109,999	2	2	1	1
£110,000 - £114,999	0	0	0	0
£115,000 - £119,999	1	1	0	0
<b>Totals</b>	<b>98</b>	<b>100</b>	<b>16</b>	<b>10</b>



## 8. Exit Packages of Employees

The Council has agreed a number of exit packages as detailed in the table below. The exit packages agreed were all on a voluntary basis - there were no compulsory redundancies. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives; and where the savings accruing from an individual ceasing employment with the Council exceed the costs of the exit package within an acceptable period.

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band		(e) Total cost of exit packages in each band	
	2018-2019	2017-2018	2018-2019	2017-2018	[(b) + (c)]		£'s	
					2018-2019	2017-2018	2018-2019	2017-2018
£0 - £20,000	0	0	24	8	24	8	249,234	108,036
£20,001 - £40,000	0	0	7	9	7	9	161,647	272,201
£40,001 - £60,000	0	0	1	3	1	3	50,056	129,825
£60,001 - £80,000	0	0	2	1	2	1	146,007	67,861
£80,001 - £100,000	0	0	0	1	0	1	0	80,541
£100,001 - £150,000	0	0	0	2	0	2	0	249,387
£150,001 - £200,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>34</b>	<b>24</b>	<b>34</b>	<b>24</b>	<b>606,944</b>	<b>907,851</b>

### Notes:

1. The above exit package values include redundancy, pension strain, and compensatory lump sums for all retirees, the cost of which is reported under Note 16 Defined Benefit Pension Schemes.
2. For employees with pensions provided by the Scottish Public Pensions Agency (the pension provider for teachers), the values include the notional capitalised cost of compensatory added years. The notional cost has not been assessed by the pensions provider and the values have instead been calculated by the local authority using a calculator developed and provided by the pensions provider on the understanding that it is fit for purpose.
3. For employees with pensions provided by the Strathclyde Pension Fund (the pensions provider for all employees other than teachers), the values also include the notional capitalised cost of added years. These costs are based on an assessment by the pensions provider itself of the present value of all future payments to the retiree until death.

### Termination Benefits of Employees

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before their normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis to the appropriate service line in the CIES at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs for a restructuring.

The Council terminated the contracts of a number of employees in 2018-2019. The above table includes £0.567 million liabilities relating to these releases (2017-2018 £0.841 million).

**Cllr Stephen McCabe**

Leader of the Council

**Aubrey Fawcett**

Chief Executive

## Trade Union Facility Time

Inverclyde Council recognises six trade unions for the purpose of collective bargaining, Unison, GMB, Unite, EIS, UCATT and SSTA.

There were 19 staff members who were trade union officials during 2018-2019 (2017-2018: 23 staff).

## Percentage of time spent on facility time

Percentage of time	Number of Employees 2018-2019	Number of Employees 2017-2018
0%	0	0
1% - 50%	17	21
51% - 99%	1	0
100%	1	2

The total cost of facility time amounted to 0.06% (2017-2018: 0.07%) of the total pay bill, including gross amounts spent on wages, pension contributions and national insurance contributions. 8.03% of the total paid facility time hours was spent on trade union activities (2017-2018: 18.93%).

# Expenditure and Funding Analysis

## Note 1 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (Government Grants, Council Tax and Non-Domestic Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income & Expenditure Statement.

### Expenditure and Funding Analysis 2018-2019

	Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Adjustment to Insurance Fund	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£000	£000	£000	£000
Education	81,538	7,008	(133)	88,413
Communities	5,414	3,492	(15)	8,891
Environment & Regeneration	27,596	2,252	(95)	29,753
Health & Social Care	49,844	4,169	(57)	53,956
Policy & Resources	14,326	9,119	5	23,450
<b>Net Cost of Services</b>	<b>178,718</b>	<b>26,040</b>	<b>(295)</b>	<b>204,463</b>
(Gain)/Loss on disposal of non-current assets	0	192	0	192
Financing and Investment (Income) and Expenditure (Note 4)	20,609	(3,313)	295	17,591
Taxation and Non-specific Grant Income (Note 5)	(189,879)	(11,553)	0	(201,432)
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>9,448</b>	<b>11,366</b>	<b>0</b>	<b>20,814</b>
<b>Opening General Fund balance at 1 April 2018</b>	<b>43,286</b>			
Transfer (to)/from Other Statutory Reserves	918			
(Surplus)/Deficit on General Fund in the year	(9,448)			
<b>Closing General Fund balance at 31 March 2019</b>	<b>34,756</b>			

### Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

2018-2019	Adjustments for Capital purposes	Net change to Pension adjustments	Other differences	Total adjustments
	£000	£000	£000	£000
Education	9,426	3,405	(5,822)	7,009
Communities	3,175	208	108	3,491
Environment & Regeneration	1,116	2,020	(884)	2,252
Health & Social Care	(83)	4,130	122	4,169
Policy & Resources	803	7,836	480	9,119
<b>Net Cost of Services</b>	<b>14,437</b>	<b>17,599</b>	<b>(5,996)</b>	<b>26,040</b>
Other operating expenditure	192	0	0	192
Financing and Investment (Income) and Expenditure	(7,505)	2,457	1,735	(3,313)
Taxation and Non-specific Grant Income	(11,553)	0	0	(11,553)
<b>Difference between General Fund (Surplus)/Deficit and Comprehensive Income &amp; Expenditure Statement (Surplus)/Deficit on the Provision of Service</b>	<b>(4,429)</b>	<b>20,056</b>	<b>(4,261)</b>	<b>11,366</b>

# Expenditure and Funding Analysis

## Comparative Figures for 2017-2018 (Restated) \*

	Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis Restated	Adjustments to Insurance Fund	Net Expenditure in the Comprehensive Income & Expenditure Statement Restated
	£000	£000	£000	£000
Education	79,572	7,493	(32)	87,033
Communities	6,731	2,623	(6)	9,348
Environment & Regeneration	30,464	1,853	(34)	32,283
Health & Social Care	47,667	4,516	(13)	52,170
Policy & Resources	13,490	(439)	(1)	13,050
<b>Net Cost of Services</b>	<b>177,924</b>	<b>16,046</b>	<b>(86)</b>	<b>193,884</b>
(Gain)/Loss on disposal of non-current assets	0	1,163		1,163
Financing and Investment (Income) and Expenditure (Note 4)	20,238	(2,153)	86	18,171
Taxation and Non-specific Grant Income (Note 5)	(190,039)	(10,280)		(200,319)
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>8,123</b>	<b>4,776</b>	<b>0</b>	<b>12,899</b>
<b>Opening General Fund balance at 1 April 2017</b>	<b>51,227</b>			
Transfer (to)/from other statutory reserves	182			
(Surplus)/Deficit on General Fund in the year	(8,123)			
<b>Closing General Fund balance at 31 March 2018</b>	<b>43,286</b>			

## Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts

2017-2018 (Restated) *	Adjustments for Capital purposes Restated	Net change to Pension adjustments	Other differences	Total adjustments
	£000	£000	£000	£000
Education	10,741	2,857	(6,105)	7,493
Communities	2,372	188	63	2,623
Environment & Regeneration	734	2,171	(1,052)	1,853
Health & Social Care	507	3,735	274	4,516
Policy & Resources	480	(1,355)	436	(439)
<b>Net Cost of Services</b>	<b>14,834</b>	<b>7,596</b>	<b>(6,384)</b>	<b>16,046</b>
Other operating expenditure	1,163			1,163
Financing and Investment (Income) and Expenditure	(6,618)	4,595	(130)	(2,153)
Taxation and Non-specific Grant Income	(10,280)			(10,280)
<b>Difference between General Fund (Surplus)/Deficit and Comprehensive Income &amp; Expenditure Statement (Surplus)/Deficit on the Provision of Service</b>	<b>(901)</b>	<b>12,191</b>	<b>(6,514)</b>	<b>4,776</b>

(\* ) The 2017-2018 figures have been restated to reflect the management restructure that took place from 1 April 2018 details of which can be found in the Management Commentary.

## Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment (income) and expenditure** – the statutory charges for capital financing and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied in the year. The Taxation and Non-specific Grant Income line is credited with capital grants receivable in the year without conditions or for those which conditions were satisfied in the year.

## Changes for Pension Adjustments

Net change for the removal of pension contributions and addition of IAS19 Employee Benefits pension related expenditure and income:

- **For services** – this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with the current service costs and past service costs.
- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income & Expenditure Statement.

## Other Differences

### Other Statutory Adjustments

Other statutory adjustments between amounts debited/credited to the Comprehensive Income & Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For financing and investment (income) and expenditure** – the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

### Other Non-Statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the CIES:

- **For financing and investment (income) and expenditure** the other non-statutory adjustment column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.

# Expenditure and Funding Analysis

## Expenditure and Income Analysed by Nature

Where items are not disclosed on the face of the Comprehensive Income & Expenditure Statement (CIES), *The Code* requires a disclosure of the nature and amount of material items. An analysis of material items of income and expenditure by nature is shown below:

	2018-2019	2017-2018
<b>Expenditure</b>	<b>£000</b>	
Employee Benefits Expenses	137,817	120,606
Depreciation, Amortisation, Impairment	19,327	21,049
Payment to IJB	49,653	47,420
Other Service Expenses	123,343	130,027
Interest Payments	17,591	18,171
(Gain) or Loss on the Disposal of Assets	192	1,163
<b>Total Expenditure</b>	<b>347,923</b>	<b>338,436</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(36,456)	(36,567)
Payment from IJB	(49,653)	(47,420)
Income from Council Tax	(28,900)	(29,726)
Government Grants and Contributions	(212,100)	(211,824)
<b>Total Income</b>	<b>(327,109)</b>	<b>(325,537)</b>
<b>(Surplus)/Deficit on the Provision of Service</b>	<b>20,814</b>	<b>12,899</b>

## Segmental Income

Income received on a segmental basis is analysed below:

	2018-2019	2017-2018
	Income from	Income from
	Services	Services
	£000	£000
<b>Services</b>		(Restated)
Education	(16,546)	(13,162)
Communities	(355)	(286)
Environment & Regeneration	(18,974)	(20,080)
Health & Social Care	(72,710)	(70,862)
Policy & Resources	(29,303)	(33,125)
<b>Total Income Analysed on a Segmental Basis</b>	<b>(137,888)</b>	<b>(137,515)</b>

(\*) The 2017-2018 figures have been restated to reflect the management restructure that took place from 1 April 2018, details of which can be found in the Management Commentary.

# Comprehensive Income & Expenditure Statement

The Comprehensive Income & Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting costs. The taxation position is shown in the *Expenditure and Funding Analysis* and the *Movement in Reserves Statement*.

2017-2018 (Restated)*				2018-2019		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
94,464	(7,058)	87,406	Education	98,481	(10,068)	88,413
8,925	(166)	8,759	Communities	9,238	(347)	8,891
46,559	(14,061)	32,498	Environment & Regeneration	42,963	(13,210)	29,753
123,032	(70,862)	52,170	Health & Social Care	126,666	(72,710)	53,956
45,731	(32,680)	13,051	Policy & Resources	51,942	(28,492)	23,450
<b>318,711</b>	<b>(124,827)</b>	<b>193,884</b>	<b>Cost of Services</b>	<b>329,290</b>	<b>(124,827)</b>	<b>204,463</b>
		1,163	Other Operating Expenditure and (Income) -			
			(Gain)/Loss on disposal of non-current assets			192
		18,171	Financing and Investment (Income) and			
			Expenditure (Note 4)			17,591
		(200,319)	Taxation and Non-specific Grant			
			Income (Note 5)			(201,432)
		<b>12,899</b>	<b>(Surplus) or Deficit on the Provision of Services</b>			<b>20,814</b>
		(534)	(Surplus) or deficit on the revaluation of non current			
			assets			(3,140)
		2,579	Impairment losses on non-current assets charged to the			
			Revaluation Reserve			1,920
		(102,873)	Remeasurement of the net defined benefit pensions			
			liability (Note 16)			32,484
		<b>(100,828)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>31,264</b>
		<b>(87,929)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>52,078</b>

(\* ) The 2017-2018 figures have been restated to reflect the management restructure that took place from 1 April 2018 details of which can be found in the Management Commentary.

# Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is 'usable reserves', which are reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is 'unusable reserves' and these are not available to provide services. This category of reserves holds unrealised gains or losses (in for example the Revaluation Reserve) and timing differences (as detailed in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations").

31 March 2018

31 March 2019

£000		Note	£000
483,152	Property, Plant & Equipment	7	491,501
18,059	Heritage Assets	10	18,059
121	Intangible Assets		115
2,552	Long-term Debtors	11	2,492
<b>503,884</b>	<b>Non-current Assets</b>		<b>512,167</b>
19,041	Short-term Investments	20	5,036
501	Assets Held for Sale	8	250
183	Inventories		313
11,587	Short-term Debtors	11	9,572
14,536	Cash and Cash Equivalents	12	12,809
<b>45,848</b>	<b>Current Assets</b>		<b>27,980</b>
(12,640)	Short-term Borrowing	20	(17,276)
(35,634)	Short-term Creditors	13	(37,611)
(956)	Short-term Provisions	14	(511)
(1,580)	Short-term Finance Leases	15	(1,711)
<b>(50,810)</b>	<b>Current Liabilities</b>		<b>(57,109)</b>
(197,301)	Long-term Borrowing	20	(182,562)
	Other Long-term Liabilities:		
(62,379)	Finance Leases	15	(60,772)
(82,272)	Pensions	16	(134,812)
<b>(341,952)</b>	<b>Long-term Liabilities</b>		<b>(378,146)</b>
<b>156,970</b>	<b>Net Assets</b>		<b>104,892</b>
53,995	Usable Reserves	3	44,833
102,975	Unusable Reserves	18	60,059
<b>156,970</b>	<b>Total Reserves</b>		<b>104,892</b>

Alan Puckrin C.P.F.A  
Chief Financial Officer

Issued on: 26 September 2019



# Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'Unusable Reserves'. The Movement in Reserves Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The net increase/(decrease) line shows the statutory General Fund balance movements in the year following those adjustments.

## Year ended 31 March 2019

	Usable Reserves						Unusable Reserves	Total Reserves of the Council
	General Fund Balance	Capital Grants and Receipts Unapplied Account	Capital Fund	Repairs & Renewal Fund	Insurance Fund	Total Usable Reserves		
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2018 Carried Forward</b>	<b>43,286</b>	<b>0</b>	<b>3,169</b>	<b>3,249</b>	<b>4,291</b>	<b>53,995</b>	<b>102,975</b>	<b>156,970</b>
<b>Movement in Reserves during 2018-2019</b>								
Total Comprehensive Income & Expenditure	(20,814)	0	0	0	0	(20,814)	(31,264)	(52,078)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 2)	11,366	0	0	0	0	11,366	(11,366)	0
<b>Net Increase or (Decrease) before</b>								
<b>Transfers to Other Statutory Reserves</b>	<b>(9,448)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(9,448)</b>	<b>(42,630)</b>	<b>(52,078)</b>
Transfers (to) and from Other Statutory Reserves	918	0	(934)	7	295	286	(286)	0
<b>Increase or (Decrease) in the Year</b>	<b>(8,530)</b>	<b>0</b>	<b>(934)</b>	<b>7</b>	<b>295</b>	<b>(9,162)</b>	<b>(42,916)</b>	<b>(52,078)</b>
<b>Balance at 31 March 2019 Carried Forward</b>	<b>34,756</b>	<b>0</b>	<b>2,235</b>	<b>3,256</b>	<b>4,586</b>	<b>44,833</b>	<b>60,059</b>	<b>104,892</b>

## Comparative Figures for Year ended 31 March 2018

	Usable Reserves						Unusable Reserves	Total Reserves of the Council
	General Fund Balance	Capital Grants and Receipts Unapplied Account	Capital Fund	Repairs & Renewal Fund	Insurance Fund	Total Usable Reserves		
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2017 Carried Forward</b>	<b>51,227</b>	<b>0</b>	<b>2,260</b>	<b>3,162</b>	<b>4,128</b>	<b>60,777</b>	<b>8,263</b>	<b>69,040</b>
<b>Movement in Reserves during 2017-2018</b>								
Total Comprehensive Income & Expenditure	(12,898)	0	0	0	0	(12,898)	100,828	87,930
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 2)	4,775	0	0	0	0	4,775	(4,775)	0
<b>Net Increase or (Decrease) before</b>								
<b>Transfers to Other Statutory Reserves</b>	<b>(8,123)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,123)</b>	<b>96,053</b>	<b>87,930</b>
Transfers (to) and from Other Statutory Reserves	182	0	909	87	163	1,341	(1,341)	0
<b>Increase or (Decrease) in the Year</b>	<b>(7,941)</b>	<b>0</b>	<b>909</b>	<b>87</b>	<b>163</b>	<b>(6,782)</b>	<b>94,712</b>	<b>87,930</b>
<b>Balance at 31 March 2018 Carried Forward</b>	<b>43,286</b>	<b>0</b>	<b>3,169</b>	<b>3,249</b>	<b>4,291</b>	<b>53,995</b>	<b>102,975</b>	<b>156,970</b>

# Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2017-2018 £000		2018-2019 £000
(12,899)	Net surplus or (deficit) on the provision of services	(20,814)
38,436	Adjustments to net surplus or (deficit) on the provision of services for non-cash movements (Note 26)	43,053
13,000	Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities (Note 26)	(2,188)
<b>38,537</b>	<b>Net cash inflow from Operating Activities (Note 26)</b>	<b>20,051</b>
(35,642)	Investing Activities (Note 27)	(9,892)
(2,295)	Financing Activities (Note 28)	(11,886)
<b>600</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>(1,727)</b>
13,936	Cash and cash equivalents at the beginning of the reporting period	14,536
<b>14,536</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 12)</b>	<b>12,809</b>

# Notes to the Principal Financial Statements

## Note 2 Adjustments between Accounting Basis and Funding Basis under Regulations

Income and expenditure is recognised by the Council in the Comprehensive Income & Expenditure Statement (CIES) in accordance with proper accounting practice. Certain adjustments are then made by law in the Movement in Reserves Statement (MiRS). The adjusted figures are those that are available to meet future capital and revenue expenditure. The table below details these adjustments. Figures for 2017-2018 are provided in an additional table for the purposes of comparison.

2018-2019	Usable Reserves		Corresponding Adjustments to Unusable Reserves					
	Adjustments to Comprehensive Income & Expenditure £000	Adjustment to Capital Fund (Usable Reserve) £000	Revaluation Reserve £000	Pensions Reserve £000	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Employee Statutory Adjustment Account £000	Net Movement in Unusable Reserves £000
Charges for depreciation and impairment of non-current assets	19,251				(19,251)			(19,251)
Amortisation of intangible assets	76				(76)			(76)
Capital grants and contributions applied	(11,553)				11,553			11,553
Capital expenditure charged in-year to the General Fund balance.	(4,890)				4,890			4,890
Net gain or (loss) on non-current asset disposals	192				(192)			(192)
Statutory provision for the principal repayment of loan charges	(13,214)				13,214			13,214
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	1,735					(1,735)		(1,735)
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 16)	33,181			(33,181)				(33,181)
Employers' pension contributions payable in the year	(13,125)			13,125				13,125
Amount by which employees' remuneration charged to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(287)						287	287
<b>Total Adjustments</b>	<b>11,366</b>	<b>0</b>	<b>0</b>	<b>(20,056)</b>	<b>10,138</b>	<b>(1,735)</b>	<b>287</b>	<b>(11,366)</b>

# Notes to the Principal Financial Statements

## Comparative Information 2017-2018

2017-2018	Usable Reserves		Corresponding Adjustments to Unusable Reserves					
	Adjustments to Comprehensive Income & Expenditure £000	Adjustment to Capital Fund (Usable Reserve) £000	Revaluation Reserve £000	Pensions Reserve £000	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Employee Statutory Adjustment Account £000	Net Movement in Unusable Reserves £000
Charges for depreciation and impairment of non-current assets	20,960				(20,960)			(20,960)
Amortisation of intangible assets	89				(89)			(89)
Capital grants and contributions applied	(10,280)				10,280			10,280
Capital expenditure charged in-year to the General Fund balance.	(6,217)				6,217			6,217
Net gain or (loss) on non-current asset disposals	1,163				(1,163)			(1,163)
Statutory provision for the principal repayment of loan charges	(13,111)				13,111			13,111
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(130)					130		130
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 16)	24,020			(24,020)				(24,020)
Employers' pension contributions payable in the year	(11,829)			11,829				11,829
Amount by which employees' remuneration charged to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	110						(110)	(110)
<b>Total Adjustments</b>	<b>4,775</b>	<b>0</b>	<b>0</b>	<b>(12,191)</b>	<b>7,396</b>	<b>130</b>	<b>(110)</b>	<b>(4,775)</b>

### Note 3 Usable Reserves

Reserves are created by appropriating amounts from the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within the CIES. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

The Council has several usable reserve funds. The Insurance Fund covers the main classes of insurance and is earmarked for insurance purposes. The Repairs & Renewals Fund provides for the upkeep of specific assets held by the Council. The Capital Fund is used to meet the costs of capital investment in assets and for the repayment of the principal element of borrowings.

## Notes to the Principal Financial Statements

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement (MiRS). The major part of the General Fund balance shown in the MiRS has been earmarked and effectively committed to fund specific projects in future years. The amounts set aside for earmarked reserves are shown in the following table:

	Balance at 1 April 2017	Transfers Out 2017-2018	Transfers In 2017-2018	Balance at 31 March 2018	Transfers Out 2018-2019	Transfers In 2018-2019	Balance at 31 March 2019
	£000	£000	£000	£000	£000	£000	£000
<b>Earmarked Reserves:</b>							
Digital Strategy	297	(80)	0	217	(20)	0	197
School Estate Management Plan	3,511	(373)	0	3,138	(1,206)	0	1,932
Contribution to Riverside Inverclyde	2,177	(253)	298	2,222	(1,254)	0	968
Miscellaneous Policy & Resources Committee Reserves	1,091	(495)	854	1,450	(654)	315	1,111
Miscellaneous Environment & Regeneration Committee Reserves	2,616	(1,710)	751	1,657	(661)	899	1,895
Renewal of Clune Park Area	1,684	(142)	0	1,542	(107)	850	2,285
Asset Management Plan	1,140	(2,162)	1,729	707	(133)	0	574
Support for Owners	772	(772)	0	0	0	0	0
Major Events 2019-2021	0	0	345	345	(195)	0	150
Community Fund	0	0	350	350	(6)	0	344
Early Retiral/Voluntary Severance Reserve	5,148	(908)	0	4,240	(602)	0	3,638
Revenue Contribution to Capital Programme	8,309	(7,439)	3,832	4,702	(4,702)	1,365	1,365
Miscellaneous Education & Communities Reserves	1,405	(954)	625	1,076	(528)	513	1,061
Vehicle Replacement Programme	229	(1,128)	1,129	230	(37)	0	193
Equal Pay	3,579	(1,840)	0	1,739	(484)	0	1,255
Youth Employment	70	(25)	500	545	(82)	170	633
Repopulating/Promoting Inverclyde	137	(19)	500	618	(23)	0	595
Beacon Arts Centre	259	(259)	120	120	(65)	0	55
Temporary Use of Reserves - Revenue Budget	4,630	(4,630)	3,000	3,000	(340)	340	3,000
Anti Poverty Fund	1,383	(556)	673	1,500	(234)	36	1,302
Loans Charges Reserve	6,104	0	392	6,496	(1,410)	1,000	6,086
Roads Defects & Drainage Works	202	(202)	204	204	(204)	200	200
General Revenue Grant 2017-2018	0	0	523	523	(523)	0	0
Pay and Grading Costs 2019/20	0	0	0	0	0	830	830
<b>Total Earmarked Reserves</b>	<b>44,743</b>	<b>(23,947)</b>	<b>15,825</b>	<b>36,621</b>	<b>(13,470)</b>	<b>6,518</b>	<b>29,669</b>
Non-earmarked balance	6,481	0	184	6,665	(1,578)	0	5,087
<b>Total General Fund Balance</b>	<b>51,224</b>	<b>(23,947)</b>	<b>16,009</b>	<b>43,286</b>	<b>(15,048)</b>	<b>6,518</b>	<b>34,756</b>
Capital Fund	2,260	0	909	3,169	(934)	0	2,235
Repairs & Renewal Fund	3,162	0	87	3,249	0	7	3,256
Insurance Fund	4,128	0	163	4,291	0	295	4,586
<b>Total Usable Reserves</b>	<b>60,774</b>	<b>(23,947)</b>	<b>17,168</b>	<b>53,995</b>	<b>(15,982)</b>	<b>6,820</b>	<b>44,833</b>

## Note 4 Financing and Investment (Income) and Expenditure

	2018-2019	2017-2018
	£000	£000
Interest payable and similar charges:		
- Schools' Public Private Partnership finance lease	4,726	5,041
- Other interest payments and similar charges	11,138	9,060
Net interest on the defined benefit pension liability	2,457	4,595
Interest receivable and similar income	(730)	(525)
<b>Total</b>	<b>17,591</b>	<b>18,171</b>

## Note 5 Taxation and Non-specific Grant Income

	2018-2019	2017-2018
	£000	£000
Income from Council Tax	(28,900)	(29,726)
Distribution from Non-Domestic Rates pool	(18,363)	(21,283)
General Revenue Grant	(142,616)	(139,030)
Recognised Capital Grants and contributions	(11,553)	(10,280)
<b>Total</b>	<b>(201,432)</b>	<b>(200,319)</b>

Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Where conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants) or Taxation and Non-specific Grant Income (non-ring-fenced revenue grants and all capital grants). Where capital grants are credited to the CIES, they are reversed out of the General Fund balance in the Movement in Reserves Statement.

# Notes to the Principal Financial Statements

The Council credited the following grants, contributions and donations to the CIES in 2018-2019:

	2018-2019	2017-2018
	£000	£000
<b>Credited to Taxation and Non-specific Grant Income</b>		
General Revenue Grant	(142,616)	(139,030)
Distribution from Non-Domestic Rates pool	(18,363)	(21,283)
General Capital Grant (excludes amounts directly credited to Services)	(7,872)	(9,336)
Capital Grants	(3,680)	(944)
<b>Credited to Services</b>		
Housing Benefit	(26,236)	(28,256)
Housing Benefit Administration	(389)	(419)
Other Housing	(1,696)	(2,454)
Community Service Grant	(121)	(64)
Social Work	(2,851)	(2,220)
Education	(7,930)	(6,528)
Employability	(243)	(1,028)
Other	(103)	(262)
<b>Total</b>	<b>(212,100)</b>	<b>(211,824)</b>

## Note 6 External Audit Fees

The Council incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections by the Council's external auditors.

	2018-2019	2017-2018
	£000	£000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year.	248	243
	<b>248</b>	<b>243</b>

## Note 7 Property, Plant & Equipment

Assets that have physical substance and are held for use in the supply of services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as *Property, Plant & Equipment*.

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant & Equipment is capitalised on an accruals basis. Expenditure that merely maintains the condition of an asset e.g. repairs and maintenance is charged as an expense when it is incurred.

### Measurement

Assets are initially measured at cost, comprising:

- The purchase price, and
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets & assets under construction – depreciated historic cost.
- Surplus assets – current value as estimated at highest and best use from an open market perspective (fair value).
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost or insurance replacement cost has been used as an estimate of current value. For non-property assets that have short useful lives or low values, depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end. The Council revalues its land and buildings in a single exercise at five-yearly intervals. An independent valuation of all Council owned land and buildings was undertaken during 2015-2016 by GVA James Barr, a professional firm of chartered surveyors, and was completed on 31 March 2016.

## Impairment

Assets are assessed at each year-end as to whether there is any indication of impairment. The Council recognises the impairment of non-current assets in accordance with Financial Standard IAS36 (Impairment of Assets) whereby any material reduction in asset value as a result of changing market conditions or clear consumption of an asset is recognised in the CIES only to the extent that the loss exceeds the balance on the Revaluation Reserve relating to the specific asset.

## Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is taken to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previously recognised losses in the (Surplus) or Deficit on Provision of Services.

## Depreciation

Depreciation is provided for on all Property, Plant & Equipment assets. An exception is made for assets without a determinable finite useful life (i.e. land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is charged on a straight-line basis over the useful life of the assets. No depreciation is charged in the year of acquisition but a full year's depreciation is charged in the year of disposal.

The periods of depreciation and categories of assets are:

- Buildings – 10 to 60 years;
- Schools – 10 to 60 years;
- Vehicles, equipment and plant – 2 to 10 years;
- Infrastructure – 2 to 40 years.

Where a material item of Property, Plant & Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately in accordance with the Council approved policy for material assets with a value in excess of £1 million. Significant components are deemed to be those whose value is 25% or more of the total value of the asset.

## Charges to Revenue for Non-current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible non-current assets attributable to the service.



# Notes to the Principal Financial Statements

## Movement on Balances

The movements on balances for Property, Plant & Equipment (PPE) are shown in the following table. Figures for 2017-2018 are provided in an additional table below for the purposes of comparison.

## Movements in 2018-2019

	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets not for Sale £000	Assets Under Construction £000	Schools PPP Assets £000	Total PPE £000
<b>Cost or Valuation</b>								
At 1 April 2018	344,635	19,536	80,849	325	3,359	9,648	90,608	548,960
Additions in year	17,433	2,875	5,207	136	20	1,093	23	26,787
Disposals in year	(767)	(815)						(1,582)
Revaluation adjustments to Revaluation Reserve	3,139							3,139
Revaluation adjustments to CIES								0
Reclassifications to/from Held for Sale								0
Other reclassifications	8,951					(8,951)		0
<b>At 31 March 2019</b>	<b>373,391</b>	<b>21,596</b>	<b>86,056</b>	<b>461</b>	<b>3,379</b>	<b>1,790</b>	<b>90,631</b>	<b>577,304</b>
<b>Depreciation and Impairment</b>								
At 1 April 2018	27,230	14,031	19,714	268	0	50	4,328	65,621
Depreciation charge for the year	10,712	1,907	2,752				2,146	17,517
Impairment losses to Revaluation Reserve	1,399							1,399
Impairment losses to CIES	1,860							1,860
Depreciation on disposals	(177)	(811)						(988)
On Revaluations to Revaluation Reserve	521							521
On Revaluations to CIES	(127)							(127)
Reclassifications to/from Held for Sale								0
Other reclassifications	50					(50)		0
<b>At 31 March 2019</b>	<b>41,468</b>	<b>15,127</b>	<b>22,466</b>	<b>268</b>	<b>0</b>	<b>0</b>	<b>6,474</b>	<b>85,803</b>
<b>Balance Sheet amount at 31 March 2019</b>	<b>331,923</b>	<b>6,469</b>	<b>63,590</b>	<b>193</b>	<b>3,379</b>	<b>1,790</b>	<b>84,157</b>	<b>491,501</b>
<b>Balance Sheet amount at 31 March 2018</b>	<b>317,218</b>	<b>5,505</b>	<b>61,135</b>	<b>57</b>	<b>3,359</b>	<b>9,598</b>	<b>86,280</b>	<b>483,152</b>
<b>Nature of asset holding</b>								
Owned	314,924	6,469	63,590	193	3,379	1,790		390,345
Managed properties	16,999							16,999
PPP							84,157	84,157

# Notes to the Principal Financial Statements

## Comparative Movements in 2017-2018

	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets not for Sale £000	Assets Under Construction £000	Schools PPP Assets £000	Total PPE £000
<b>Cost or Valuation</b>								
At 1 April 2017	329,635	37,626	75,505	2,220	3,265	1,620	90,874	540,745
Additions in year	14,716	1,310	5,282	19	94	9,266	1	30,688
Disposals in year	(2,390)	(1,355)		(350)				(4,095)
Revaluation adjustments to Revaluation Reserve	301	233						534
Revaluation adjustments to CIES								0
Reclassifications to/from Held for Sale								0
Other reclassifications*	2,186	(18,278)	62	(1,564)		(1,238)	(267)	(19,099)
<b>At 31 March 2018</b>	<b>344,448</b>	<b>19,536</b>	<b>80,849</b>	<b>325</b>	<b>3,359</b>	<b>9,648</b>	<b>90,608</b>	<b>548,773</b>
<b>Depreciation and Impairment</b>								
At 1 April 2017	10,191	32,101	17,114	649	0	0	2,449	62,504
Depreciation charge for the year	10,536	1,854	2,600				2,146	17,136
Impairment losses to Revaluation Reserve	2,579							2,579
Impairment losses to CIES	3,979			267		50		4,296
Depreciation on disposals	16	(1,341)						(1,325)
On Revaluations to Revaluation Reserve	(473)							(473)
On Revaluations to CIES								0
Reclassifications to/from Held for Sale								0
Other reclassifications*	402	(18,583)		(648)			(267)	(19,096)
<b>At 31 March 2018</b>	<b>27,230</b>	<b>14,031</b>	<b>19,714</b>	<b>268</b>	<b>0</b>	<b>50</b>	<b>4,328</b>	<b>65,621</b>
<b>Balance Sheet amount at 31 March 2018</b>	<b>317,218</b>	<b>5,505</b>	<b>61,135</b>	<b>57</b>	<b>3,359</b>	<b>9,598</b>	<b>86,280</b>	<b>483,152</b>
<b>Balance Sheet amount at 31 March 2017</b>	<b>319,444</b>	<b>5,525</b>	<b>58,391</b>	<b>1,571</b>	<b>3,265</b>	<b>1,620</b>	<b>88,425</b>	<b>478,241</b>
<b>Nature of asset holding</b>								
Owned	300,219	5,505	61,135	57	3,359	9,598		379,873
Managed Properties	16,999							16,999
PPP							86,280	86,280

# Notes to the Principal Financial Statements

## Commitments under Capital Contracts

At 31 March 2019, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant & Equipment and for contributions to capital works budgeted to cost £11.630 million. Similar contracts at 31 March 2018 were £8.686 million. The major capital commitments include:

	£000
St Mary's Primary School Refurbishment & Extension	4,774
Gourock Primary School Extension	1,733
Crosshill Childrens Home Replacement	1,292

## Revaluation Programme

The following statement shows the progress of the Council's programme for the revaluation of Property, Plant & Equipment that ensures all its PPE assets required to be measured at fair value are revalued at least every five years.

	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets not for Sale £000	Asset Under Construction £000	Schools PPP Assets £000	Total PPE £000
Carried at historical cost	1,234	6,239	59,219	43	0	1,790	0	68,525
Valued at fair value as at:								
31 March 2019	27,932				43			27,975
31 March 2018	971							971
31 March 2017	14,132							14,132
31 March 2016	287,884		4,371	150	3,336		84,157	379,898
31 March 2015								0
<b>Total Cost or Valuation</b>	<b>332,153</b>	<b>6,239</b>	<b>63,590</b>	<b>193</b>	<b>3,379</b>	<b>1,790</b>	<b>84,157</b>	<b>491,501</b>

## Note 8 Assets Held for Sale

Property, land and buildings are classified as "Held for Sale" when the following criteria are met:

- The property is available for immediate sale in its present condition.
- The sale must be highly probable; and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year (although events or circumstances may extend the period to complete the sale beyond one year).

When these criteria are met, assets within the category of *Property, Plant & Equipment* will be reclassified to "Assets Held for Sale". The date of reclassification will normally be the date approval was granted by Committee to sell the asset.

# Notes to the Principal Financial Statements

At 31 March 2019, the Council had one asset held for sale valued at £0.250 million (31 March 2018 £0.501 million).

	31 March 2019	31 March 2018
	£000	£000
<b>Opening Balance at 1 April</b>	501	500
Assets newly classified as "held for sale": Property, Plant & Equipment	0	1
Revaluation adjustments to Revaluation Reserve	(251)	0
<b>Closing Balance at 31 March</b>	<b>250</b>	<b>501</b>

## Note 9 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the assets acquired under finance leases and PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement, a measure of capital expenditure incurred historically by the Council that has yet to be financed.

	2018-2019	2017-2018
	£000	£000
<b>Opening Capital Financing Requirement</b>	310,422	309,545
Capital Investment:		
~ Capital Expenditure	26,859	30,752
~ Leased equipment and Schools PPP assets	0	0
<b>Total Capital Investment for the year</b>	<b>26,859</b>	<b>30,752</b>
Sources of Finance:		
~ Capital receipts from the sale of assets	(182)	(267)
~ Government grants and other contributions	(11,553)	(10,280)
~ Capital from current revenue	(4,890)	(6,217)
~ Loans Fund principal repayment (including finance leases & PPP)	(13,214)	(13,111)
<b>Total Capital Financing for the year</b>	<b>(29,839)</b>	<b>(29,875)</b>
<b>Closing Capital Financing Requirement</b>	<b>307,442</b>	<b>310,422</b>

	2018-2019	2017-2018
	£000	£000
<b>Explanation of movements in the year:</b>		
~ Increase/(Reduction) in underlying need to borrow	(1,504)	2,606
~ Increase/(Reduction) in finance leases obligations	0	0
~ Increase/(Reduction) in PPP finance lease creditor	(1,476)	(1,729)
<b>Increase/(Reduction) in Capital Financing Requirement</b>	<b>(2,980)</b>	<b>877</b>

# Notes to the Principal Financial Statements

## Note 10 Heritage Assets

The Council holds and conserves heritage assets for future generations in support of the primary objective of increasing the knowledge, understanding and appreciation of the history of the area of Inverclyde.

As a general policy, heritage assets are recognised on the Balance Sheet where the Council has information on the cost or value of the asset. Where information on cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements, the asset is not recognised on the Balance Sheet.

The valuation disclosed in the Balance Sheet is based on the assessment by the Council's previous insurers of the replacement value for the combined collections. These insurance valuations are updated periodically. In addition, individual collections are reviewed periodically to ensure the adequacy of the valuation. The Council's policy on management, acquisitions and disposals is contained in its policy document. This document and further information about the collections are publicly available on the Museum's section of Inverclyde Council's website: <http://www.inverclyde.gov.uk/community-life-and-leisure/museum/museum-collections>

The carrying value of heritage assets are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. It is likely that disposals of heritage assets will be made only very occasionally. Where this does occur, the proceeds of such items are accounted for in accordance with the Council's policies relating to the disposal of Property, Plant & Equipment. Disposal proceeds are disclosed separately in the notes to the financial statements.

### Reconciliation of the Carrying Value of Heritage Assets held by the Council

	2018-2019	2017-2018
	Total Assets	Total Assets
	£000	£000
Valuation or Cost		
1 April	18,059	18,059
Revaluations	0	0
<b>31 March</b>	<b>18,059</b>	<b>18,059</b>

# Notes to the Principal Financial Statements

## Note 11 Debtors

	31 March 2019				31 March 2018			
	Short-term		Long-term		Short-term		Long-term	
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Scottish Government (including NHS bodies)</b>		<b>4,049</b>		<b>0</b>		<b>4,259</b>		<b>0</b>
<b>Central Government bodies</b>		<b>544</b>		<b>0</b>		<b>1,237</b>		<b>0</b>
<b>Other Local Authorities</b>		<b>457</b>		<b>0</b>		<b>96</b>		<b>0</b>
Council Tax receivable from tax payers	16,367		0		16,328		0	
Impairment allowance for doubtful debts	(15,393)		0		(13,765)		0	
<b>Council Tax (net of impairment)</b>		<b>974</b>		<b>0</b>		<b>2,563</b>		<b>0</b>
Trade debtors	8,322		0		8,222		0	
Impairment allowance for doubtful debts	(4,827)		0		(4,843)		0	
<b>Trade Debtors (net of impairment)</b>		<b>3,495</b>		<b>0</b>		<b>3,379</b>		<b>0</b>
Other entities and individuals	53		2,492		53		2,552	
Impairment allowance for doubtful debts	0		0		0		0	
<b>Other entities and individuals (net of impairment)</b>		<b>53</b>		<b>2,492</b>		<b>53</b>		<b>2,552</b>
<b>Totals for Short-term and Long-term Debtors</b>		<b>9,572</b>		<b>2,492</b>		<b>11,587</b>		<b>2,552</b>

In March 2013, the Council made a long-term loan of £1.969 million to Inverclyde Property Renovation LLP, a partnership established to develop the offices at Wallace Place, Greenock and Princes Street, Port Glasgow under the Business Premises Renovation Allowance (BPRA) Scheme. In March 2016, the Council made a £0.6 million loan to Inverclyde Leisure. This is shown within 'other entities and individuals (net of impairment)'.

## Note 12 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value.

	31 March 2019	31 March 2018
	£000	£000
Cash held by the Council	6	6
Bank current accounts	7,784	14,530
Deposits up to three months with UK Banks, Buildings Societies and Local Authorities	5,019	0
<b>Total Cash and Cash Equivalents</b>	<b>12,809</b>	<b>14,536</b>

# Notes to the Principal Financial Statements

## Note 13 Creditors

### Short Term Creditors

	31 March 2019 £000	31 March 2018 £000
Scottish Government (including NHS bodies)	(8,376)	(7,703)
Central Government bodies	(2,770)	(3,362)
Other Local Authorities	(387)	(318)
Trade Creditors	(25,188)	(22,918)
Public Corporations	(533)	(453)
Other Entities & Individuals	(357)	(880)
<b>Total Short-term Creditors</b>	<b>(37,611)</b>	<b>(35,634)</b>

## Note 14 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income & Expenditure Statement when the Council has an obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

### Short-term Provisions - Movement on Balances 2018-2019

	Balance at 1 April 2018 £000	Additional Provisions made in 2018-2019 £000	Amounts used in 2018-2019 £000	Unused amounts written back in 2018-2019 £000	Balance at 31 March 2019 £000
Compensation Payments (note 1)	(58)		26		(32)
Municipal Mutual Insurance Claims (note 2)	(290)	(7)	0		(297)
Holeburn Hydro Feasibility (note 3)	(15)		15		0
St Stephen's High Demolition (note 4)	(490)		308		(182)
Greenock Academy Site Contamination Provision (note 5)	(103)		103		0
<b>Total Short-term Provisions</b>	<b>(956)</b>	<b>(7)</b>	<b>452</b>	<b>0</b>	<b>(511)</b>

# Notes to the Principal Financial Statements

## Notes

1. For the potential outcome of conceded outstanding equal pay claims.
2. For any potential shortfall in the current Scheme of Arrangement to meet any new claims.
3. For the balance of the Council's share of costs of feasibility study into a Hydro Electric Scheme which is no longer progressing.
4. For the demolition of the former St Stephen's High School on termination of short-term lease. Previously disclosed as a long-term provision, the final works will be completed in 2019-2020.
5. For the removal of asbestos from the former Greenock Academy site.

## Note 15 Schools Public Private Partnership

The Council has entered into a Public Private Partnership (PPP) for the provision of educational buildings, their maintenance and related facilities. The agreement provides the Council with two secondary and two primary schools. The provider is required to ensure the availability of these buildings to a pre-agreed standard. When the agreement ends in 2040, the buildings will be handed back to the Council with a guarantee of no major maintenance requirements for a five-year period.

The Public Private Partnership agreement for the provision of school buildings, their maintenance and other facilities is accounted for in accordance with International Financial Reporting Interpretations Committee (IFRIC) 12 Service Concession Arrangements. The Council carries the assets and the associated liability to the PPP operator on its Balance Sheet. The annual amount payable to the PPP operator (the unitary charge) is apportioned between operating costs, interest payments and the repayment of debt. The property, plant & equipment of the PPP scheme are depreciated over the useful life of the assets and the associated liability to the operator is reduced by the principal repayments paid as part of the unitary charge.

The assets used to provide services at the schools are recognised on the Council's Balance Sheet. Movements in value over the year are detailed in the analysis of the movement in Note 7 Property, Plant & Equipment.

### Remaining Payments under the Agreement

The Council makes payments each year, which are increased by inflation and reduced if the contractor fails to meet availability and performance standards. Payments remaining to be made under the PPP contract at 31 March 2019 (assuming an adjusted inflation rate of 1.67% and excluding any estimation of availability and performance deductions) are as follows:

	Future Payments for services (including lifecycle maintenance)	Repayment of Liability	Finance Interest Estimated Inflation	Contingent Rentals	Total
	£000	£000	£000	£000	£000
Not later than 1 year	3,565	1,711	3,734	1,022	10,032
Later than 1 year and not later than 5 years	15,334	7,587	13,881	5,116	41,918
Later than 5 years and not later than 10 years	20,139	13,132	14,286	9,142	56,699
Later than 10 years and not later than 15 years	25,128	15,250	10,042	11,332	61,752
Later than 15 years and not later than 20 years	27,254	20,808	4,864	14,764	67,690
Payable within 21 to 25 years	6,162	3,995	129	2,214	12,500
<b>Total</b>	<b>97,582</b>	<b>62,483</b>	<b>46,936</b>	<b>43,590</b>	<b>250,591</b>



## Fair Value of Liability

The treasury advisor to Inverclyde Council has assessed the fair value of the lease liability as £91.6 million. The impact of a 1% increase in the discount factor is assessed at £8.5 million and would reduce the fair value to £83.1 million. More information on the assessment of fair values is available in Note 20 Financial Instruments.

## Liabilities from PPP Arrangements

Although the payments to the provider are described as unitary payments, they have been calculated to compensate the provider for the fair value of the services they provide and the capital expenditure incurred plus the interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay to the provider for the capital expenditure (the outstanding finance lease obligation) is as follows:

	2018-2019	2017-2018
	£000	£000
<b>Balance outstanding at the start of the year</b>	63,959	65,688
Payments during the year	(1,476)	(1,729)
Capital expenditure incurred in the year	0	0
<b>Balance outstanding at year-end</b>	<b>62,483</b>	<b>63,959</b>
Included in Balance Sheet		
~ Current	1,711	1,580
~ Non-current	60,772	62,379
	<b>62,483</b>	<b>63,959</b>

## Note 16 Defined Benefit Pension Schemes

### Post-Employment Benefits

The Council participates in two separate schemes; the Scottish Teachers' Pension Scheme which is administered by the Scottish Government (Note 17) and the post-employment scheme for employees other than teachers is the Local Government Pension Scheme (LGPS), administered by Strathclyde Pension Fund in respect of all local authorities and admitted bodies in the former Strathclyde area. This is a multi-employer scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent and reasonable basis. Employer's liabilities can be evaluated directly by the Actuary at any time on membership data. Individual employer assets have been apportioned to each employer since 2002. Prior to that date, each employer was considered to have the same funding as the whole Fund.

The LGPS is accounted for as a "defined benefit" scheme in accordance with International Accounting Standard 19 (IAS19). Inverclyde Council's share of the net pension liability in the Strathclyde Pension Fund and a pension reserve are recognised in the Balance Sheet. The CIES recognises changes during the year in the pension liability. Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year.

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Strathclyde Pension Fund.

## Participation in Pension Schemes

### Benefits

- It is a defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level to balance the pensions liability with investment assets.
- A Career Average Revalued Earnings (CARE) pension scheme has been introduced from 1 April 2015. The pension accrual rate guarantees a pension that is built up at a rate of 1/49<sup>th</sup> of the pensionable pay in the financial year. The amount built up in the year is transferred to the member's Pension Account and at the end of each financial year the total in the member's Pension Account is adjusted in line with the cost of living to ensure it retains its purchasing power.
- For pension contributions from 2009 to 2015, the pension is based on 1/60<sup>th</sup> of final pensionable salary and years of service, and prior to 2009, the accrual rate guarantees a pension based on 1/80<sup>th</sup> and a lump sum based on 3/80<sup>th</sup> of final pensionable pay and years of pensionable service.
- For contribution from 2009 there is no automatic entitlement to a lump sum. Members of the Pension Scheme may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004. The scheme's retirement age is the normal age for the state pension. Pensions are increased annually in line with changes to the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pensions Act 1975.

### Governance

- The Strathclyde Pension Fund is operated under the regulatory framework for the LGPS in Scotland and the governance of the scheme is the responsibility of the Strathclyde Pension Fund Committee. This Committee is comprised solely of Elected Members of Glasgow City Council. The Strathclyde Pension Fund Board meets alongside the Strathclyde Pension Fund Committee. It helps with compliance and to take account of all shareholder interests. The Board has eight members, four employer representatives and four from trade unions.
- Policy is determined in accordance with the Local Government Pension Scheme (Scotland) Regulations. Management of the Fund's investments is carried out by the Fund's Investment Advisory Panel which selects and appoints a number of external investment managers/partners and monitors their investment performance.
- Under the Regulations, employers fall into three categories, scheme employers (also known as schedule bodies) such as Inverclyde Council, community admission bodies and transferee admission bodies. Admission agreements are generally assumed to be open-ended. However, either party can voluntarily terminate the admission agreement by giving an appropriate period of notice to the other parties. Any deficit arising from the cessation valuation will usually be levied on the departing admission body as a capital payment.

### Principal Risks

- The principal risks to the Scheme are the longevity assumptions, statutory changes to the Scheme, changes to inflation, bond yields and the performance of the investments held by the Scheme. The long-term funding strategy and the employer's contribution rates are reviewed triennially and take into account these factors to mitigate the risks. The taxpayer is protected from temporary swings in some of these factors (inflation, bond yields and investment performance) by the adjustments by law to the amount charged to the General Fund as detailed in Note 2.

### Discretionary Post-employment Benefits

- Discretionary post-employment benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when an award is made. There are no pension plan assets built up to meet these pension liabilities.

### Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported Cost of Services when they are earned by the Council's employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made against the Council Tax is based upon the pension contributions payable by the Council in the year, and an adjustment is made in the Movement in Reserves Statement to achieve this.

# Notes to the Principal Financial Statements

The following transactions have been included in the accounting statements in 2018-2019 and the prior year 2017-2018.

	31 March 2019	31 March 2018
	£000	£000
<b>Comprehensive Income &amp; Expenditure Statement (CIES)</b>		
<i>Cost of Services:</i>		
<i>Service Cost comprising:</i>		
~ Current service cost	21,825	19,246
~ Past service costs (including curtailments)	8,899	179
~ Unfunded benefits	0	0
<i>Financing and Investment Income and Expenditure:</i>		
~ Net interest expense	2,457	4,595
<b>Total Post-employment Benefit charged to (Surplus) or Deficit on the Provision of Services</b>	<b>33,181</b>	<b>24,020</b>
<i>Other Post-employment Benefits Charged to the CIES:</i>		
<i>Re-measurement of the net defined benefit liability comprising:</i>		
~ Expected return on pension fund assets	(18,198)	(5,553)
~ Actuarial (gains) or losses arising on changes in demographic assumptions	0	(1,929)
~ Actuarial (gains) or losses arising on changes in financial assumptions	49,527	(27,406)
~ Actuarial (gains) or losses arising on changes in experience assumptions	1,155	(67,985)
<b>Total Post-employment Benefit Charged to the CIES</b>	<b>32,484</b>	<b>(102,873)</b>
<b>Movement in Reserves Statement (MiRS)</b>		
~ Reversal of net charges made to the (Surplus) or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(19,359)	114,702
<b>Actual amount charged against the General Fund balance for pensions in the year:</b>		
<b>Employers' contributions payable to Strathclyde Pension Fund</b>	<b>13,125</b>	<b>11,829</b>

## Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the local authority's obligation in respect of its defined benefit plan is as follows:

	31 March 2019	31 March 2018
	£000	£000
Present value of the defined benefit obligation*	(728,666)	(644,216)
Fair value of pension fund assets	593,854	561,944
<b>Net Liability arising from Defined Benefit Obligation</b>	<b>(134,812)</b>	<b>(82,272)</b>
<i>*Unfunded liabilities included in the figure for present value of liabilities</i>		
~ unfunded liabilities for Pension Fund	(25,098)	(23,898)
~ teachers' unfunded pensions	(15,632)	(14,991)
~ unfunded liabilities prior to 1996 local government reorganisation	(6,592)	(6,793)

# Notes to the Principal Financial Statements

A reconciliation of Inverclyde Council's share of the present value of Strathclyde Pension Fund's defined benefit obligation (liabilities) is as follows:

	2018-2019	2017-2018
	£000	£000
<b>Opening balance at 1 April</b>	(644,216)	(718,564)
Current service cost	(21,825)	(19,246)
Interest cost	(17,610)	(18,737)
Contributions by Pension Fund participants	(3,294)	(2,997)
Re-measurement gains and (losses)		
~ Actuarial gains/(losses) from changes in demographic assumptions	0	1,929
~ Actuarial gains/(losses) from changes in financial assumptions	(49,527)	27,406
~ Actuarial gains/(losses) from changes in experience assumptions	(1,155)	67,985
Past service costs (including curtailments)	(8,899)	(179)
Settlements	0	0
Benefits paid	17,860	18,187
<b>Closing balance at 31 March</b>	<b>(728,666)</b>	<b>(644,216)</b>

A reconciliation of the movements in Inverclyde Council's share of the fair value of Strathclyde Pension Fund's assets is as follows:

	2018-2019	2017-2018
	£000	£000
<b>Opening fair value of pension fund assets</b>	561,944	545,610
Interest income	15,153	14,142
Re-measurement gains and (losses):		
~ expected rate of return on pension fund assets	18,198	5,553
The effect of changes in foreign exchange rates	0	0
Contributions from employers	13,125	11,829
Contributions from employees into the scheme	3,294	2,997
Benefits paid	(17,860)	(18,187)
<b>Closing fair value of pension fund assets</b>	<b>593,854</b>	<b>561,944</b>

# Notes to the Principal Financial Statements

## Analysis of Pension Fund's Assets

Inverclyde Council's share of the Pension Fund's assets at 31 March 2019 comprised:

	31 March 2019			31 March 2018		
	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Totals £000	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Totals £000
Cash and cash equivalent	30,571	29,463	60,034	28,928	27,880	56,808
Equity instruments	136,990	360	137,350	129,627	340	129,967
Debt instruments	18,633	0	18,633	17,632	0	17,632
Real Estate	0	53,768	53,768	0	50,879	50,879
Derivatives	12	0	12	12	0	12
Private Equity	0	70,963	70,963	0	67,150	67,150
Investment Funds	194,929	58,165	253,094	184,456	55,040	239,496
Asset-backed Securities	0	0	0	0	0	0
Structured Debt	0	0	0	0	0	0
<b>Total assets</b>	<b>381,135</b>	<b>212,719</b>	<b>593,854</b>	<b>360,655</b>	<b>201,289</b>	<b>561,944</b>

## Basis for Estimating Assets and Liabilities

The Council's share of the net obligations of the Strathclyde Pension Fund is an estimated figure based on actuarial assumptions. Liabilities are included in the Balance Sheet on an actuarial basis using the "projected credit unit method" i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, salary levels and inflation. Liabilities are discounted to their value at current prices, using a discount rate (currently 2.4%) based on an average of high quality corporate bonds. Assets are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, estimated fair value for unquoted securities and market price for property.

The Fund's obligation has been assessed by Hymans Robertson, an independent firm of actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2017. The significant assumptions used by the actuary are shown in the table below. Note 38 includes a sensitivity analysis for the pension obligation based on possible changes of these assumptions occurring at the reporting date.

	2018-2019	2017-2018
Long-term expected rate of return on assets in the Fund:		
~ Equity Investments	2.7%	2.7%
~ Bonds	2.7%	2.7%
~ Property	2.7%	2.7%
~ Cash	2.7%	2.7%
Rate of inflation	2.5%	2.4%
Rate of increase in salaries	3.7%	3.6%
Rate of increase in pensions	2.5%	2.4%
Rate for discounting Fund liabilities	2.4%	2.7%
Take-up option to convert annual pension into retirement lump sum	50.0%	50.0%
Mortality Assumptions:		
Longevity at 65 for current pensioners (years):		
~ Men	21.4	21.4
~ Women	23.7	23.7
Longevity at 65 for future pensioners (years):		
~ Men	23.4	23.4
~ Women	25.8	25.8

### Asset and Liability Matching (ALM) Strategy

The main fund (Fund 1) of the Strathclyde Pension Fund does not have an ALM as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. The Fund invests in equities (i.e. stocks and shares), bonds, properties and in cash.

### Impact on the Council's Cash Flow

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities. The triennial review set employer's contributions for Inverclyde Council at 19.3% for the period 1 April 2018 to 31 March 2021.

The Local Government Pension Scheme in Scotland moved from 1 April 2015 to a Career Average Revalued Earnings Scheme (CARE) for future accruals. The Fund is actively taking account of this and other national changes to the Local Government Pension Scheme in Scotland.

The total contributions expected to be made by the Council to Strathclyde Pension Fund in the year to 31 March 2020 is £10.61 million.

The assumed weighted average duration of the defined benefit obligations is 18.2 years.

## Note 17 Post-employment Benefits: Teachers

The Scottish Teachers' Pension Scheme is administered directly by the Scottish Government and is technically a "defined benefit scheme. However the scheme is unfunded and the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. In this Statement of Accounts, it is therefore accounted for on the same basis as a "defined contribution" scheme. As a proportion of the total contributions into the teachers' pension scheme, the Council's own contributions equated to approximately 0.8% during the year ended 31 March 2018. The actual contributions for the year ended 31 March 2019 will not be published until November 2019, however the Council assumes that the percentage contribution will be similar to 31 March 2018.

In 2018-2019, Inverclyde Council paid £5.426 million in respect of teachers' retirement benefits, representing 17.2% of pensionable pay. The figures for 2017-2018 were £5.168 million and 17.0%. There were no contributions remaining payable at the year-end.

## Note 18 Unusable Reserves

Reserves are created by appropriating amounts from the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within the CIES. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting process for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the authority. These reserves are explained on the following pages.

### Summary of Year-end Balances

The total for Unusable Reserves in the Balance Sheet is made up of the following reserves:

	31 March 2019	31 March 2018
	£000	£000
Revaluation Reserve	147,529	146,462
Capital Adjustment Account	54,954	44,949
Financial Instruments Adjustment Account	(4,231)	(2,496)
Pensions Reserve	(134,812)	(82,272)
Employee Statutory Adjustment Account	(3,381)	(3,668)
<b>Balance at 31 March</b>	<b>60,059</b>	<b>102,975</b>

## Movement on Balances – Revaluation Reserve

The Revaluation Reserve contains the unrealised gains made by the Council arising from increases in the value of its property, plant & equipment. The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created.

	2018-2019	2017-2018
	£000	£000
<b>Balance at 1 April</b>	146,463	148,700
Revaluation of non-current assets not posted to the Surplus or (Deficit) on the Provision of Services	3,140	534
Difference between fair value depreciation and historical cost depreciation written off to Capital Adjustment Account	(154)	(193)
Impairments Charged to Revaluation Reserve Account	(1,920)	(2,579)
<b>Balance at 31 March</b>	<b>147,529</b>	<b>146,462</b>

## Movement on Balances – Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. Note 2 provides a summary of transactions posted to the Account during the year, apart from those involving the Revaluation Reserve.

	2018-2019	2017-2018
	£000	£000
<b>Balance at 1 April</b>	44,949	38,701
Items relating to capital expenditure charged to CIES:		
~ Charges for depreciation and impairment of non-current assets	(19,327)	(21,049)
~ Disposals of non-current assets	(661)	(2,771)
Transfers from Revaluation Reserve	154	193
Capital financing applied in the year:		
~ Use of the Capital Receipts Reserve to finance new capital expenditure	182	267
~ Capital grants and contributions credited to the CIES that have been applied to capital financing	11,553	10,280
~ Loans Fund principal repayments	13,214	13,111
~ Capital financed from current revenue	4,890	6,217
<b>Balance at 31 March</b>	<b>54,954</b>	<b>44,949</b>

## Movement on Balances – Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions.



# Notes to the Principal Financial Statements

	2018-2019	2017-2018
	£000	£000
<b>Balance at 1 April</b>	(2,496)	(2,626)
Amount by which finance costs charged to the CIES Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(1,735)	130
<b>Balance at 31 March</b>	<b>(4,231)</b>	<b>(2,496)</b>

## Movement on Balances – Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Pensions Reserve shows a significant shortfall in the benefits earned by past and current employees and the Council's share of Strathclyde Pension Fund resources available to meet them. The triennial review by the Pension Fund in 2017 set employer's contribution rates for Inverclyde Council at 19.3% for the period 1 April 2018 to 31 March 2021.

	2018-2019	2017-2018
	£000	£000
<b>Balance at 1 April</b>	(82,272)	(172,954)
Actuarial gains or (losses) on pension assets and liabilities	(32,484)	102,873
Reversal of items relating to net charges for retirement benefits charged to Surplus or (Deficit) on the Provision of Services in the CIES	(33,181)	(24,020)
Employers' pension contributions paid to Strathclyde Pension Fund	13,125	11,829
<b>Balance at 31 March</b>	<b>(134,812)</b>	<b>(82,272)</b>

## Movement on Balances – Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March.

	2018-2019	2017-2018
	£000	£000
<b>Balance at 1 April</b>	(3,668)	(3,558)
Settlement or cancellation of accrual made at the end of the preceding year	3,668	3,558
Amounts accrued at the end of the current year	(3,381)	(3,668)
<b>Balance at 31 March</b>	<b>(3,381)</b>	<b>(3,668)</b>

## Note 19 Leases

Leases are classified as finance leases where the terms of the lease transfer the majority of the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

### The Council as Lessee

#### Finance Leases

Assets held under finance leases are recognised on the Balance Sheet at the commencement of the lease at their fair value measured at the lease's inception. The asset recognised has a corresponding liability to pay the lessor.

#### Operating Leases

# Notes to the Principal Financial Statements

Rentals paid under operating leases are charged to the appropriate service account in the CIES as an expense of the services benefitting from use of the leased property over the term of the lease.

## The Council as Lessor

### Operating Leases

Where the Council grants an operating lease over a property, the asset is retained in the Balance Sheet.

## Operating Leases, Inverclyde Council as Lessee

The Council leases various properties as tenant on a variety of lease terms that are accounted for as operating leases. The rentals in 2018-2019 were £0.195 million (2017-2018: £0.206 million) and this expenditure has been included in the CIES. The rental commitments in future years under non-cancellable leases are shown in the table below.

	Future Rental Payable	
	31 March 2019	31 March 2018
	£000	£000
Not later than one year	140	176
Later than one year and not later than five years	70	163
Later than five years	311	324
	<b>521</b>	<b>663</b>

## Operating Leases, Inverclyde Council as Lessor

The Council has granted commercial leases for properties to various tenants on a variety of lease terms. These arrangements are accounted for as operating leases.

The rental income receivable in 2018-2019 was £0.765 million (2017-2018 £0.793 million) and is included in the CIES. The rents receivable under non-cancellable leases in future years are shown in the table below.

	Future Rental Receivable	
	31 March 2019	31 March 2018
	£000	£000
Not later than one year	731	600
Later than one year and not later than five years	1,271	1,582
Later than five years	1,212	1,131
	<b>3,214</b>	<b>3,313</b>

## Note 20 Financial Instruments

### Fair Value Measurement

The Council measures the carrying value of some of its non-financial assets, mostly surplus assets, at fair value at each reporting date. Fair value is broadly the amount for which an asset could be exchanged or a liability settled. The Council uses valuation techniques that are appropriate to the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted in active markets) for identical liabilities (or assets) that the local authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the liability (or asset) either directly or indirectly.

# Notes to the Principal Financial Statements

- Level 3 inputs – unobservable inputs for the liability (or asset).

## Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and (Investment) Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For all financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) in addition to any adjustment to the Financial Instrument Adjustment Account and interest credited to the CIES is the amount receivable for the year in the loan agreement.

## Expected Credit Loss Model

The authority recognises expected credit losses on all its financial assets held at amortised cost, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors), lease receivables and contract assets held by the authority. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment (Income) and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

## Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes contractually obliged by the financial instrument and the liabilities are measured at fair value and then carried at their amortised cost. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus accrued interest, and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Costs associated with debt restructuring (premiums and discounts) are charged to the Financing and Investment (Income) and Expenditure line in the CIES in the year of repayment of the original debt in accordance with accounting regulations. Where premiums and discounts have been charged to the CIES, Scottish Government regulations permit the costs of restructuring to be released to revenue over the period of the replacement.

## Categories of Financial Instruments

The following categories of financial instruments were carried in the Balance Sheet; all financial instruments are classified as Amortised Cost:

# Notes to the Principal Financial Statements

Financial Assets	Non-Current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	£000	£000	£000	£000
<b>Investments</b>				
Loans and receivables	0	0	5,036	19,041
<b>Cash and Cash Equivalents</b>				
Cash and Cash Equivalents	0	0	12,809	14,536
<b>Debtors</b>				
Loans and receivables (note 1)	2,492	2,552	6,684	6,603
<b>Borrowings</b>				
Financial Liabilities at amortised cost	(182,562)	(197,301)	(17,276)	(12,640)
<b>Other Long Term Liabilities</b>				
PPP and finance lease liabilities	(60,772)	(62,379)	(1,711)	(1,580)
<b>Creditors</b>				
Financial Liabilities at amortised cost (note 2)	0	0	(26,568)	(26,064)

## Notes

1. Of the items on the Balance Sheet, Short-term Loans and Receivables net of £2.888 million (2017-2018 £4.984m) are not regarded as Financial Instruments.
2. Of the items on the Balance Sheet, Short-term Financial Liabilities net of £11.043 million (2017-2018 £9.570m) are not regarded as Financial Instruments.

## Reclassifications

The adoption of IFRS 9 has had no impact on the classification of financial assets and they continue to be held as amortised costs as they were under IAS 39. There has been no movement in opening balances as a result of transition to IFRS 9.

## Collateral

The Council holds collateral as security against certain lending and debt due. This takes the form of mortgages on dwelling houses for loans as "lender of last resort" to assist owners to buy or improve their homes and "rolled-up" debt for care home charges due by social work clients, payable on their death or when the house is sold.

## Income, Expense, Gains and Losses

There was interest expenditure of £8.418 million (2017-2018 £8.668 million) and interest income of £0.237 million (2017-2018 £0.248 million) that were recognised in the CIES for the year.

## Financial Guarantees

The Council has provided a financial guarantee in respect of a bank loan obtained by Inverclyde Leisure to fund fitness suite equipment. This has been initially recognised at fair value. Subsequently, this is measured at the higher of the amount recognised initially or the amount determined in accordance with IAS37 Provisions, Contingent Liabilities and Assets less, where appropriate, cumulative depreciation.

## Fair Values of Financial Assets and Financial Liabilities

All financial assets (represented by lending and long-term debtors) and financial liabilities (represented by borrowing and long-term creditors) are carried in the Balance Sheet at amortised cost. In such cases, the Code requires a set of additional disclosures about the fair value of these assets and liabilities. Fair value is broadly the amount for which an asset could be exchanged or a liability settled. Further information about how the Council has assessed fair value (and the fair value hierarchy) is provided below.

# Notes to the Principal Financial Statements

The fair values calculated (and compared to carrying values) are as follows:

Financial Assets	31 March 2019		31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Loans and receivables - deposits with banks	5,036	5,036	19,041	19,041
Loans and receivables - cash and cash equivalents	12,809	12,809	14,536	14,536
Long-term debtors	2,492	2,492	2,552	2,552
Short-term debtors (at cost)	6,684	6,684	6,603	6,603
<b>TOTAL</b>	<b>27,021</b>	<b>27,021</b>	<b>42,732</b>	<b>42,732</b>

The fair value of loans and receivables – deposits with banks will be higher than the carrying amount where the Council's portfolio of investments includes fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date.

Financial Liabilities	31 March 2019		31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Borrowing - PWLB & Non-PWLB Debt	199,838	298,806	209,942	308,703
School PPP Lease	62,483	91,577	63,959	91,214
Short-term creditors (at cost)	26,568	26,568	26,064	26,064
<b>TOTAL</b>	<b>288,889</b>	<b>416,951</b>	<b>299,965</b>	<b>425,981</b>

The fair value is higher than the carrying amount because the Council's borrowing figure includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest above the current market rates increases the amount the Council would have to pay if the lender requested or agreed to early repayment of the loans.

## Fair Value Hierarchy for Financial Assets and Financial Liabilities

The Council uses Level 2 inputs for all its fair value calculations for financial assets and financial liabilities, with the exception of cash and cash equivalents, debtors and creditors that are carried at cost as this is considered a fair approximation of their value. This is considered most appropriate to the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

# Notes to the Principal Financial Statements

	31 March 2019	31 March 2018
	Level 2	Level 2
	(Other Significant Observable Inputs)	(Other Significant Observable Inputs)
	£000	£000
<i>Recurring fair value measurements using:</i>		
<b>Financial Assets</b>		
Loans & receivables	5,036	19,041
<b>Total</b>	<b>5,036</b>	<b>19,041</b>
<b>Financial Liabilities</b>		
Financial Liabilities held at amortised cost		
- PWLB & Non-PWLB Borrowings	298,806	308,703
- PPP Finance Lease Liabilities	91,577	91,214
<b>TOTAL</b>	<b>390,383</b>	<b>399,917</b>

The fair values of the above financial assets and financial liabilities in the above table have been arrived at using a discounted cash flow technique with the most significant inputs being the discount rate. The fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments using the following methodology and assumptions:

- The valuation date is 31 March 2019
- No early repayment or impairment is recognised
- The discount factor used in the NPV calculations is the comparable new borrowing or deposit rate of the same financial instruments from a comparable lender with a published market rate at the valuation date, using bid process where applicable. A consistent approach has been applied to assets and liabilities.
- For all Public Works Loan Board (PWLB debt), the new borrowing rate at 31 March has been used as the discount rate.
- The fair values include accrued interest up to and including the valuation date.
- Where an instrument will mature within the next twelve months, carrying amounts are assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- The fair value of the schools PPP liability has been assessed taking the carrying obligation at 31 March 2019 and applying an annuity repayment profile using the PWLB new borrowing rate for a comparable period (21 years) at 31 March 2019.

In the above tables, the Council has used discount rates for PWLB and Non-PWLB Borrowing based on rates chargeable for new borrowing. If, however, the Council was to use interest rates that would be charged for early repayment of the loans then the fair value would increase from £298.806 million to £370.195 million (including penalty costs). The Council has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

## Note 21 Nature and Extent of Risks Arising from Financial Instruments

### The Management of Treasury Risk by the Council

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

# Notes to the Principal Financial Statements

The Council's management of treasury risk actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council manages its risk by various means including:

- A full and formal adoption of the requirements of CIPFA's Treasury Management in the Public Services: Code of Practice and by the adoption of a Treasury Policy Statement and treasury management clauses within the Council's financial regulations;
- The adoption of written principles for overall risk management and rigorous observance of the written policies and procedures;
- The approval annually in advance of Prudential Indicators for the forthcoming four years;
- The approval of an investment strategy for the forthcoming year;
- Regular reporting to the members of the Policy & Resources Committee and the full Council on treasury matters.

## Management of Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposure to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with the Council's internal ratings procedures.

The Council's maximum exposure to credit risk in relation to its deposits in banks and building societies of £19.637 million cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the Council deposits, but there is no evidence at 31 March 2019 that this is likely to crystallise.

Credit limits were not exceeded during the year. The Council expects full repayment on the due date of deposits placed with its counterparties.

The Council has a potential maximum credit risk exposure (expected credit loss) of £4.827 million (2017-2018 £4.843 million) from debtors excluding Council Tax. This estimate is based on past experience and current market conditions.

The Council does not generally allow credit for customers, such that £11.511 million of the £14.003 million debtors regarded as Financial Instruments is past its due date for payment. The past due amount can be analysed by age as shown in the following table. The Council has made provision for the loss of income based on previous experience.

	31 March 2019 £000	31 March 2018 £000
Less than three months	10,746	10,983
Three to six months	136	61
Six months to one year	245	116
More than one year	384	286
	<b>11,511</b>	<b>11,446</b>

## Management of Liquidity Risk

The Council has a responsive system of safeguards for the management of cash flow that seeks to ensure that cash is available as needed. The Council has ready access to borrowings from market loans and the UK Treasury's Public Works Loan Board. There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has secure safeguards in place to ensure that a significant proportion of its borrowing does not mature

## Notes to the Principal Financial Statements

for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specified periods. The Council's policy is to ensure that no more than 25% of loans are due to mature within any financial year through a combination of prudent planning of new loans and, where it is economic to do so, making early repayments. Any amendments to these policies, whether short-term or long-term, require the prior approval of the Policy and Resources Committee. The maturity analysis of financial liabilities is as follows:

	31 March 2019 £000	31 March 2018 £000
Less than one year	45,564	44,501
Later than 1 year and not later than 2 years	6,806	15,142
Later than 2 years and not later than 5 years	31,058	22,704
Later than 5 years and not later than 10 years	14,468	8,813
Later than 10 years and not later than 30 years	48,088	7,601
Later than 30 years and not later than 50 years	67,185	66,400
Over fifty years	75,720	76,000
	<b>288,889</b>	<b>241,161</b>

### Management of Market Risk

The key area of market risk for the Council is in terms of its exposure to interest rate movements on its borrowings and investments. Changes in interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. The Council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the Council:

- It is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 45% of what it borrows.
- During periods of falling rates and where it is economically advantageous to do so, the Council will consider the repayment and restructuring of fixed interest rate debt.
- The Council takes daily advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and the restructuring of existing borrowings.

To illustrate the impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher at 31 March 2019, with all other variables held constant.

	31 March 2019 £000	31 March 2018 £000
<b>Impact on taxpayer</b>		
Increase on interest payable on variable rate borrowings	594	624
Increase in interest receivable on variable rate lending	(196)	(150)
<b>Net effect on Comprehensive Income &amp; Expenditure Statement</b>	<b>398</b>	<b>474</b>
<b>Other presentational changes</b>		
A decrease in the "fair value" of fixed rate borrowing (disclosure confined to the Notes to the Accounts)	(31,049)	(30,320)
	<b>(31,049)</b>	<b>(30,320)</b>

The impact of a 1% fall in interest rates would be as above but with the changes being reversed.



Other areas of market risk are price risk and foreign exchange risk. The Council has no exposure to these risks through its treasury activities. The Council does not invest in equity shares and consequently is not exposed to gains or losses arising from movements in the prices of shares. The Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

## Note 22 Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions and balances allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

### The Scottish Government

The Scottish Government has significant influence over the general operations of the Council, being responsible for providing the statutory framework within which the Council operates. The Scottish Government also provides the majority of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (such as Council Tax bills and Housing Benefits). Grants received from the Scottish Government are disclosed in Note 5 Taxation and Non-specific Grant Income on pages 33-34.

### Elected Members

Elected Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2018-2019 is shown on page 19 within the Remuneration Report. There are no other significant related party transactions with members of the Council. Elected Members are required to declare an interest if he or she believes that there may be a perception that their decision making may be influenced in any way by a personal interest. Should this arise, the relevant Member does not take part in any discussion or decision relating to that interest. The Register of Interests of each Member is available on the Councils' website <http://www.inverclyde.gov.uk/council-and-government/councillors/>.

### Senior Officers

Senior Officers, as listed within the Remuneration Report on page 16, are required to declare an interest if he or she believes that there may be a perception that their decision making may be influenced in any way by a personal interest. Interests identified are disclosed in the table below.

### Entities Controlled or Significantly Influenced by the Council

The Council has entered into a number of transactions under associates and other trading arrangements deemed to be a related party mainly through the Council's ability to exert influence over the entity through its representation on the respective Boards. The relevant transactions with the bodies are detailed below.

# Notes to the Principal Financial Statements

	2018-2019				2017-2018			
	Income from Related Parties	Expenditure to Related Parties	Amounts Due to Related Parties	Amounts Owed by Related Parties	Income from Related Parties	Expenditure to Related Parties	Amounts Due to Related Parties	Amounts Owed by Related Parties
	£000	£000	£000	£000	£000	£000	£000	£000
Inverclyde Leisure Limited*1	(11)	1,334	(128)	877	(11)	1,592	(78)	947
Riverside Inverclyde Limited*1	0	3,658	(407)	0	0	881	(176)	86
Inverclyde Renovation Limited	0	0	0	0	0	0	0	0
Greenock Arts Guild Ltd (the Beacon Arts Centre)	0	276	(9)	0	0	285	(39)	0
Inverclyde Community Development Trust	(5)	1,834	(395)	4	(22)	3,788	(76)	1
River Clyde Homes	(274)	975	(39)	3	(177)	2,510	(61)	3

## Notes:

\*1 Further details of these entities are disclosed in the Group Accounts Note 31 Combining Entities.

Grants from government are disclosed in Note 5 Taxation and Non-specific Grant Income.

### Inverclyde Integration Joint Board

Inverclyde Integration Joint Board was established on 27 June 2015. The Council provides assistance in kind in terms of Board staff (Chief Officer) and administrative support for the operation of the Board. Delegation of resources by the Council to the Board was with effect from 1 April 2016.

### Strathclyde Pension Fund

The Council is an admitted body to the local government pension scheme and has made payments as shown in Note 16 Defined Benefit Pension Schemes on pages 44-49.

### Joint Boards

The Council is a member of the Joint Boards for Valuation, Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme. The Councils contributions are disclosed in the Group Accounts Note 31 Combining Entities on pages 75-76.

### Note 23 Agency Services

Where the Council acts as an agent for another entity, transactions are not reflected in the Council's financial statements, with the exception of cash collected or expenditure incurred by the Council on behalf of the other entity, in which case there is a debtor or creditor position in the balance sheet for amounts due or owed.

The Council bills and collects Non-Domestic Rates on behalf of the Scottish Government. During 2018-2019 the Council collected £19.9 million and received £0.1 million to the Non-Domestic Rates pool (2017-2018 £19.5 million and £0.5 million). The Council also bills and collects domestic water and sewerage charges on behalf of Scottish Water with the Council Tax. During 2018-2019 the Council collected and paid over £12.119 million (2017-2018 £11.96 million) and received £0.302 million (2017-2018 £0.302 million) for providing this service.

### Note 24 Contingent Assets and Liabilities

A contingent liability or asset arises where an event has taken place that gives the Council a possible obligation or benefit whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities or assets also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow/inflow of resources will be required or the amount of the obligation/benefit cannot be measured

## Notes to the Principal Financial Statements

reliably. Contingent liabilities and assets are not recognised in the Balance Sheet but disclosed in a Note to the Accounts where they are deemed material.

The Council transferred the bulk of its housing stock and some areas of land for the development of social housing to River Clyde Homes in December 2007. The Council retains the risk of any contamination present when the land transferred. The extent of any potential remedial work has not been assessed.

The Council has outstanding Employment Tribunals, if the Employees' action is successful will result in a liability to the Council.

An EU ruling has highlighted that the Council may have some liability in respect of additional Holiday Pay entitlement. The extent of this liability cannot be assessed at this stage.

The removal of the limitation period for childhood abuse claims could result in a liability to the Council. The extent of any claims and resultant liability is unknown at this stage.

The Council is currently involved in an adoption/kinship case which if successful could result in a liability to the Council. The extent of this potential liability cannot be assessed at this stage.

The Council agreed to act as sponsor with respect to Inverclyde Leisure and Riverside Inverclyde's admission to the Strathclyde Pension Fund. In the event of either organisation ceasing to exist the Council will assume any liability for non-funded costs.

There may be a future liability regarding the change in provision of Regeneration Services and specifically with regards to a Council commitment to underwrite certain projects which Riverside Inverclyde progressed on behalf of the Council.

As a result of a European Commission audit payment of certain European grant claims is suspended at a national level until appropriate corrective action is taken. While the Council is confident that its claims are robust there remains a risk that claims will not be paid. The extent of that risk cannot be quantified at this time.

Due to difficulties with the grant claim process for which the Council is lead partner there is a risk that the Council faces a potential liability in the event that the project does not fully deliver on the agreed outcomes and may not recover the full grant amount.

A Legal ruling regarding transitional provisions in public sector pensions schemes being unlawfully age discriminatory may impact on the pension liability and service cost. The extent of any impact is not known at this stage.

The Council is unaware of any other material contingent asset or liability at 31 March 2019.

### Note 25 Events after the Balance Sheet Date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. An adjustment is made to the financial statements where there is evidence that the event relates to the reporting period; otherwise the financial statements are not adjusted, and where the amount is material, a disclosure is made in the notes. The Chief Financial Officer issued the audited Statement of Accounts on 26 September 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of the information.

The pension line in the Balance Sheet on page 27 and Note 16: Defined Benefit Pension Schemes have been adjusted from the draft financial statements issued on the 27 June 2019 to include an estimate of the impact of the McCloud judgement and of the changes in the guaranteed minimum pension (GMP) rules.

The Government Actuary's Department (GAD) has estimated that the impact for the LGPS England & Wales as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. The Strathclyde pension Fund actuary has adjusted the GAD's estimate to better reflect the Fund's local assumptions and circumstances, particularly for

## Notes to the Principal Financial Statements

salary increases and withdrawal rates. The revised estimate results in around 1.8% increase in active member liabilities as at 31 March 2019 which results in an increase in the pension liability of £6,463,000 for Inverclyde Council which has been reflected in the Balance Sheet as at 31 March 2019.

In addition guaranteed minimum pension (GMP) rules were changed in 2019 so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. The estimated impact of GMP indexation is to increase the total liabilities by approximately £1,863,000 for Inverclyde Council which has also been reflected in the Balance sheet as at 31 March 2019.

The financial statements and notes have not been adjusted for the following events which took place after 31 March 2019 as they provide information that is relevant to an understanding of the Council's financial position but do not relate to conditions at that date:

- As at 30 June 2019 the Council took on the pension liability of Riverside Inverclyde (RI). The pension line in the single entity Balance Sheet on page 27 does not reflect this liability however the Liabilities in Associates line in the Group Balance sheet on page 73 includes the Council's share of the liability as at 31 March 2019. The total value of the pension liability is £0.381 million.

### Note 26 Cash Flow Statement – Operating Activities

# Notes to the Principal Financial Statements

	2018-2019	2017-2018
	£ 000	£ 000
<b>Net surplus or (deficit) on the Provision of Services</b>	<b>(20,814)</b>	<b>(12,899)</b>
<b>Adjustments to net surplus or (deficit) on the provision of services for non-cash movements</b>		
Depreciation, amortisation & impairment	19,327	21,049
Net (gain) or loss on non-current assets	192	1,163
Movement in pension liability	20,056	12,191
(Increase) or decrease in inventories	(129)	239
(Increase) or decrease in debtors	2,075	(1,217)
Increase or (decrease) in creditors and provisions	1,532	5,011
	<b>43,053</b>	<b>38,436</b>
<b>Adjustments for items included in the net surplus/(deficit) on the provision of services that are investing and financing activities</b>		
Non-cash borrowing movements	306	(81)
Non-cash investing movements	(2,494)	13,081
	<b>(2,188)</b>	<b>13,000</b>
<b>Net cash flow from Operating Activities</b>	<b>20,051</b>	<b>38,537</b>

The net cash flow from Operating Activities in the above table includes the following elements of interest paid and received.

	2018-2019	2017-2018
	£ 000	£ 000
Interest received	237	225
Interest paid	(8,457)	(8,681)
Interest element of finance lease and PPP payments	(4,726)	(5,041)
<b>Net cash flow from Servicing of Finance</b>	<b>(12,946)</b>	<b>(13,497)</b>

## Note 27 Cash Flow Statement – Investing Activities

# Notes to the Principal Financial Statements

	2018-2019	2017-2018
	£000	£000
Purchase of property, plant and equipment and intangible assets	(26,860)	(30,753)
Purchase of short-term and long-term investments	(13,500)	(46,000)
Other payments for investing activities	0	0
Proceeds from sale of property, plant and equipment and intangible assets	468	1,608
Proceeds from short-term and long-term investments	30,000	39,503
Other receipts from investing activities	0	0
<b>Net cash flows from investing activities</b>	<b>(9,892)</b>	<b>(35,642)</b>

## Note 28 Cash Flow Statement – Financing Activities

	2018-2019	2017-2018
	£000	£000
Cash receipts of short-term and long-term borrowing	8,000	1
Cash payments for the reduction of the outstanding liabilities relating to finance leases for schools PPP contracts	(1,476)	(1,729)
Repayment of short-term and long-term borrowing	(18,410)	(567)
<b>Net cash flows from financing activities</b>	<b>(11,886)</b>	<b>(2,295)</b>

## Note 29 Reconciliation of Liabilities arising from Financing Activities

	2017-2018 1 April	Financing cash flows	Non-cash changes		2018-2019 31 March
			Acquisition	Other non- cash changes	
	£000	£000	£000	£000	£000
Long-term borrowings	197,301	(15,045)	0	306	182,562
Short-term borrowings	12,640	4,636	0	0	17,276
PPP liability	63,959	(1,476)	0	0	62,483
<b>Total liabilities from financing activities</b>	<b>273,900</b>	<b>(11,885)</b>	<b>0</b>	<b>306</b>	<b>262,321</b>

# Notes to the Principal Financial Statements

## Note 30 Error on Disposal of Property, Plant & Equipment – Restatement of 2017-2018

The Council identified that the proceeds from the sale of fixed assets had been incorrectly accounted for in 2016-2017 and 2017-2018. The error meant that the proceeds from the sale of fixed assets were transferred from the General Fund rather than the Capital Adjustment Account resulting in an understatement of the General Fund Balance by £2.074 million and an overstatement of the Capital Adjustment Account balance by £2.074 million. The Council has since reviewed its fixed asset disposal process and has made appropriate changes and introduced additional internal controls to ensure such events are unlikely to recur.

In order to correct this error, the Council has restated the prior year information for 2017-2018 for the £2.074 million through the usable and unusable reserves line in the balance sheet. The following are the relevant extracted lines from the Balance Sheet and Movement in Reserves Statement.

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires that an authority present a balance sheet at the beginning of the preceding period when an authority makes a retrospective restatement. As the error was also made in 2016-2017, a restated opening balance sheet for the relevant extracted lines is also presented below. The following table demonstrates the effect on the line items in the Balance sheet for the opening balance as at 1 April 2017 and for the financial year 2017-2018. The restated prior period Balance sheet is provided with the current year information on page 27 of the financial statements.

### Effect on line items in the Balance Sheet as at 31 March 2018

	Opening Balance Sheet 1 April 2017 £000	Restated Opening Balance Sheet 1 April 2017 £000	Originally Stated 2017-2018 £000	Restated 2017-2018 £000	Amount of Restatement £000
Usable Reserves	60,043	60,776	51,921	53,995	2,074
Unusable Reserves	8,999	8,266	105,049	102,975	(2,074)
<b>Total Reserves</b>	<b>69,042</b>	<b>69,042</b>	<b>156,970</b>	<b>156,970</b>	<b>0</b>

The following Restatement was also required for the Movement in Reserves Statement. The restated prior period Movement in Reserves Statement is provided with the current year information on page 28 of the financial statements.

### Movement in Reserves Statement – General Fund and Unusable Reserves

	Originally Stated £000	Restated £000	Amount of Restatement £000	Originally Stated £000	Restated £000	Amount of Restatement £000
Balance at 31 March 2017	50,494	51,227	733	8,996	8,263	(733)
Transfers (to) and from Other Statutory Reserves	(1,159)	182	1,341	0	(1,341)	(1,341)
<b>Increase or (Decrease) in the Year</b>	<b>(9,282)</b>	<b>(7,941)</b>	<b>1,341</b>	<b>96,053</b>	<b>94,712</b>	<b>(1,341)</b>
Balance at 31 March 2018 Carried Forward	41,212	43,286	2,074	105,049	102,975	(2,074)

# Council Tax Income Account

The Council Tax Income Account shows the gross income raised from Council Taxes levied and deductions made under statute. Councils raise taxes from residents by way of Council Tax, which is based on property values. Each dwelling house in a local authority area is placed into one of eight bands A to H with band A being the lowest. The Council declares a tax for Band D properties and all other properties are charged a proportion of this. Lower valued properties pay less; higher valued properties pay more. The net income is transferred to the Comprehensive Income & Expenditure Statement of the Council. Council Tax Reduction (CTR) was introduced from 1 April 2013 to replace Council Tax benefit (CTB) as part of the Scottish Government's welfare reform programme. The reduction in income is disclosed in a separate line in the table below.

	2018-2019	2017-2018
	£000	£000
Gross Council Tax levied and contributions in lieu	43,094	41,688
Adjustment: Council Tax Reduction Scheme	(6,383)	(6,238)
Less:		
Other discounts and reductions	(5,764)	(5,492)
Write offs	(9)	(2)
Impairment Allowance for doubtful debts	(990)	(536)
<b>Net Council Tax income</b>	<b>29,948</b>	<b>29,420</b>
Add/(Less) Prior years' Council Tax adjustments	(1,048)	306
<b>Net Council Tax income transferred to General Fund</b>	<b>28,900</b>	<b>29,726</b>

## Calculation of the Council Tax Base

	No. Of Dwellings	No. Of Exemptions	*Disabled Transfer to Lower Band	*Disabled Transfer from Higher Band	Discounts 25%	Discounts 10% -50%	Total Effective No. Of Dwellings	Council Tax Reduction Scheme	Proportion of Band D	Band D Equivalents
<b>Band A*</b>				36	11	0	33	8	200/60	14
<b>Band A</b>	19,022	1,223	36	23	8,871	466	15,335	5,031	240/60	6,869
<b>Band B</b>	5,935	245	23	16	2,694	98	4,691	1,280	280/360	2,863
<b>Band C</b>	3,535	96	16	13	1,260	53	3,095	526	320/360	2,284
<b>Band D</b>	3,369	81	13	24	1,101	42	3,003	206	360/360	2,797
<b>Band E</b>	3,559	81	24	21	893	45	3,229	91	473/360	4,123
<b>Band F</b>	1,916	37	21	7	336	25	1,769	37	585/360	2,815
<b>Band G</b>	1,434	17	7	0	208	18	1,349	11	705/360	2,620
<b>Band H</b>	215	4	0	0	27	3	203	0	882/360	497

\* Disabled Relief: Disabled relief takes the form of a drop in valuation band e.g. Band D to Band C and is applied where a house has been modified to meet the needs of a disabled person who lives there.

Contributions in Lieu - Band D equivalents

**Total**

Impairment Allowance for doubtful debt at 1.78%

**Council Tax Base**

2

**24,884**

(411)

**24,473**



# Council Tax Income Account

## Calculation of the Council Tax

Dwellings fall within a valuation band between A to H based on the value as determined by the Assessor. The Council Tax charge is calculated using the Council Tax base i.e. band D equivalents. This amount is then decreased or increased dependent on the band as is illustrated below. The band D charge for 2018-2019 was £1,233.94.

£ Per Year

Band A	822.63
Band B	959.73
Band C	1,096.84
Band D	1,233.94
Band E	1,621.26
Band F	2,005.15
Band G	2,416.47
Band H	3,023.15

The Council Tax bill is reduced by 25% where a dwelling has only one occupant, by 100% where the property is empty, whilst an increased charge of 50% was imposed on long term empty properties. Total exemptions are available if all the occupants are students, all occupants are under 18 years of age or if all of the occupants are severely mentally impaired.

Charges for water and sewerage are the responsibility of Scottish Water. Inverclyde Council collects total monies and makes a precept payment to the Water Authority on the basis of collection levels based on a pre-determined formula. The above figures exclude the water and sewerage charges.

# Non-Domestic Rates Income Account

The Non-Domestic Rates Income Account is an agent's statement that reflects the statutory obligation for billing Authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under statute. The net Non-Domestic Rate income plus the contribution to the Council from the national Non-Domestic Rate pool is transferred to the Comprehensive Income & Expenditure Statement of the Council. The Business Rates Incentivisation Scheme (BRIS) was introduced from April 2012 and allows Councils that exceed their annual business rates target to retain 50% of any additional income. In accordance with guidance, the table below discloses this element of the Non-Domestic Rate income as "income retained by the Council". The local target set for the Council in 2018-2019 was 1.7%. Indicators suggest the Council is not due any additional income for the year.

The amount deemed to be collected locally was £18.363m (£21.283m 2017-2018). The sum actually collected locally and contributed to the pool was £20.040m (£19.971m 2017-2018).

	2018-2019	2017-2018
	£ 000	£ 000
Gross rates levied	28,636	27,676
Relief and other remissions	(7,933)	(7,253)
Payment of interest	0	0
Provision for bad and doubtful debts	(771)	(845)
<b>Net non-domestic rate income</b>	<b>19,932</b>	<b>19,578</b>
Adjustments for years prior to introduction of national non-domestic rate pool	0	0
Non-domestic rates income retained by authority	0	(59)
Contribution from/(to) national non-domestic rate pool	108	452
<b>Net non-domestic rate income transferred to General Fund</b>	<b>20,040</b>	<b>19,971</b>

	2018	2017
	£000	£000
<b>Rateable values at 1 April</b>		
Commercial	29,193	28,036
Industrial / freight transport	6,868	7,669
Others	21,763	21,636
	<b>57,824</b>	<b>57,341</b>

## The nature and amount of each rate fixed

The rates for each subject is determined by the rateable value placed upon it by the Assessor multiplied by the rate per £ announced each year by the Scottish Government. For 2018-2019 the charge was 48p in the £ for properties with a rateable value under £51,000. For properties with a rateable value over £51,000 the charge was 50.6p in the £.

# Common Good Fund

The Common Good, administered by the Council, must be applied for the benefit of the people of Inverclyde. The figures below summarise the income and expenditure for the year as well as providing a snapshot of the assets and liabilities as at 31 March 2019. Each year, applications for funding support are considered by the Council's Policy & Resources Committee.

## Summary Income and Expenditure Account for the Year Ended 31 March 2019

2017-2018		Usable Reserves:		Unusable Reserves:		2018-2019
		Revenue	Revaluation	Reserve	Total	
£000		£000	£000	£000	£000	£000
177	Gross Expenditure	171	0	0	171	
(127)	Gross Income	(128)	0	0	(128)	
<b>50</b>	<b>Cost of Service</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>43</b>	
0	Interest Payable and Similar Charges	0	0	0	0	
0	Interest and Investment Income	0	0	0	0	
<b>0</b>	<b>Financing and Investment Income and Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>50</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>43</b>	
	<b>Other Income and Expenditure</b>					
0	Unrealised gains on revaluation of land and buildings	0	(6)	(6)	(6)	
<b>50</b>		<b>43</b>	<b>(6)</b>	<b>(6)</b>	<b>37</b>	
	<b>Transfers between Reserves</b>					
0	Transfer from Revaluation Reserve	(62)	62	62	0	
<b>50</b>	<b>(Increase) or Decrease in the Year</b>	<b>(19)</b>	<b>56</b>	<b>37</b>	<b>37</b>	
(1,463)	Balance on Reserves brought forward	(7)	(1,406)	(1,413)	(1,413)	
<b>(1,413)</b>	<b>Balance on Reserves carried forward</b>	<b>(26)</b>	<b>(1,350)</b>	<b>(1,376)</b>	<b>(1,376)</b>	

## Balance Sheet at 31 March 2019

31 March 2018		Notes	31 March 2019
£000			£000
	<b>Non-current Assets</b>		
1,406	Property, Plant & Equipment	1	1,350
	<b>Current Assets</b>		
2	Short-term investments		2
2	Short-term debtors		11
3	Deposits up to 3 months with Inverclyde Council		13
	<b>Current Liabilities</b>		
0	Overdraft up to 3 months with Inverclyde Council		0
<b>1,413</b>	<b>Net Assets</b>		<b>1,376</b>
7	Usable Reserves: Revenue Reserve		26
1,406	Unusable Reserves: Revaluation Reserve		1,350
<b>1,413</b>	<b>Total Reserves</b>		<b>1,376</b>

## Notes to the Common Good

### 1. Property, Plant & Equipment

	2018-2019 Other Land & Buildings £000	2017-2018 Other Land & Buildings £000
<b>Cost or Valuation</b>		
At 1 April	1,569	1,569
Revaluation Adjustments to Revaluation Reserve	0	0
Other reclassifications*	6	0
<b>At 31 March</b>	<b>1,575</b>	<b>1,569</b>
<b>Depreciation and Impairment</b>		
At 1 April	163	101
Depreciation charge for the year	62	62
Depreciation on revaluation to the revaluation reserve	0	0
Other reclassifications*	0	0
<b>At 31 March</b>	<b>225</b>	<b>163</b>
<b>Balance Sheet amount at 31 March</b>	<b>1,350</b>	<b>1,406</b>

\*other reclassifications relate to the write back of depreciation from prior years revaluations.

The values above relate to various buildings and land, mostly commercial properties in Port Glasgow. The majority of land and buildings of the Common Good require, under accounting regulations, to be disclosed on the Balance Sheet of the Council and accordingly are not included in the Common Good's Balance Sheet. The Council is the managing agent and is responsible for all costs and any income of these managed assets. A full revaluation of all Common Good land and buildings took place at 31 March 2017.

### 2. Operating Leases

The Common Good has granted commercial leases for properties to various tenants on a variety of lease terms. These arrangements are accounted for as operating leases. The rental income receivable in 2018-2019 was £0.119 million (2017-2018 £0.121 million) and is included in the Summary Income & Expenditure Account. The rents receivable under non-cancellable leases in future years are shown in the table below. (These figures do not include rents that are contingent upon events taking place after the lease was entered into, such as adjustments following rent reviews).

	Future Rental Income Receivable	
	31 March 2019	31 March 2018
	£000	£000
Not later than one year	88	111
Later than one year and not later than five years	238	243
Later than five years	472	519
	<b>798</b>	<b>873</b>

# Trust Funds

The Council has 5 trust funds, 2 of which are registered Scottish charities. The funds do not represent assets of the Council and as such have not been included in the Council's Balance Sheet. The reserves of the trusts for 2018-2019 are as follows:

	2018 - 2019				2017-2018
	Income £000	Expenditure £000	Revaluations £000	Reserves £000	Reserves £000
<b>1. The Birkmyre Trust</b>	19	41	328	1,512	1,206
To ensure the availability of recreational facilities within the Birkmyre Park, Kilmacolm.					
<b>2. The Watt Institution Trust</b>	0	38	0	40	78
For the maintenance, preservation, repair, improvement and furnishing of the Watt Library and McLean Museum and Art Gallery.					
<b>3. McLeod Trust Port Glasgow High School</b>	3	5	0	66	68
To provide scholarships for pupils of Port Glasgow High School from disadvantaged backgrounds or with no history of further education.					
<b>4. Peter Stanton Memorial Trust (SC021862)</b>	0	5	0	3	8
For the promotion of recreational or other leisure activities for disabled persons in Inverclyde.					
<b>Total Trust Funds</b>	<b>22</b>	<b>89</b>	<b>328</b>	<b>1,621</b>	<b>1,360</b>

# Group Comprehensive Income & Expenditure Statement

The Group Comprehensive Income & Expenditure statement shows the accounting cost in the year of providing the Council's services and its share of the results of its subsidiaries, associates and joint ventures in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting costs. The taxation position is shown in the *Group Movement in Reserves Statement*.

2017-2018 (Restated)				2018-2019		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
94,091	(7,058)	87,033	Education	98,481	(10,068)	88,413
9,514	(166)	9,348	Communities	9,238	(347)	8,891
46,344	(14,061)	32,283	Environment & Regeneration	42,963	(13,210)	29,753
123,032	(70,862)	52,170	Health & Social Care	126,666	(72,710)	53,956
45,731	(32,681)	13,050	Policy & Resources	51,942	(28,492)	23,450
310	(151)	159	Common Good	259	(150)	109
<b>319,022</b>	<b>(124,979)</b>	<b>194,043</b>	<b>Cost of Services</b>	<b>329,549</b>	<b>(124,977)</b>	<b>204,572</b>
		1,163	Other Operating Expenditure and (Income) - (Gain)/Loss on disposal of non-current assets			192
		18,171	Financing and Investment (Income) and Expenditure (Note 4)			17,591
		(200,319)	Taxation and Non-specific Grant Income (Note 5)			(201,432)
		<b>13,058</b>	<b>(Surplus) or Deficit on the Provision of Services</b>			<b>20,923</b>
		(4,164)	Share of the (surplus) or deficit on the provision of services by associates and joint ventures (Note 32)			(1,159)
		<b>8,894</b>	<b>Group (Surplus) or Deficit</b>			<b>19,764</b>
		(534)	(Surplus) or deficit on the revaluation of non current assets			(3,476)
		2,579	Impairment losses on non-current assets charged to the Revaluation Reserve			1,920
		(102,873)	Remeasurement of the net defined benefit pensions liability (Note 16)			32,484
		(3,069)	Share of other Comprehensive (Income) and Expenditure of associates and joint ventures (Note 32)			1,249
		<b>(103,897)</b>	<b>Other Comprehensive (Income) &amp; Expenditure</b>			<b>32,177</b>
		<b>(95,003)</b>	<b>Total Comprehensive (Income) &amp; Expenditure</b>			<b>51,941</b>

# Group Balance Sheet

The Balance Sheet is a snapshot of the value at the 31 March 2019 of the assets and liabilities recognised by the Council and of its share of the net assets or liabilities of its associates and joint ventures. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The net investment or liability in its associates and joint ventures is matched by its share of the reserves of the subsidiaries, associates and joint ventures (i.e. its group reserves).

31 March 2018

31 March 2019

£000		Note	£000
485,769	Property, Plant & Equipment		494,353
18,059	Heritage Assets		18,059
121	Intangible Assets		115
19,393	Investments in Associates	33	20,164
2,552	Long-term Debtors		2,492
<b>525,894</b>	<b>Non-current Assets</b>		<b>535,183</b>
19,112	Short-term Investments		5,105
501	Assets Held for Sale		250
184	Inventories		313
11,589	Short-term Debtors		9,583
14,536	Cash and Cash Equivalents		12,809
<b>45,922</b>	<b>Current Assets</b>		<b>28,060</b>
(12,556)	Short-term Borrowing		(17,189)
(35,636)	Short-term Creditors		(37,631)
(956)	Short-term Provisions		(511)
(1,580)	Short-term Finance Leases		(1,711)
<b>(50,728)</b>	<b>Current Liabilities</b>		<b>(57,042)</b>
0	Long-term Provisions		0
(197,301)	Long-term Borrowing		(182,562)
(343)	Liabilities in Associates	33	(1,205)
	Other Long-term Liabilities:		
(62,379)	Finance Leases		(60,772)
(82,272)	Pensions		(134,812)
<b>(342,295)</b>	<b>Long-term Liabilities</b>		<b>(379,351)</b>
<b>178,793</b>	<b>Net Assets/(Liabilities)</b>		<b>126,850</b>
53,995	Usable Reserves of the Council		44,833
102,975	Unusable Reserves of the Council		60,059
	Usable Reserves, Share of Reserves of Subsidiaries, Associates and		
9,253	Joint Ventures		9,254
	Unusable Reserves, Share of Reserves of Subsidiaries, Associates and		
12,570	Joint Ventures		12,704
<b>178,793</b>	<b>Total Reserves</b>		<b>126,850</b>

Alan Puckrin C.P.F.A  
Chief Financial Officer

Issued on: 26 September 2019

# Group Movement in Reserves Statement

This statement shows the movement in the year on the reserves held by the Council plus its share of the reserves of its associates and joint ventures. The Council's reserves are analysed into those which are "Usable Reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Council's share of the reserves of its Subsidiaries, Associates and Joint Ventures is an unusable reserve (i.e. it cannot be used to fund expenditure or reduce taxation).

## Year ended 31 March 2019

	Council Usable Reserves				Council Unusable Reserves	Share of Subsidiaries, Associates & Joint Ventures Usable Reserves	Share of Subsidiaries, Associates & Joint Ventures Unusable Reserves	Total Group Reserves
	General Fund Balance	Other Revenue Reserves	Capital Reserves	Total Usable Reserves				
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2018</b>	<b>43,286</b>	<b>7,540</b>	<b>3,169</b>	<b>53,995</b>	<b>102,975</b>	<b>9,253</b>	<b>12,570</b>	<b>178,793</b>
<b>Movement in Reserves during 2018-2019</b>								
Surplus or (Deficit) on Provision of Services	(20,814)			(20,814)		1,050		(19,764)
Other Comprehensive (Expenditure) and Income					(31,264)	82	(995)	(32,177)
<b>Total Comprehensive (Expenditure) and Income</b>	<b>(20,814)</b>	<b>0</b>	<b>0</b>	<b>(20,814)</b>	<b>(31,264)</b>	<b>1,132</b>	<b>(995)</b>	<b>(51,941)</b>
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 1)	11,366			11,366	(11,366)	(1,129)	1,129	0
<b>Net Increase or (Decrease) before Transfers to/from Other Statutory Reserves</b>	<b>(9,448)</b>	<b>0</b>	<b>0</b>	<b>(9,448)</b>	<b>(42,630)</b>	<b>3</b>	<b>134</b>	<b>(51,941)</b>
Transfers (to) and from Other Statutory Reserves	918	302	(934)	286	(286)	(2)		(2)
<b>Increase or (Decrease) in the Year</b>	<b>(8,530)</b>	<b>302</b>	<b>(934)</b>	<b>(9,162)</b>	<b>(42,916)</b>	<b>1</b>	<b>134</b>	<b>(51,943)</b>
<b>Balance at 31 March 2019 Carried Forward</b>	<b>34,756</b>	<b>7,842</b>	<b>2,235</b>	<b>44,833</b>	<b>60,059</b>	<b>9,254</b>	<b>12,704</b>	<b>126,850</b>

## Comparative Figures for Year ended 31 March 2018

	Council Usable Reserves				Council Unusable Reserves	Share of Subsidiaries, Associates & Joint Ventures Usable Reserves	Share of Subsidiaries, Associates & Joint Ventures Unusable Reserves	Total Group Reserves
	General Fund Balance	Other Revenue Reserves	Capital Reserves	Total Usable Reserves				
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2017</b>	<b>51,227</b>	<b>7,290</b>	<b>2,260</b>	<b>60,777</b>	<b>8,263</b>	<b>5,946</b>	<b>8,802</b>	<b>83,788</b>
<b>Movement in Reserves during 2017-2018</b>								
Surplus or (Deficit) on Provision of Services	(12,898)			(12,898)		4,003		(8,895)
Other Comprehensive (Expenditure) and Income				0	100,828		3,070	103,898
<b>Total Comprehensive (Expenditure) and Income</b>	<b>(12,898)</b>	<b>0</b>	<b>0</b>	<b>(12,898)</b>	<b>100,828</b>	<b>4,003</b>	<b>3,070</b>	<b>95,003</b>
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 1)	4,775			4,775	(4,775)	(698)	698	0
<b>Net Increase or (Decrease) before Transfers to/from Other Statutory Reserves</b>	<b>(8,123)</b>	<b>0</b>	<b>0</b>	<b>(8,123)</b>	<b>96,053</b>	<b>3,305</b>	<b>3,768</b>	<b>95,003</b>
Transfers (to) and from Other Statutory Reserves	182	250	909	1,341	(1,341)	2		2
<b>Increase or (Decrease) in the Year</b>	<b>(7,941)</b>	<b>250</b>	<b>909</b>	<b>(6,782)</b>	<b>94,712</b>	<b>3,307</b>	<b>3,768</b>	<b>95,005</b>
<b>Balance at 31 March 2018 Carried Forward</b>	<b>43,286</b>	<b>7,540</b>	<b>3,169</b>	<b>53,995</b>	<b>102,975</b>	<b>9,253</b>	<b>12,570</b>	<b>178,793</b>



## Note 31 Combining Entities

Inverclyde Council is represented on the Board of a number of organisations. The extent of the Council's controlling interest has been reviewed in determining those entities that should be consolidated and incorporated within the Group Accounts. Those organisations which have a significant impact on the Council's operations are listed below. The accounting period for all of these bodies is the year to 31 March 2019. In addition to the information included in the Group Accounts on the preceding pages, the accounting regulations require specific disclosures about the combining entities and the nature of their business. The Group Accounts on pages 71 to 73 combine the results of the Council with its share of its associates.

### Associates

#### Strathclyde Partnership for Transport

This is the statutory body responsible for formulating the public transport policy for the 12 local authorities in the former Strathclyde Region area. In 2018-2019, Inverclyde Council contributed £1.420 million or 3.95% (2017-2018 £1.449 million) of the Partnership's estimated running costs and its share of the year-end net asset of £13.098 million (2017-2018 £12.997 million) is included in the Group Balance Sheet. The audited accounts of the Board can be obtained from the Treasurer to Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

#### Strathclyde Concessionary Travel Scheme Joint Board

This Travel Scheme comprises the 12 Councils within the former Strathclyde Region area and oversees the operation of the concessionary fares scheme for public transport within the area. The costs of the Scheme are met by a combination of funding from the 12 Councils and direct grant funding from the Scottish Government. Strathclyde Partnership for Transport administers the Scheme on behalf of the Board. In 2018-2019, Inverclyde Council contributed £0.164 million or 4.02% (2017-2018 £0.168 million) of the Board's estimated running costs and its share of the year-end net asset of £0.051 million (2017-2018 £0.063 million) is included in the Group Balance Sheet. The audited accounts of the Board can be obtained from the Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

#### Renfrewshire Valuation Joint Board

This Board was formed in 1996 at local government re-organisation by an Act of Parliament and is responsible for the maintenance of the electoral, Council Tax and Non-Domestic Rates registers for the three Councils of East Renfrewshire, Renfrewshire and Inverclyde. Its principal place of business is The Robertson Centre, 16 Glasgow Road, Paisley PA1 3QF. The Board's running costs are met by the three member Councils. Surpluses or deficits on the Board's operations are shared between the Councils. In 2018-2019, Inverclyde Council contributed £0.513 million or 23.30% (2017-2018 £0.503 million) of the Board's estimated running costs and its share of the year-end net liability of £0.679 million (2017-2018 £0.342 million net liability) is included in the Group Balance Sheet. The audited accounts of the Board can be obtained from the Treasurer to the Renfrewshire Valuation Joint Board, Renfrewshire House, Paisley PA1 1JB.

#### Inverclyde Leisure

This is a charitable company registered in Scotland that provides leisure facilities within Inverclyde Council's area to the general public and operates sports & leisure centres, community centres, swimming pools, parks and pitches owned by the Council. Inverclyde Leisure is paid a management fee by the Council for the provision of these services. The charity's net liability at 31 March 2019 was £1.183 million (2017-2018 £0.283 million net asset) and its net deficit for the year was £0.728 million (2017-2018 £0.334 million). The Council has no commitment to meet any losses of the company. The accounts of the company are published separately and can be obtained from the Chief Executive, Waterfront Leisure Complex, Customhouse Way, Greenock, PA15 1EW which is also the company's principal place of business.

The Council has no shares in or ownership of this company which is entirely independent of the Council under law and for taxation. In financial year 2018-2019 the Council had the right to appoint four of the nine representatives on the company's board, and for the purposes of accounting this equated to an interest of 44.44%. Under accounting standards the Council is required to include the results of Inverclyde Leisure as an associate because it has a "significant influence" over the financial and operating policies of the charity. In 2018-2019, Inverclyde Council contributed £1.334 million (as per note 22 Related Parties) or 23.70% of the charity's turnover and its share of the year-end net liability of £0.526 million (2017-2018 £0.126 million net assets) is included in the Group Balance Sheet.

The Council has guaranteed to accept liability for any unfunded pension costs relating to the company's membership of the Local Government Pension Scheme (LGPS) in the event of the company ceasing to exist or withdrawing from the pension scheme.

## Riverside Inverclyde

This is an Urban Regeneration Company limited by guarantee with charitable status and two member organisations, Inverclyde Council and Scottish Enterprise. The charitable company has been established to improve and regenerate the Inverclyde area. The company's operations are funded by grants from the Scottish Government, Inverclyde Council and Scottish Enterprise. The Charity's net assets at 31 March 2019 were £10.122 million (2017-2018 £9.929 million) and its net gain for the year was £0.594 million (2017-2018 £0.117 million net loss). The Council has no commitment to meet any losses of the company. The audited accounts of the company are published separately and may be obtained from the Chief Executive, Suite G1, Clydeview, 22 Pottery Street, Greenock, PA15 2UZ which is also the company's principal place of business.

The company does not have shareholders and any surpluses are made available for reinvestment in other projects within the area. The company is entirely independent of the Council under law and for taxation. The Council has the right to appoint three of the nine representatives on the company's board, and for the purposes of accounting this equates to an interest of 33.33%. Under accounting standards the Council is required to include the results of Riverside Inverclyde as an associate because it has a 'significant influence' over the financial and operating policies of the charity. In 2018-2019, Inverclyde Council contributed £3.658 million (2017-2018 £0.881 million) or 62.5% of the charity's turnover, and its share of the year-end asset of £3.374 million (2017-2018 £3.309 million) is included in the Group Balance Sheet. The Council has guaranteed to accept liability for any unfunded pension costs relating to the company's membership of the Local Government Pension Scheme (LGPS) in the event of the company ceasing to exist or withdrawing from the pension scheme.

## Joint Ventures

### Inverclyde Integrated Joint Board (IJB)

This is a statutory body established to integrate health and social care services between Inverclyde Council and NHS Greater Glasgow and Clyde. The IJB comprises eight voting members with four (50%) made up of Inverclyde Council Elected Members. The contribution provided by Inverclyde Council to the IJB in 2018-2019 was £53.9m (2017-2018: £52.1 million), and its share of the year-end asset of £3.641 million (2017-2018: £2.898 million) is included in the Group Balance Sheet.

## Subsidiaries

### Common Good and Trust Funds

The Council is the sole trustee of the Common Good and Charitable Trust Funds and summary financial results for these organisations appear on pages 68 to 70.

## Non-Material Interest in Other Entities

The Council has an interest in a number of other organisations. The Council's share of their net assets or liabilities is not material to the fair understanding of the financial position and transactions of the Council. Accordingly, the Group Accounts do not include these organisations. Under Accounting Regulations, the Council is required to disclose the business nature of each organisation.

- Scotland Excel is a joint committee established through Section 57 of the Local Government (Scotland) Act 1973. The main purpose of the committee is co-ordination of collaborative buying initiatives, representation of interests in public sector contracts, and the development and operation of a centre of procurement expertise for Local Government in Scotland.
- Clyde Muirshiel Park Authority is a joint committee of three councils – Renfrewshire, Inverclyde and North Ayrshire. The Authority is responsible for the management and maintenance of the Clyde Muirshiel Park that extends from Greenock in the north down the Clyde coast to Inverkip, Largs and West Kilbride and inland to Lochwinnoch. Inverclyde Council contributed £0.155 million to the committee's estimated running costs in 2018-2019 (£0.171 million in 2017-2018).
- Greenock Arts Guild Ltd runs the main arts venue for the Inverclyde area, the Beacon Arts Centre in Greenock. During 2018-2019 the Council provided revenue and capital grants to the Beacon Arts Centre totalling £0.276 million (£0.285 million in 2017-2018).

# Notes to the Group's Principal Financial Statements

## Note 32 Material Items of Group Income and Expenditure

In order to provide the reader with a better understanding of the impact of the inclusion of the results of associates and joint ventures, the following tables provide an analysis of the Council's share of the material amounts of income and expenditure disclosed on the face of the CIES. This note should be read in conjunction with the disclosures for the Council in Note 1 *Expenditure and Funding Analysis*.

	2018-2019 £000	2017-2018 £000
<b>Share of the (surplus) or deficit on the provision of services by Associates and Joint Ventures</b>		
Strathclyde Partnership for Transport	(485)	(3,610)
Strathclyde Concessionary Travel Scheme Joint Board	12	5
Renfrewshire Valuation Joint Board	130	80
Inverclyde Leisure	(1)	(6)
Riverside Inverclyde	(73)	285
Inverclyde Integrated Joint Board	(743)	(918)
	(1,160)	(4,164)
<b>Share of Other Comprehensive (Income) and Expenditure of Associates and Joint Ventures</b>		
Strathclyde Partnership for Transport	384	(1,965)
Strathclyde Concessionary Travel Scheme Joint Board	0	0
Renfrewshire Valuation Joint Board	206	(797)
Inverclyde Leisure	652	101
Riverside Inverclyde	7	(408)
Inverclyde Integrated Joint Board	0	0
	1,249	(3,069)

## Note 33 Group Assets and Liabilities of Associates and Joint Ventures

	2018-2019 £000	2017-2018 £000
<b>Net Assets of Associates and Joint Ventures</b>		
Strathclyde Partnership for Transport	13,098	12,997
Strathclyde Concessionary Travel Scheme Joint Board	51	63
Riverside Inverclyde	3,374	3,309
Inverclyde Integrated Joint Board	3,641	2,898
Inverclyde Leisure		126
	20,164	19,393
<b>Net Liabilities of Associates and Joint Ventures</b>		
Renfrewshire Valuation Joint Board	(679)	(350)
Inverclyde Leisure	(526)	
	(1,205)	(350)

## Note 34 General Accounting Policies

The Council is required to prepare an annual "Statement of Accounts" by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires such accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018-2019 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act. These are issued jointly by CIPFA and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and are designed to give a "true and fair view" of the financial performance of the Council and its Group. The Annual Accounts have been prepared on a "going concern" basis. The accounting convention adopted in the Annual Accounts is principally historic cost, modified by the revaluation of certain categories of non-current and financial assets.

### A Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract. Interest receivable and dividend income is recognised when it is probable that the economic benefits associated with the transaction will flow to the Council.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- The Council Tax income for the year is the accrued income for the year less reliefs and remissions. The net income is transferred to the Comprehensive Income & Expenditure Statement (CIES). The Non-Domestic Rates income for the year is the accrued income for the year less reliefs and remissions. The net Non-Domestic Rate income plus the contribution to the local authority from the national Non-Domestic Rate pool is transferred to the CIES.

### B Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible non-current assets attributable to the service.

The authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to the Statutory Repayment of Loans Fund Advances. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the Statutory Repayment of Loans Fund Advances, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statements.

### C Employee Benefits

#### Benefits Payable During Employment

Short-term employee benefits such as salaries, wages, overtime and paid annual leave for current employees are recognised as an expense in the year in which employees render service to the Council. The Council has made provision for the costs of settling claims for equal pay arising before the Council implemented its equal pay strategy. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

## D Exceptional Items and Prior Period Adjustments

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the CIES or in the notes to the Accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes are made by adjusting the opening balances and comparative amounts for the prior period.

## E Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that it will bring benefits to the Council for more than twelve months. Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life (assessed as between one to six years) to the relevant service lines in the CIES.

## F Inventories

Inventories are made up of consumable stock. Consumable stock brought into account is included in the Balance Sheet at the lower of cost and net realisable value.

## G VAT

Income in the accounts excludes VAT because all VAT charged by the Council is paid to HM Revenue & Customs. Expenditure in the accounts only includes VAT that cannot be recovered from HM Revenue & Customs.

### Note 35 Group Accounting Policies

The Code of Practice on Local Authority Accounting in the United Kingdom 2018-2019 (The Code) requires Local Authorities to consider their interests in all types of entity. This includes other Local Authorities or similar bodies defined in Section 106 of the Local Government (Scotland) Act 1973. Authorities are required to prepare a full set of group accounts in addition to their own Council's accounts where they have a material interest in such entities. The Accounting Policies in the preceding sections of this note apply to the Council and its Group members; where Group Accounting Policies differ these are highlighted below.

## A Combining Entities and Group Boundary

The Group Accounts consolidate the results of the Council with five associates:

- Strathclyde Partnership for Transport (SPT)
- Strathclyde Concessionary Travel Scheme Joint Board
- Renfrewshire Valuation Joint Board
- Inverclyde Leisure
- Riverside Inverclyde

Under accounting standards, the Council is required to include the results of the above organisations as "associates" because it has a "significant influence" over their financial and operating policies. The Council has no shares in, or ownership of, any of these organisations which are entirely independent of the Council under law and for taxation.

Two of the three Joint Boards (SPT and Concessionary Travel) are included within the Group Accounts under the wider definition of an "associate" although the Council holds less than 20% of voting rights that is normally presumed to confer significant influence. This is in view of the funding arrangements between the constituent Councils and the Joint Boards. Inverclyde Leisure and Riverside Inverclyde are also included within the Group Accounts as "associates" as the Council does not have a "controlling interest" in these bodies in terms of the voting rights.

The Group's share of Inverclyde Leisure and Riverside Inverclyde is calculated using the Member representation on each company's Board. For all other associates, the Council's share has been calculated on the Council's contribution to revenue costs.

# Accounting Policies, Judgements and Assumptions

The Integrated Joint Board results have been included as a “Joint Venture” and accounted for using the gross equity method of accounting.

The Council’s interest in each subsidiary has been accounted for using the acquisition method of accounting.

All entities have the same reporting date as the Council. Further details for each entity are provided in Note 31 Combining Entities.

## B Basis of Preparation of Group Statements and Going Concern

The combination has been accounted for under the accounting conventions of the “acquisition basis” using the equity method – the Council’s share of the net assets or liabilities of each entity is incorporated and adjusted each year by the Council’s share of the entities’ results and its share of other gains and losses (recognised in the Group Comprehensive Income & Expenditure Statement (CIES)).

All associates consider it appropriate that their Statement of Accounts should follow the “going concern” basis of accounting. The Council’s Group Accounts have been prepared on a “going concern” basis as it is expected that future local government finance settlements, aligned with the Council’s robust budget process, which drives through efficiency savings, will provide sufficient resources to finance future liabilities.

## C Group Cash Flow Statement

There is no impact of the incorporation of the associates within the group cash flow statement; no cash flow statement is noted within the Group Accounts. The cash flow of the group is equal to the cash flow of the Council, as shown on page 29.

## D Employee Benefits: Post-employment Benefits

In common with Inverclyde Council, all combining entities participate in the Strathclyde Pension Fund. This is explained in Note 16 Defined Benefit Pension Schemes. The associates have accounting policies for pensions accounting that are consistent with those of the Council.

## E Property, Plant & Equipment

### Measurement

The basis of valuation across the combining entities is in accordance with IFRS’s. PPE assets are shown at current value with the following exception:

- The Valuation Joint Board and Concessionary Travel Scheme Joint Board have no non-current assets.
- The SPT holds exceptional types of non-current assets in its balance sheet. Within intangible assets, there are subsidised bus contracts that are recorded at amortised cost. There are also “third-party” assets that are rolling stock and other public assets used by other transport operators but which the SPT has the power to direct to the benefit of the travelling public within the SPT area. These are held at historic cost.
- Inverclyde Leisure uses the historic cost convention for its recent leasehold improvements, but this is considered a suitable proxy for market value in existing use, on a replacement cost basis.

## F Restrictions on Transfer of Funds

The Council’s share of the reserves of its associates is unusable i.e. it cannot be used to fund the Council’s services or to reduce taxation. All associates are entirely independent of the Council under law and for taxation. The Council is unable to access their reserves, whether classified as usable or otherwise in the associate’s own accounts.



## Note 36 Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2018-2019 Code:

- Annual improvements to IFRS Standards 2014-2016 Cycle;
- IFRIC 22 Foreign Currency transactions and Advance Consideration;
- IFRIC 23 Uncertainty over Income Tax treatments;
- Amendments to IFRS 9 Financial Instruments: Prepayment features with negative compensation

The Code requires implementation from 1 April 2019 and there is therefore no impact on the 2018-2019 financial statements.

## Note 37 Critical Judgements in Applying Accounting Policies

In applying the accounting policies the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- The Council has entered into commercial lease agreements both as landlord and tenant for land and buildings on a variety of lease terms. These arrangements are accounted for as operating leases. The Council has considered the tests under IAS17 and concluded that there is no transfer of the risks and rewards of ownership.
- The Council has entered into a Public Private Partnership (PPP) for the provision of educational buildings, their maintenance and related facilities. The Council has considered the tests under IFRIC12 and concluded this is a service concession.
- Two Joint Boards (SPT and Concessionary Travel) are included within the Group Accounts under the wider definition of an "associate" although the Council holds less than 20% of voting rights that is normally presumed to confer significant influence. This is in view of the funding arrangements between the constituent local authorities and the Joint Boards.
- The Council has considered its exposure to possible losses and made adequate provision where it is probable that an outflow of resources will be required and the amount of the obligation can be measured reliably. Where it has not been possible to measure the obligation, or it is not probable in the Council's opinion that a transfer of economic benefits will be required, material contingent liabilities have been disclosed in Note 24. This includes the potential cost of claims by other groups of employees for equal pay compensation and the potential costs of unassessed remedial work on contaminated land.
- In the opinion of the Council Valuer, the current value of property, plant & equipment is not materially different from fair value at 31 March 2019.
- The accounts have been prepared on a going concern basis as it is expected that future local government finance settlements, aligned with the Council's robust budget process, which drives through efficiency savings, will provide sufficient resources to finance future liabilities.

# Accounting Policies, Judgements and Assumptions

## Note 38 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or other factors that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2019 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results differ from Assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which pay is projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Strathclyde Pension Fund has engaged a firm of consulting actuaries to provide expert advice about the assumptions to be applied.	The sensitivities regarding the principal assumptions used by the consulting actuaries to measure the scheme liabilities are set out below: <ul style="list-style-type: none"> <li>• A 0.5% decrease in the real discount rate would result in a 9% increase (£65.4 million) in the employer's obligation.</li> <li>• A one year increase in member life expectancy would result in a 3 to 5% increase in the employer's obligation.</li> <li>• A 0.5% increase in the salary increase rate would result in a 1% increase (£10.8 million) in the employer's obligation.</li> <li>• A 0.5% increase in the pension increase rate would result in a 7% increase (£53.3 million) in the employer's obligation.</li> </ul>
Trade Debtors – Collection levels of arrears	At 31 March 2019, the Council had a trade debtor balance of £8.18 million. A review of significant balances suggested that an allowance for doubtful debts of 57.3% (£4.69 million) was appropriate. However, in the current economic climate it is not certain that such an allowance will be sufficient.	If collection rates were to deteriorate, a 100% provision for doubtful debts would require an additional £3.49 million to be set aside as an allowance.
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain whether the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £1.1 million for every year that useful lives are reduced.



## Independent Auditor's Report to the Members of Inverclyde Council and the Accounts Commission

### Report on the audit of the financial statements

#### Opinion on the Financial Statements

I certify that I have audited the financial statements in the annual accounts of Inverclyde Council and its group for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Balance Sheets, Movement in Reserves Statements, and Cash-Flow Statements, the council-only Council Tax Income Account, and the Non-Domestic Rate Income Account, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the council and its group as at 31 March 2019 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### Basis for Opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 18 July 2016. The period of total uninterrupted appointment is 3 years. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Risk of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

#### Responsibilities of the Chief Financial Officer and Inverclyde Council for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The council is responsible for overseeing the financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Other information in the annual accounts

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Report on other requirements

### Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

## Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

## Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

## Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Brian Howarth, Audit Director  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

# Glossary of Terms

## 1. Accounting Period

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

## 2. Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

## 3. Actuarial Gains and Losses (Pensions)

For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

## 4. Asset

An item having value to the Council in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A non-current asset provides benefit to the Council and to the Services it provides for a period of more than one year.

## 5. Associates

These are entities (other than a subsidiary or a joint venture) in which the Council has a participating interest or over whose operating and financial policies the Council is able to exercise significant influence.

## 6. Audit of Accounts

An independent examination of the Council's financial affairs.

## 7. Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

## 8. Capital Adjustment Account

This account absorbs the timing differences arising from the different arrangements for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

## 9. Capital Expenditure

Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing non-current asset.

## 10. Capital Financing

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, capital receipts and grants, and revenue funding.

## 11. Capital Grants Unapplied Account

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure.

## 12. Capital Programme

The capital schemes the Council intends to carry out over a specified period of time.

## 13. Capital Receipt

The proceeds from the disposal of land or other non-current assets.

## 14. CIES

The Comprehensive Income & Expenditure Statement (CIES) shows the accounting cost of providing services and managing the Council during the year. It includes, on an accruals basis, all of the Council's day-to-day expenses and related income. It also includes transactions measuring the value of non-current assets actually consumed during the year and the real projected value of retirement benefits earned by employees during the year. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that Councils need to take into account when setting the annual Council Tax. The required adjustments between accounting basis and funding basis under regulations are shown in the Movement in Reserves Statement.

## 15. CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is one of the major accountancy bodies in the United Kingdom. It develops and sets accounting standards for the public sector.

## 16. The Code

The Code of Practice on Local Authority Accounting in the United Kingdom (The Code) is the basis on which local authority accounts are prepared. The Code is based on European Union adopted International Financial Accounting Standards (that are primarily drafted for the commercial sector) and where required it interprets and adapts these standards to address all the accounting issues relevant to local government in the UK.

## 17. Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are municipal parks.

## 18. Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next, are the same.

## 19. Contingent Liability

A contingent liability is either

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain event, not wholly within the Council's control; or

# Glossary of Terms

- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

## 20. Corporate and Democratic Core

The Corporate and Democratic Core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same service.

## 21. Creditor

Amounts owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

## 22. Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities, expected to arise from employee service in the current period.

## 23. Debtor

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

## 24. Defined Benefit Pension Scheme

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

## 25. Depreciation

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

## 26. Discretionary Benefits (Pensions)

Retirement awards, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers.

## 27. Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the difference that would otherwise arise on the General Fund from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March.

## 28. Entity

A corporate body, partnership, trust, unincorporated association, or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

## 29. Equity

The Council's value of total assets less liabilities.

## 30. Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Annual Accounts are authorised for issue.

## 31. Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

## 32. Extinguishment

Extinguishment relates to financial liabilities and occurs when the Council's legal obligations end, either through the cancellation or expiry of the obligations or through payment being made to settle the amount owed by the Council.

## 33. Fair Value

The fair value of an asset is the price at which it could be exchanged for in an arm's length transaction, less where applicable, any grants receivable towards the purchase or use of the asset.

## 34. Finance Lease

A lease that transfers substantially all the risks and rewards of ownership of a non-current asset to the lessee.

## 35. Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the income and expenses relating to certain financial instruments, and for bearing losses or benefitting from gains, per statutory provisions.

## 36. General Revenue Grant

A grant paid by the Scottish Government to Councils, contributing towards the general cost of their services.

## 37. Going Concern

The concept that the Annual Accounts are prepared on the assumption that the Council (and its Associate bodies) will continue in operational existence for the foreseeable future.

## 38. Government Grants

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

## 39. Gross Expenditure

This includes all expenditure attributable to the service and activity including employee costs, premises and transport costs, supplies and services, third party payments, support services and depreciation.

## 40. Gross Income

This includes grant income and all charges to individuals and organisations for the direct use of the Council's services.

## 41. Heritage Asset

A tangible or intangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

## 42. IFRS

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by the International Accounting Standards Board (IASB) that is becoming the global standard for the preparation of public company financial statements and has been extended into the public sector in the UK.

## 43. Impairment

A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

## 44. Infrastructure Assets

Non-current assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

## 45. Insurance Fund

The Insurance Fund covers the main classes of insurance and is earmarked for insurance purposes.

## 46. Intangible Assets

An intangible (non-physical) asset may be defined as such when access to the future economic benefits it represents are controlled by the Council. This Council's intangible assets are comprised solely of computer software licenses.

## 47. Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period of the scheme's liabilities because the benefits are one period closer to settlement.

## 48. Inventories

Items the Council has procured and holds in expectation of future use. Examples are consumable stores and raw materials.

## 49. Liability

A liability is where the Council owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year, at some point in the future, or is to be paid off by an annual sum over a period of time.

## 50. MiRS

The Movement in Reserves Statement (MiRS) shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (those reserves that can be applied to fund expenditure or to reduce taxation) and unusable reserves.

## 51. National Non-Domestic Rates Pool

All Non-Domestic Rates collected by local authorities are remitted to the national pool and thereafter distributed to Councils by the Scottish Government.

## 52. Net Carrying Value

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

## 53. Non-current Assets

These are created by capital expenditure incurred by the Council. They include property, vehicles, plant, machinery, roads, computer equipment etc.

## 54. Non-Distributable Costs

These are overhead costs where there is no direct linkage to services. Examples are the audit fee and historic pension costs.

## 55. Operating Leases

A lease where the ownership of the non-current asset remains with the lessor.

## 56. Past Service Cost (Pensions)

For a defined benefit scheme, the increase in the present value of the scheme's liabilities relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

## 57. Pension Reserve

The Pension Reserve recognises the Council's share of the actuarial gains and losses in the Strathclyde Pension Fund and the change in the Council's share of the net liability chargeable to the CIES.

## 58. Pension Scheme Liabilities

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. The scheme's liabilities, measured using the "project unit method", reflects the benefits that the employer is committed to provide for service up to the valuation date.

## 59. Post-Employment Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment e.g. pensions in retirement.



## 60. Prior Year Adjustment

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

## 61. Provision

An amount put aside for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

## 62. Public Works Loan Board (PWLB)

A Central Government Agency which provides loans for one year and above to Councils at interest rates only based on those at which the Government can borrow itself.

## 63. Rateable Value

The annual assumed rental of land or property, which is for national Non-Domestic Rates purposes.

## 64. Related Parties

Bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. For the Council's purposes related parties are deemed to include the Elected Members, the Chief Executive and its Corporate Directors.

## 65. Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses or allowances (as far as these sums are chargeable to UK income tax) and the monetary value of any other benefits received other than in cash.

## 66. Repairs and Renewals Fund

The Repairs and Renewals Fund provides for the upkeep of specific assets held by the Council.

## 67. Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

## 68. Residual Value

The net realisable value of an asset at the end of its useful life.

## 69. Revaluation Reserve

The Revaluation Reserve represents the store of gains on the revaluation of fixed assets not yet realised through sales.

## 70. Revenue Expenditure

The day-to-day expenses of providing services.

## 71. Short-term Borrowing

Money borrowed where repayment is due in the following financial year.

## 72. Significant Interest

The reporting authority is deemed to have Significant Interest if it is actively involved and is influential in the direction of an entity through its participation in policy decisions.

## 73. Soft Loans

Loans made at significantly below market rates are deemed "soft loans" because there may be some element of subsidy between what the loan would have cost at market rates and the amount of interest actually charged. Examples include small start-up loans to small businesses.

## 74. Trust Funds

Funds administered by the Council for such purposes as awards and specific projects. Some of the Council's Trust Funds are Charities.

## 75. Useful Economic Life

The period over which the local authority will derive benefits from the use of a non-current asset.

Finance Services  
Inverclyde Council  
Municipal Buildings  
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Chief Financial Officer: Alan Puckrin CPFA

**Environment, Regeneration & Resources**

Corporate Director: Scott Allan BSc., C.Eng., M.I.C.E.

Our Ref: AP/MT

Municipal Buildings  
Clyde Square  
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PA15 1LY  
Tel 01475 717171

Date: 26 September 2019

Brian Howarth,  
Audit Director  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

Dear Brian

**Inverclyde Council  
Annual Accounts 2018/19**

1. This representation letter is provided about your audit of the annual accounts of Inverclyde Council for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Chief Executive and Corporate Management Team, the following representations given to you in connection with your audit of Inverclyde Council's annual accounts for the year ended 31 March 2019.

**General**

3. Inverclyde Council and I have fulfilled our statutory responsibilities for the preparation of the 2018/19 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Inverclyde Council have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that all misstatements highlighted by yourself have been corrected in the accounts. I am not aware of any uncorrected misstatements.

## **Financial Reporting Framework**

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (2018/19 accounting code), and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the Inverclyde Council and its Group at 31 March 2019 and the transactions for 2018/19.

## **Accounting Policies & Estimates**

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2018/19 accounting code where applicable. Where the code does not specifically apply I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to Inverclyde Council circumstances and have been consistently applied.
8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

## **Going Concern Basis of Accounting**

9. I have assessed Inverclyde Council's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Inverclyde Council's ability to continue as a going concern.

## **Assets**

10. Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2019 does not differ materially from that which would be determined if a revaluation had been carried out at that date.
11. I carried out an assessment at 31 March 2019 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.
12. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2019.

13. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.
14. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

### **Liabilities**

15. All liabilities at 31 March 2019 of which I am aware have been recognised in the annual accounts.
16. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2019 of which I am aware where the conditions specified in the 2018/19 accounting code have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2019. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.
17. Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2019 or to reflect material changes in the assumptions underlying the calculations of the cash flows.
18. The accrual recognised in the financial statements for holiday untaken by 31 March 2019 has been estimated on a reasonable basis.
19. The pension assumptions made by the actuary in the IAS 19 report for Inverclyde Council have been considered and I confirm that they are consistent with management's own view.
20. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

### **Contingent liabilities**

21. There are no significant contingent liabilities, other than those disclosed in Note 24 to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed, including any outstanding legal claims which have not been provided under the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and IAS 37.
22. With specific reference to equal pay claims I can confirm that it is not possible to quantify the contingent liability.

### **Fraud**

23. I have provided you with all information in relation to:
  - my assessment of the risk that the financial statements may be materially misstated because of fraud

- any allegations of fraud or suspected fraud affecting the financial statements
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

### **Laws and Regulations**

24. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

### **Related Party Transactions**

25. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2018/19 accounting code. I have made available to you the identity of all the Inverclyde Council's related parties and all the related party relationships and transactions of which I am aware.

### **Remuneration Report**

26. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

### **Management commentary**

27. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

### **Corporate Governance**

28. I confirm that Inverclyde Council has undertaken a review of the system of internal control during 2018/19 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.
29. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2019, which require to be reflected.

### **Group Accounts**

30. I have identified all the other entities in which Inverclyde Council has a material interest and have classified and accounted for them in accordance with the 2018/19 accounting code. Any significant issues with the financial statements of group entities, including any qualified audit opinions, have been advised to you.

### **Events Subsequent to the Date of the Balance Sheet**

- 31.** All events subsequent to 31 March 2019 for which the 2018/19 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Chief Financial Officer

**LOCAL POLICE & FIRE SCRUTINY COMMITTEE – 6 JUNE 2019**

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**Local Police & Fire Scrutiny Committee**

**Thursday 6 June 2019 at 2pm**

**Present:** Councillors Clocherty, Crowther, Curley, Jackson, J McEleny, McVey, Murphy and Quinn.

**Chair:** Councillor McVey presided.

**In attendance:** Corporate Director Education, Communities & Organisational Development, Head of Culture, Communities & Educational Resources, Service Manager, Community Learning & Development, Community Safety & Resilience and Sport, Mr I Hanley (Community Safety & Resilience), Service Manager, Public Protection, Mr J Douglas (for Head of Legal & Property Services) and Ms S Lang (Legal & Property Services).

**In attendance also:** Detective Superintendent P Livingstone (for Chief Superintendent G Crossan) and Sergeant J Logsdon, Police Scotland, Area Manager G Binning and Group Manager D McCarrey, Scottish Fire & Rescue Service.

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Committee.**

Prior to the commencement business, the Convener referred to the forthcoming retirement of Chief Superintendent Gordon Crossan and, on behalf of the Committee, he asked that his appreciation be extended to Mr Crossan for his 30 years' Police service and, in particular, for his two years' service as Divisional Commander for K Division.

**401      Apologies, Substitutions and Declarations of Interest      401**

Apologies for absence were intimated on behalf of Councillors MacLeod, Moran and Wilson.

No declarations of interest were intimated.

**402      Scottish Fire and Rescue Service – Spotlight on Deliberate Fires in Inverclyde: 1 April 2018 – 31 March 2019      402**

There was submitted a report by the Scottish Fire & Rescue Service providing details of deliberate fire incidents which the service attended within Inverclyde during the period 1 April 2018 to 31 March 2019.

During the course of discussion on this item, reference was made to the retirement from the Scottish Fire & Rescue Service of Andy Adams, the local watch manager paralysed as a result of an injury sustained in responding to a fire in 2016. Members asked that the Council's appreciation be extended to Mr Adams for his many years of service as a firefighter, as well as their best wishes for the future.

**Decided:**

- (1) that the spotlight report on deliberate fires in Inverclyde be noted; and
- (2) that a report be submitted to the next meeting of the Committee on fire incidents in the Clune Park area, Port Glasgow.

**LOCAL POLICE & FIRE SCRUTINY COMMITTEE – 6 JUNE 2019**

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- 403 Police Scotland Performance Report: 1 April 2018 – 31 March 2019 403**
- There was submitted a report on the performance and activities of Police Scotland during the reporting period 1 April 2018 to 31 March 2019.  
**Decided:** that the information contained in the report be noted.
- 404 Domestic Abuse (Scotland) Act 2018 404**
- There was submitted a report by the Corporate Director Education, Communities & Organisational Development on the Domestic Abuse (Scotland) Act 2018 which came into force on 1 April 2019 and the resultant changes to criminal law for perpetrators of domestic abuse in Scotland.  
 During the course of discussion on this item, Detective Superintendent Livingstone undertook to arrange for clarification to be provided to Members on the differences between Scots and English law in relation to domestic abuse offences.  
**Decided:** that the introduction of the Domestic Abuse (Scotland) Act 2018 be noted and welcomed.
- 405 Scottish Fire and Rescue Service – Draft Strategic Plan 2019 – 2022 405**
- There was submitted a report by the Corporate Director Education, Communities & Organisational Development seeking approval to submit a response to the Scottish Fire & Rescue Service Draft Strategic Plan 2019 – 2022.  
**Decided:**  
 (1) that approval be given to the responses contained within the consultation at Appendix 2;  
 (2) that Elected Members be given the opportunity to make further comment regarding the consultation by 28 June 2019; and  
 (3) that the Council's proposed response be submitted to all Members prior to its submission by the deadline of 18 July.
- 406 Scottish Police Authority Annual Review of Policing 2018/19 – Consultation Response 406**
- There was submitted a report by the Corporate Director Education, Communities & Organisational Development seeking approval of the consultation response to the Scottish Police Authority (SPA) in respect of the Annual Review of Policing 2018/19.  
**Decided:** that approval be given to the response to the consultation as set out in the Appendix to the report.
- 407 Local Police and Fire Scrutiny Committee Update Report (June 2019) 407**
- There was submitted a report by the Corporate Director Education, Communities & Organisational Development providing an update on current and emerging national issues relating to both Police and Fire & Rescue Services.  
**Decided:** that the information contained in the report be noted.
- At the conclusion of the meeting, the Convener, on behalf of the Committee, extended his best wishes to Chief Inspector Debbie Reilly for her continued recovery following an injury sustained tackling a shoplifter while off-duty.

**THE INVERCLYDE COUNCIL – 6 JUNE 2019**

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**The Inverclyde Council**

**Thursday 6 June 2019 at 4pm**

**Present:** Provost Brennan, Councillors Ahlfeld, Brooks, Clocherty, Crowther, Curley, Dorrian, Jackson, McCabe, McCormick, C McEleny, J McEleny, McKenzie, McVey, Moran, Murphy, Nelson, Quinn, Rebecchi, Robertson and Wilson.

**Chair:** Provost Brennan presided.

**In attendance:** Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development, Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership, Chief Financial Officer, Head of Legal & Property Services, Ms S Lang (Legal & Property Services), Head of Organisational Development, Policy & Communications and Corporate Communications Manager.

Reverend Alan Sorensen opened proceedings with a prayer. The Council thereafter observed a minute's silence in memory of those who lost their lives during the Normandy Landings on 6 June 1944.

**408      Apologies and Declarations of Interest      408**

An apology for absence was intimated on behalf of Councillor MacLeod.

No declarations of interest were intimated.

**Minutes of Meetings of  
The Inverclyde Council, Committees, Sub-Committees and Boards**

**409      Appointment Panel – Head of Culture, Communities & Educational Resources –      409**  
**11 March 2019**

**Approved** on the motion of Councillor Clocherty.

**410      Local Police & Fire Scrutiny Committee – 18 April 2019      410**

**Approved** on the motion of Councillor McVey.

**411      The Inverclyde Council – 18 April 2019      411**

**Approved** on the motion of Provost Brennan.

**412      Audit Committee – 23 April 2019      412**

**Approved** on the motion of Councillor Rebecchi.

**413      Health & Social Care Committee – 25 April 2019      413**

**Approved** on the motion of Councillor Moran.



**THE INVERCLYDE COUNCIL – 6 JUNE 2019**

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- 414 Environment & Regeneration Committee – 2 May 2019 414**  
**Approved** on the motion of Councillor McCormick.
- 415 Appointment Panel – Head of Culture, Communities & Educational Resources – 3 May 2019 415**  
**Approved** on the motion of Councillor Clocherty.
- 416 Education & Communities Committee – 7 May 2019 416**  
**Approved** on the motion of Councillor Clocherty.
- 417 Policy & Resources Committee – 21 May 2019 417**  
**Approved** on the motion of Councillor McCabe.
- 418 Planning Board – 5 June 2019 418**  
**Approved** on the motion of Councillor Nelson.
- 419 Health & Social Care Integration – Appointment of Members and Chair 419**  
 There was submitted a report by the Head of Legal & Property Services requesting the Council to confirm the nomination of Members to the Inverclyde Integration Board (IJB) and the appointment of the Chair.  
**Decided:**  
 (1) that the re-appointment of the following Members for a further term of office of two years be confirmed:  
     Councillor Clocherty with Councillor Moran as proxy;  
     Councillor Rebecchi with Councillor Dorrian as proxy;  
     Councillor Quinn with Councillor Ahlfeld as proxy;  
     Councillor Robertson with Councillor Crowther as proxy; and  
 (2) that Councillor Clocherty be appointed as Chair of the IJB.
- 420 Councillor McCormick – Resignation from Shared Services Joint Committee 420**  
 There was submitted a report by the Corporate Director Environment, Regeneration & Resources (1) advising of Councillor McCormick's resignation from the Shared Services Joint Committee and (2) requesting the Council to appoint a replacement Member.  
**Decided:** that Councillor Jackson be appointed to the Shared Services Joint Committee in place of Councillor McCormick.  
  
**The Provost being of the opinion that the undernoted report by the Corporate Director Environment, Regeneration & Resources was relevant, competent and urgent moved its consideration in terms of the relevant Standing Order to allow the Council to consider, at the earliest opportunity, appointing a replacement Member to the Shared Services Joint Committee following the resignation of Councillor Ahlfeld. This was agreed unanimously.**

## THE INVERCLYDE COUNCIL – 6 JUNE 2019

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- 421 Councillor Ahlfeld – Resignation from Shared Services Joint Committee 421**
- There was submitted a report by the Corporate Director Environment, Regeneration & Resources (1) advising of Councillor Ahlfeld's resignation from the Shared Services Joint Committee and (2) requesting the Council to appoint a replacement Member.  
**Decided:** that Councillor McVey be appointed to the Shared Services Joint Committee in place of Councillor Ahlfeld.
- 422 Councillor Ahlfeld – Resignation from Inverclyde Leisure Board 422**
- There was submitted a report by the Corporate Director Environment, Regeneration & Resources (1) advising of Councillor Ahlfeld's resignation from the Board of Inverclyde Leisure and (2) requesting the Council to appoint a replacement Member.  
**Decided:** that Councillor Quinn be appointed to the Board of Inverclyde Leisure in place of Councillor Ahlfeld.
- 423 Administrative Arrangements: Cycle of Council, Committee and Board Meetings to June 2020 423**
- There was submitted a report by the Corporate Director Environment, Regeneration & Resources seeking approval of a schedule of Committee cycles for the period to June 2020.  
**Decided:** that approval be given to the proposed cycle of Council, Committee and Board meetings for the year to June 2020 as set out in the report and appendix.
- 424 Financial Strategy 2019/2029 - Update 424**
- There was submitted a report by the Chief Financial Officer appending the updated Financial Strategy for the period 2019/2029.  
**Decided:** that approval be given to the latest revision of the Financial Strategy 2019/2029 as detailed in the appendix to the report.
- 425 Proposed Traffic Regulation Order – The Inverclyde Council Disabled Persons' Parking Places (On-Street) Order No. 2 2019 425**
- There was submitted a report by the Corporate Director Environment, Regeneration & Resources on a remit from the Environment & Regeneration Committee of 2 May 2019 requesting approval of the proposed Traffic Regulation Order – The Inverclyde Council Disabled Persons' Parking Places (On-Street) Order No. 2 2019.  
**Decided:** that approval be given to the making of the Traffic Regulation Order – The Inverclyde Council Disabled Persons' Parking Places (On-Street) Order No. 2 2019 and that the Shared Head of Service Roads and the Head of Legal & Property Services be authorised to take all necessary action in connection therewith.
- 426 Proposed Traffic Regulation Order – The Inverclyde Council Bruce Street, Greenock (7.5 Tonnes Weight Restriction) Order 2019 426**
- There was submitted a report by the Corporate Director Environment, Regeneration & Resources on a remit from the Environment & Regeneration Committee of 2 May 2019 requesting approval of the proposed Traffic Regulation Order – The Inverclyde Council Bruce Street, Greenock (7.5 Tonnes Weight Restriction) Order 2019.

**THE INVERCLYDE COUNCIL – 6 JUNE 2019**

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**Decided:** that approval be given to the making of the Traffic Regulation Order – The Inverclyde Council Bruce Street, Greenock (7.5 Tonnes Weight Restriction) Order 2019 and that the Shared Head of Service Roads and the Head of Legal & Property Services be authorised to take all necessary action in connection therewith.

**427 Proposed Traffic Regulation Order – The Inverclyde Council (Off-Street Parking Places) (Variation No. 10) Order 2019 427**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources on a remit from the Environment & Regeneration Committee of 2 May 2019 requesting approval of the proposed Traffic Regulation Order – The Inverclyde Council (Off-Street Parking Places) (Variation No. 10) Order 2019.

**Decided:** that approval be given to the making of the Traffic Regulation Order – The Inverclyde Council (Off-Street Parking Places) (Variation No. 10) Order 2019 and that the Shared Head of Service Roads and the Head of Legal & Property Services be authorised to take all necessary action in connection therewith.

**It was agreed in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 as amended, that the public and press be excluded from the meeting for the following item on the grounds that it contained exempt information as defined in the respective paragraphs of Part I of Schedule 7(A) of the Act as detailed in the relevant minute.**

**Appendices to Minutes**

**428 Appointment Panel – Head of Culture, Communities & Educational Resources – 11 March 2019 428**

**Approved** on the motion of Councillor Clocherty.

**429 Audit Committee – 23 April 2019 429**

**Approved** on the motion of Councillor Rebecchi.

**430 Health & Social Care Committee – 25 April 2019 430**

**Approved** on the motion of Councillor Moran.

**431 Environment & Regeneration Committee – 2 May 2019 431**

**Approved** on the motion of Councillor McCormick.

**432 Appointment Panel – Head of Culture, Communities & Educational Resources – 3 May 2019 432**

**Approved** on the motion of Councillor Clocherty.

THE INVERCLYDE COUNCIL – 6 JUNE 2019

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| 433 | <b>Education &amp; Communities Committee – 7 May 2019</b> | 433 |
|     | <b>Approved</b> on the motion of Councillor Clocherty.    |     |
| 434 | <b>Policy &amp; Resources Committee – 21 May 2019</b>     | 434 |
|     | <b>Approved</b> on the motion of Councillor McCabe.       |     |

**GENERAL PURPOSES BOARD – 12 JUNE 2019**

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**General Purposes Board**

**Wednesday 12 June 2019 at 3pm**

**Present:** Provost Brennan, Councillors Ahlfeld, Brooks, Crowther, Curley, McCormick (for Dorrian), Jackson, Robertson (for J McEleny) and Quinn.

**Chair:** Councillor Quinn presided.

**In attendance:** Mr D Keenan (for Head of Legal & Property Services) and Ms L Carrick (Legal & Property Services).

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Board.**

**435      Apologies, Substitutions and Declarations of Interest      435**

Apologies for absence were intimated on behalf of Councillors Dorrian, J McEleny, MacLeod and Moran, with Councillor McCormick substituting for Councillor Dorrian and Councillor Robertson substituting for Councillor J McEleny.

Councillor Ahlfeld declared an interest in agenda item 3 (Application for Renewal of Taxi Driver's Licence).

**436      Licensing for Mobile Homes Sites with Permanent Residents      436**

There was submitted a report by the Head of Legal & Property Services on the changes in the licensing requirements for mobile homes sites with permanent residents and for the Board to note the charge for new applications and site licence renewal.

**Decided:**

- (1) that the contents of the report be noted; and
- (2) that it be remitted to the Head of Legal & Property Services to submit a report to advise Members of any potential cost implications to the Council following the introduction of the new scheme.

**437      Fixed Penalty Notice Appeal Panel      437**

There was submitted a report by the Head of Legal & Property Services recommending the Board amend the existing Fixed Penalty Notice Appeal Panel's membership to comprise the Corporate Director Environment, Regeneration & Resources, the Head of Legal & Property Services and the Head of Regeneration & Planning or their delegated representatives.

**Decided:** that agreement be given to amend the membership of the Fixed Penalty Notice Appeal Panel to comprise the Corporate Director Environment, Regeneration & Resources, the Head of Legal & Property Services and the Head of Regeneration & Planning or their delegated representatives.

**It was agreed in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 as amended that the public and press be excluded from the meeting during consideration of the following item on the grounds that the business involved the**

**GENERAL PURPOSES BOARD – 12 JUNE 2019**

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**likely disclosure of exempt information as defined in Paragraph 6 of Part I of Schedule 7(A) of the Act.**

**438 Application for Renewal of Taxi Driver's Licence****438**

There was submitted a report by the Head of Legal & Property Services on an application for the renewal of a Taxi Driver's Licence which was granted, all as detailed in the appendix.



**PLANNING BOARD – 13 JUNE 2019**

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the views of the village community; the similarity between the current application and the previous application for land at Knapps and North Denniston; current and proposed Local Development Plan Policies on the principle of development in the Green Belt; Clydeplan and current and proposed Local Development Plan policies on sustainable development; lack of public transport; increase in car ownership and use; car parking in Kilmacolm; housing need and supply; the Council's Spatial Development Plan; Policy RES3 of the current Local Development Plan and Policy 18 of the proposed Local Development Plan on New Housing Development; Clydeplan guidelines for development in the Green Belt; the impact on the unique character and setting of Kilmacolm; the impact on migrating geese; visual impact and Policy RES1 of the current Local Development Plan and Policy 1 of the proposed Local Development Plan.

(c) Sir Donald Miller (objector) – issues raised: flooding, in particular the frequency and extent of flooding at the site, flood water crossing the road, the construction and condition of the culvert, the length of time for flooding to clear and the impact on amenity of any bunding required to prevent flooding.

(d) Ms Louise Tait (objector) – issues raised: car dependency; current Local Development Plan Policy TRA2 on sustainable access; visual impact; Clydeplan policies and proposed Local Development Plan policies.

(e) Mr Antony Vitrano on behalf of Kilmacolm Residents' Association (objector) – issues raised: current Local Development Plan Policy SDS8 on Green Belt and the Countryside; current Local Development Plan Policy ENV2 on Accessing Development Proposals in the Green Belt and the Countryside; Clydeplan Policy 8 on Housing Land requirement; Clydeplan Policy 14 on Green Belt; current Scottish Planning Policy; the Council's decision relative to the Green Belt in April 2018; the impact on the environment; the impact on wildlife and the lack of public transport.

The Head of Regeneration & Planning then presented his report and recommendations to the Board.

Thereafter, Members asked a number of questions which were answered by the Head of Regeneration & Planning.

**Decided:** that the Planning Board recommend to the Inverclyde Council that planning permission be refused for the following reasons:-

(1) the proposed development is contrary to the Spatial Development Strategy of the 2017 Clydeplan Strategic Development Plan as it is an unjustified urban development which is outwith the development corridor identified in the Plan in that it fails to accord with the Green Belt objectives;

(2) the proposal is contrary to Policies ENV2 and SDS8 of the 2014 Inverclyde Local Development Plan together with Policy 14 of the 2018 Proposed Inverclyde Local Development Plan in that it fails to accord with the objectives of the Green Belt;

(3) the proposal fails in respect of Policy RES1(a) of the 2014 Inverclyde Local Development Plan as development within one of the 'fingers' of countryside that extend towards the centre of Kilmacolm will erode both the character and the setting of the village;

(4) the proposal fails to have regard to the six qualities of successful places as required by Policy 1 of the 2017 Clydeplan Strategic Development Plan and Policy 1 of the 2018 Proposed Inverclyde Local Development Plan. The proposal is also contrary to the placemaking aims of policy SDS3 of the 2014 Inverclyde Local Development Plan; and

(5) the proposal is not a form of residential development in the Green Belt supported by Policy RES7 of the 2014 Inverclyde Local Development Plan.



## GRANTS SUB-COMMITTEE – 19 JUNE 2019

Grants Sub-CommitteeWednesday 19 June 2019 at 3pm

**Present:** Provost Brennan, Councillors Ahlfeld, Brooks, Crowther (for MacLeod), J McEleny and Murphy.

**Chair:** Councillor Brooks presided except for application number 84 (Inverclyde Youth for Christ) for which Provost Brennan presided.

**In attendance:** Head of Culture, Communities & Educational Resources, Service Manager, Community Learning & Development, Community Safety & Resilience and Sport, Ms J Fallon (Community Learning & Development), Mr I Cameron (for Chief Financial Officer), Mr P MacDonald (for Head of Legal & Property Services) and Ms D Sweeney (Legal & Property Services).

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Sub-Committee.**

**441 Apologies, Substitutions and Declarations of Interest****441**

An apology for absence was intimated on behalf of Councillor MacLeod with Councillor Crowther substituting.

Declarations of interest were intimated as follows:

Agenda Item 2 – application number 3 (Greenock Burns Club (The Mother Club))

Councillor Murphy declared a non-financial interest in this application as she had been approached by the club and did not participate in the decision-making process.

Agenda Item 2 – application number 32 (Inverclyde Voluntary Council of Social Service)

Councillor Crowther declared a non-financial interest in this application as a member of the Executive Committee of the organisation and left the meeting for the consideration of this application.

Agenda Item 2 – application number 33 (Moving on Inverclyde Limited)

Councillors J McEleny and Brooks declared a non-financial interest in this application as Members of the Board of Inverclyde Leisure. Both Members formed the view that the nature of their interest and of the item of business did not preclude their continued presence in the Chamber or their participation in the decision-making process.

Agenda Item 2 – application number 36 (Cowdenknowes Residents' Association)

Councillor Crowther declared a non-financial interest in this application as he had received hospitality from the group and left the meeting for consideration of this application.

Agenda Item 2 – application number 38 (Friends of Coves Community Nature Reserve (CCNR))

Councillor Murphy declared a non-financial interest in this application as a member of the Committee of the organisation and left the meeting for consideration of this application.

Agenda Item 2 – application number 72 (Inverclyde & District Battalion, The Boys' Brigade)

Councillor Murphy declared a non-financial interest in this application as she is an

## GRANTS SUB-COMMITTEE – 19 JUNE 2019

independent youth worker and did not participate in the decision-making process.

Agenda Item 2 – application number 73 (The Girls' Brigade in Scotland (Inverclyde))

Councillor Murphy declared a non-financial interest in this application as she is an independent youth worker and did not participate in the decision-making process.

Agenda Item 2 – application number 75 (Gourock Garden Party)

Councillor Murphy declared a non-financial interest in this application as she had been approached by the group and did not participate in the decision-making process.

Agenda Item 2 – application number 84 (Inverclyde Youth for Christ)

Councillor Murphy declared a non-financial interest in this application as Chair of the group and Councillor Brooks declared a non-financial interest in this application as he was previously employed by the organisation. Both Councillors left the meeting for the consideration of this application and Provost Brennan presided.

Agenda Item 2 – Deferred from Round 2 – application number 9 (Home Start Renfrewshire and Inverclyde)

Councillor J McEleny declared a non-financial interest in this application as a Trustee of the organisation and left the meeting for the consideration of this application.

**It was agreed in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 as amended, that the public and press be excluded from the meeting during consideration of the following item on the grounds that the business involved the likely disclosure of exempt information as defined in paragraph 4 of Part I of Schedule 7(A) of the Act.**

## 442 Grants to Voluntary Organisations 2019/20

442

There was submitted a report by the Corporate Director Education, Communities & Organisational Development providing details of the applications received for consideration for funding from the Grants to Voluntary Organisations Budget in 2019/20.

Councillor Ahlfeld moved in relation to application number 3 for Greenock Burns Club (The Mother Club) that £5,000 be awarded. As an amendment, Councillor J McEleny moved that the Officers' recommendation of rejection be upheld.

On a vote, two Members, Provost Brennan and Councillor J McEleny, voted in favour of the amendment and three Members, Councillors Ahlfeld, Brooks and Crowther, voted in favour of the motion which was declared carried. Councillor Murphy abstained from voting.

Councillor J McEleny moved in relation to application number 24 for Victoria Bowling Club that the application be rejected. As an amendment, Provost Brennan moved that the Officers' recommendation of £4,680 be awarded.

On a vote, two Members, Councillors Crowther and J McEleny, voted for the motion and four Members, Provost Brennan, Councillors Murphy, Ahlfeld and Brooks, voted for the amendment which was declared carried.

Councillor Murphy moved in relation to application number 35 for Colourful Kilmacolm that £470 be awarded, with a condition that this amount be match-funded. As an amendment, Councillor J McEleny moved that the application be rejected. As a further amendment, Councillor Brooks moved that the Officers' recommendation of £935 be awarded.

On a vote between the two amendments, two Members, Provost Brennan and Councillor Brooks, voted for Councillor Brooks' amendment and four Members, Councillors Murphy, Ahlfeld, Crowther and J McEleny, voted for Councillor J McEleny's amendment. Councillor Brooks' amendment, having received fewer votes, then fell.

**GRANTS SUB-COMMITTEE – 19 JUNE 2019**

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On a vote between the motion and Councillor J McEleny's amendment, three Members, Councillors Ahlfeld, Crowther and J McEleny, voted for the amendment and three Members, Provost Brennan, Councillors Murphy and Brooks, voted for the motion. There being equality in voting, the Chair exercised his casting vote in favour of the motion which was declared carried.

Councillor Ahlfeld moved in relation to application number 54 for Ardgowan Tennis Club that the application be rejected. As an amendment, Provost Brennan moved that the Officers' recommendation of £4,000 be awarded.

On a vote, two Members, Provost Brennan and Councillor Brooks, voted for the amendment and four Members, Councillors Murphy, Ahlfeld, Crowther and J McEleny, voted for the motion which was declared carried.

Councillor J McEleny moved in relation to application number 55 for Fort Matilda Tennis Club that the application be rejected. As an amendment, Provost Brennan moved that the Officers' recommendation of £4,000 be awarded.

On a vote, two Members, Provost Brennan and Councillor Brooks, voted for the amendment and four Members, Councillors Murphy, Ahlfeld, Crowther and J McEleny, voted for the motion which was declared carried.

Councillor Ahlfeld moved in relation to application number 59 for Inverclyde Amateur Swimming Club that £5,000 be awarded. As an amendment, Councillor J McEleny, moved that the Officers' recommendation of £2,000 be awarded.

On a vote, three Members, Councillors Murphy, Crowther and J McEleny, voted for the amendment and three Members, Provost Brennan, Councillors Ahlfeld and Brooks, voted for the motion. There being equality in voting, the Chair exercised his casting vote in favour of the motion which was declared carried.

Councillor Murphy moved in relation to application number 63 for Ocean Youth Trust Scotland that £1,674 be awarded. As an amendment, Councillor Ahlfeld moved that the Officers' recommendation of rejection be upheld.

On a vote, two Members, Councillors Murphy and Crowther, voted for the motion and four Members, Provost Brennan, Councillors Ahlfeld, Brooks and J McEleny, voted for the amendment which was declared carried.

Councillor Murphy moved in relation to application number 64 for Paisley District Schools Football Association that the Officer's recommendation of £500 be awarded. As an amendment, Councillor J McEleny moved that £800 be awarded.

On a vote, two Members, Councillors Murphy and Brooks, voted for the motion and four Members, Provost Brennan, Councillors Ahlfeld, Crowther and J McEleny, voted for the amendment which was declared carried.

Councillor Ahlfeld moved in relation to application number 66 for Sports Inverclyde that £1,000 be awarded. As an amendment, Councillor J McEleny moved that the Officers' recommendation of £2,000 be awarded.

On a vote, one Member, Councillor Ahlfeld, voted for the motion and five Members, Provost Brennan, Councillors Murphy, Brooks, Crowther and J McEleny, voted for the amendment which was declared carried.

Councillor J McEleny moved in relation to Deferred from Round 2 application number 5 for Kilmacolm and Port Glasgow Agricultural Society Ltd that the application be rejected. As an amendment, Councillor Brooks moved that the Officers' recommendation of £1,000 be awarded.

On a vote, three Members, Councillors Ahlfeld, Crowther and J McEleny, voted for the motion and three Members, Provost Brennan, Councillors Murphy and Brooks, voted for the amendment. There being equality in voting, the Chair exercised his casting vote in favour of the amendment which was declared carried.

Councillor Ahlfeld moved in relation to Deferred from Round 2 application number 6 for

## GRANTS SUB-COMMITTEE – 19 JUNE 2019

Greenock Cricket Club that the application be rejected. As an amendment, Provost Brennan moved that the Officers' recommendation of £500 be awarded.

On a vote, two Members, Provost Brennan and Councillor Brooks, voted for the amendment and four Members, Councillors Murphy, Ahlfeld, Crowther and J McEleny, voted for the motion which was declared carried.

Councillor J McEleny moved in relation to Deferred from Round 2 application number 8 for Campaign to Save Inchgreen Dry Dock that the Officer's recommendation of £2,000 be awarded. As an amendment, Councillor Murphy moved that the application be rejected.

On a vote, two Members, Councillors Crowther and J McEleny, voted for the motion and four Members, Provost Brennan, Councillors Murphy, Ahlfeld and Brooks, voted for the amendment which was declared carried.

Councillor Ahlfeld moved in relation to application number 1 for Gourock Heritage & Arts that £12,000 be awarded. As an amendment, Councillor Murphy moved that £6,500 be awarded. As a further amendment, Provost Brennan moved that the Officers' recommendation of rejection be upheld.

On a vote between the two amendments, two Members, Provost Brennan and Councillor J McEleny, voted for Provost Brennan's amendment and three Members, Councillors Murphy, Brooks and Crowther, voted for Councillor Murphy's amendment. Provost Brennan's amendment, having received fewer votes, then fell. Councillor Ahlfeld abstained from voting.

At this stage in proceedings, Councillor Ahlfeld withdrew his motion and accordingly Councillor Murphy's amendment was adopted as the decision of the Sub-Committee.

**Decided:**

(1) that grants be made to voluntary organisations as follows:

	Group	Award
1	Gourock Heritage and Arts	£6,500
2	Greenock Art Club	£750 subject to the condition detailed in the appendix to the report
3	Greenock Burns Club (The Mother Club)	£5,000
4	Greenock Light Opera Club	£1,000 subject to the condition detailed in the appendix to the report
5	Hillend Art Club	£500 subject to the condition detailed in the appendix to the report
6	Inverclyde Juvenile Pipe Band	£2,500 subject to the condition detailed in the appendix to the report
7	Inverclyde Music Festival Association	£4,750 subject to the condition detailed in the appendix to the report
8	Inverclyde Pipes and Drums	£2,500
9	Inverclyde Youth Theatre	£1,750
10	Kilmacolm Dramatic Society	Reject
11	Renfrewshire Speakers' Club	£600
12	Rig Arts	£3,000

## GRANTS SUB-COMMITTEE – 19 JUNE 2019

13	Steadfast Silver Band	£500 subject to the condition detailed in the appendix to the report
14	Thistle Theatre Company	£1,000 subject to the condition detailed in the appendix to the report
15	Gourock Bowling Club	£2,000 subject to the condition detailed at decision 3 below
16	Gourock Park Bowling Club	£2,000 subject to the condition detailed in the appendix to the report and to the condition detailed at decision 3 below
17	Grosvenor Bowling Club	£2,000 subject to the condition detailed in the appendix to the report and to the condition detailed at decision 3 below
18	Hillend Bowling Club	£1,500 subject to the condition detailed in the appendix to the report and to the condition detailed at decision 3 below
19	Inverkip Bowling Club	£1,500 subject to the condition detailed in the appendix to the report and to the condition detailed at decision 3 below
20	Lady Alice Bowling Club	£2,000 subject to the condition detailed in the appendix to the report and to the condition detailed at decision 3 below
21	Rankin Park Bowling Club	£3,000 subject to the condition detailed at decision 3 below
22	Rankin Park Bowling Club	£1,500 subject to the condition detailed in the appendix to the report and to the condition detailed at decision 3 below
23	Victoria Bowling Club	£1,500 subject to the condition detailed in the appendix to the report and to the condition detailed at decision 3 below
24	Victoria Bowling Club	£4,680 subject to the condition detailed in the appendix to the report and to the condition detailed at decision 3 below
25	Wellington Bowling Club	£1,200
26	Wellington Bowling Club	£1,500 subject to the condition detailed in the appendix to the report and to the condition detailed at decision 3 below
27	Ardgowan Hospice	£6,000
28	Inverclyde Autistic Support Group (IASG)	£1,540
29	Inverclyde Enable	£2,000 subject to the condition

## GRANTS SUB-COMMITTEE – 19 JUNE 2019

		detailed in the appendix to the report
30	Inverclyde Family Contact Centre	£6,000 subject to the condition detailed in the appendix to the report
31	Inverclyde Recovery Café	£2,000
32	Inverclyde Voluntary Council of Social Service	£25,000 subject to the condition detailed in the appendix to the report (Councillor Crowther left the meeting for consideration of this application)
33	Moving on Inverclyde Ltd	£3,000
34	Auchmountain Glen Project	£1,000 subject to the condition detailed in the appendix to the report
35	Colourful Kilmacolm	£470 subject to the condition that the award be match-funded
36	Cowdenknowes Residents' Association	£330 subject to the condition detailed in the appendix to the report (Councillor Crowther left the meeting for consideration of this application)
37	Fort Matilda Bridge Club	Reject
38	Friends of Coves Community Nature Reserve (CCNR)	£500 (Councillor Murphy left the meeting for consideration of this application)
39	Greenock Central Residents' Action Group	£1,500
40	I-Fit	£5,000
<b>The meeting was adjourned at 4.55pm and reconvened at 5.05pm</b>		
41	Inverclyde Across to Lourdes Group	£1,000
42	Inverclyde Men Shed	£750
43	Inverclyde Naval Club	£1,500 subject to the condition detailed in the appendix to the report
44	Inverclyde Ramblers	£750
45	Kilmacolm Horticultural Society	£375 subject to the condition detailed in the appendix to the report and that the award be match-funded
46	Wellington Allotment Gardens	£1,000
47	Wemyss Bay Community Association	£1,750 subject to the condition detailed in the appendix to the report
48	Glasgow & Clyde Rape Crisis	£5,000 subject to the condition detailed in the appendix to the report
49	Greenock v Arthritis (formerly Arthritis	£1,000 subject to the condition

## GRANTS SUB-COMMITTEE – 19 JUNE 2019

	Care Greenock Branch)	detailed in the appendix to the report
50	Macular Disease Society Inverclyde Group	£668
51	Parkinson's Inverclyde Support Group	£860
52	Victim Support Scotland	£3,500 subject to the condition detailed in the appendix to the report
53	Woopi Singers	£700
54	Ardgowan Tennis Club	Reject
55	Fort Matilda Tennis Club	Reject
<b>The meeting was adjourned at 5.30pm and reconvened at 5.40pm.</b>		
56	Gourock Golf Club	Reject
57	Greenock Juniors' Football Club	£3,500
58	Greenock Morton Hockey Club	Reject
59	Inverclyde Amateur Swimming Club	£5,000 subject to the condition detailed in the appendix to the report
60	Inverclyde American Football Club	£4,000 subject to the condition detailed in the appendix to the report
61	Inverclyde Cricket Club	£1,000 subject to the condition detailed in the appendix to the report
62	Newark Angling Club	£500
63	Ocean Youth Trust Scotland	Reject
64	Paisley District Schools Football Association	£800 subject to the condition detailed in the appendix to the report
65	Port Glasgow Juniors	£3,500 subject to the condition detailed in the appendix to the report
66	Sports Inverclyde	£2,000 subject to the condition detailed in the appendix to the report
67	Royal West of Scotland Amateur Boat Club	Reject
68	Gibshill Community Centre (SCIO)	£3,000 subject to the condition detailed in the appendix to the report
69	49F Greenock Squadron Air Training Corps	£4,070 subject to the condition detailed in the appendix to the report
70	Greenock & District Sea Cadet Corps	£3,000 subject to the condition detailed in the appendix to the report
71	Greenock & District Scout Council	£4,750 subject to the condition detailed in the appendix to the report

## GRANTS SUB-COMMITTEE – 19 JUNE 2019

72	Inverclyde & District Battalion, The Boys' Brigade	£4,250 subject to the condition detailed in the appendix to the report
73	Girls' Brigade in Scotland (Inverclyde)	£1,000 subject to the condition detailed in the appendix to the report
74	Gourock Business Club	Reject
75	Gourock Garden Party	£4,750
76	Inverclyde Christian Initiative	£2,000
77	Kilmacolm Old Kirk (Woodland Project)	Reject
78	Lyle Gateway (SCIO)	£868 subject to the condition detailed in the appendix to the report (Councillor Ahlfeld left the meeting during consideration of this item)
79	Police Scotland Youth Volunteers – Inverclyde	£1,000 subject to the condition detailed in the appendix to the report (Councillor Ahlfeld returned to the meeting during consideration of this item)
80	Port Glasgow Voluntary Trans-Port Group	£4,500 subject to the condition detailed in the appendix to the report
81	Wemyss Bay Primary Parent Partnership & PTA	Reject
82	World Walking (previously Inverclyde Globetrotters)	£750
83	Inverclyde DofE (Duke of Edinburgh Award) Support Group	£2,504.60 subject to the condition detailed in the appendix to the report
84	Inverclyde Youth for Christ	£800 (Councillors Brooks and Murphy left the meeting for consideration of this item)
<b>Deferred from Round 2</b>		
1	Rig Arts Ltd	Reject
2	Mind Mosaic Counselling & Therapy	Reject
3	The Holy Family Lunch Club	£6,000
4	Inverkip Community Initiative	Reject
5	Kilmacolm & Port Glasgow Agricultural Society Ltd	£1,000
6	Greenock Cricket Club	Reject
7	Kilmacolm Local Association Guides	£1,000
8	Campaign to Save Inchgreen Dry Dock	Reject
9	Home Start Renfrewshire and Inverclyde	£3,000 subject to the condition detailed in the appendix to the report



GRANTS SUB-COMMITTEE – 19 JUNE 2019

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		(Councillor J McEleny left the meeting for consideration of this item)
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- (2) that it be noted that it is the intention of Officers to submit a report to a future meeting of the Education & Communities Committee to provide an overview of the Grants to Voluntary Organisations process and the criteria applied to applications; and
- (3) that grants awarded to all Bowling Clubs be conditional on clubs providing a pay-per-play facility for non-members to the satisfaction of the Corporate Director Education, Communities & Organisational Development.

## GRANTS SUB-COMMITTEE – 26 JUNE 2019

Grants Sub-CommitteeWednesday 26 June 2019 at 3pm

**Present:** Provost Brennan, Councillors Ahlfeld, Brooks, Crowther (for MacLeod), J McEleny and Murphy.

**Chair:** Councillor Brooks presided.

**In attendance:** Service Manager, Community Learning & Development, Community Safety & Resilience and Sport, Ms J Fallon (Community Learning & Development), Mr I Cameron (for Chief Financial Officer), Mr P MacDonald (for Head of Legal & Property Services) and Ms D Sweeney (Legal & Property Services).

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Sub-Committee.**

**443 Apologies, Substitutions and Declarations of Interest 443**

An apology for absence was intimated on behalf of Councillor MacLeod with Councillor Crowther substituting.

No declarations of interest were intimated.

**It was agreed in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 as amended, that the public and press be excluded from the meeting during consideration of the following item on the grounds that the business involved the likely disclosure of exempt information as defined in paragraph 4 of Part I of Schedule 7(A) of the Act.**

**444 Under 19s Sports Grants 2019/20 444**

There was submitted a report by the Head of Inclusive Education, Culture & Communities providing details of the applications received for consideration for funding from the Under 19s Sports Grants in 2019/20.

Councillor Murphy moved in relation to the Ardgowan Football Development application that the Officers' recommendation of £6,000 be awarded. As an amendment, Councillor Ahlfeld moved that £7,500 be awarded.

On a vote, two Members, Councillors Murphy and Brooks, voted for the motion and four Members, Provost Brennan, Councillors Ahlfeld, Crowther and J McEleny, voted for the amendment which was declared carried.

Councillor J McEleny moved in relation to the East End United Boys' Club application that £12,000 be awarded. As an amendment, Councillor Murphy moved that the Officer's recommendation of £9,500 be awarded.

On a vote, three members, Councillors Ahlfeld, Crowther and J McEleny, voted for the motion and three Members, Provost Brennan, Councillors Murphy and Brooks, voted for the amendment. There being equality in voting, the Chair exercised his casting vote in favour of the amendment which was declared carried.

Councillor J McEleny moved in relation to the Greenock United Football Club application that £6,000 be awarded. As an amendment, Councillor Murphy moved that £5,300 be

## GRANTS SUB-COMMITTEE – 26 JUNE 2019

awarded.

On a vote, three Members, Councillors Ahlfeld, Crowther and J McEleny, voted for the motion and three Members, Provost Brennan, Councillors Murphy and Brooks, voted for the amendment. There being equality in voting, the Chair exercised his casting vote in favour of the amendment which was declared carried.

**Decided:**

(1) that Under 19s Sports Grants be made as follows:

Group	Award
Ardgowan Football Development	£7,500
Ardgowan Tennis Club	£1,500
Broomhill Boys' Club	£7,000 subject to the condition detailed in the appendix to the report
Clydeside Athletic	£1,900
East End United Boys' Club	£9,500
Greenock Cricket Club	£1,200
Greenock Glenpark Harriers	£4,700
Greenock Morton Community Trust	£12,660
Greenock United Football Club	£5,300
Greenock Wanderers RFC	£6,750
Inverclyde Amateur Swimming Club	£15,000
Inverclyde Archers	£1,500
Inverclyde Athletic Club	£12,000
Inverclyde Cricket Club	£1,320
Lady Alice Bowling Club Junior Section	£1,000
Port Glasgow Boys' Club	£12,500
Port Glasgow Juniors' Community Sports Club	£12,500
St Andrew's Boys' Club	£12,500
St Stephen's Boys' Club	£8,000

and

(2) that it be noted that it is the intention of Officers to (a) submit a report to the next scheduled meeting of the Education & Communities Committee seeking approval for a review of the administrative processes applied to grant applications and (b) submit a further report to the January 2020 meeting of that Committee on the outcome of the review process, it being noted that it is the intention of Officers to implement any new procedures agreed by the Committee from April 2020.

**AUDIT COMMITTEE – 27 JUNE 2019**

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**Audit Committee**

**Thursday 27 June 2019 at 3pm**

**Present:** Provost Brennan, Councillors Brooks, Curley, McCabe, McCormick, J McEleny, McVey, Murphy, Nelson, Quinn and Rebecchi.

**Chair:** Councillor Rebecchi presided.

**In attendance:** Corporate Director Environment, Regeneration & Resources, Chief Financial Officer, Finance Manager (Environment & Technical), Ms C Alderson, Principal Accountant, Chief Internal Auditor, Mr P MacDonald (for Head of Legal & Property Services) and Ms S Lang (Legal & Property Services).

**In attendance also:** Mr M Laird, Audit Scotland.

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Committee.**

**445      Apologies, Substitutions and Declarations of Interest      445**

No apologies for absence or declarations of interest were intimated.

**446      Unaudited Annual Accounts for the Year Ended 31 March 2019      446**

There was submitted a report by the Chief Financial Officer requesting the Committee to review the unaudited Annual Accounts for the year ended 31 March 2019 and approve their submission to Audit Scotland by the statutory deadline of 30 June 2019. The Committee heard a short presentation on the position in respect of the unaudited Annual Accounts by Matt Thomson, Finance Manager.

- (1) that the Committee, having reviewed the unaudited Annual Accounts, approve their onward transmission to Audit Scotland; and
- (2) that it be noted that the External Auditor's Annual Report to Members for the financial year ended 31 March 2019 will be submitted to the Council before 30 September 2019.

**THE INVERCLYDE COUNCIL – 27 JUNE 2019**

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**The Inverclyde Council**

**Thursday 27 June 2019 at 4pm**

**Present:** Provost Brennan, Councillors Ahlfeld, Brooks, Clocherty, Crowther, Curley, Dorrian, Jackson, McCabe, McCormick, C McEleny, J McEleny, McKenzie, McVey, Moran, Murphy, Nelson, Quinn, Rebecchi, Robertson and Wilson.

**Chair:** Provost Brennan presided.

**In attendance:** Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership, Head of Legal & Property Services, Mr J Kerr and Ms S Lang (Legal & Property Services), Head of Regeneration & Planning, Mr J McColl (Regeneration & Planning) and Mr D McLavin (Corporate Communications).

**447 Apologies and Declarations of Interest**

**447**

An apology for absence was intimated on behalf of Councillor MacLeod.

Councillors Clocherty and Wilson declared an interest in Agenda Item 2 (Proposed Residential Development with Access, Open Space, Landscaping and Associated Works at North Denniston, Bridge of Weir Road, Kilmacolm).

**448 Proposed Residential Development with Access, Open Space, Landscaping and Associated Works at North Denniston, Bridge of Weir Road, Kilmacolm**

**448**

There were submitted (1) an introductory report by the Head of Legal & Property Services and (2) a report by the Planning Board on the pre-determination hearing held on 13 June 2019 in relation to a planning application by Gladman Developments Limited for a proposed residential development with access, open space, landscaping and associated works (in principle) at land at North Denniston, Bridge of Weir Road, Kilmacolm (19/0041/IC).

Councillors Clocherty and Wilson declared a non-financial interest in this item as Members of Clydeplan. They also formed the view that the nature of their interest and of the item of business did not preclude their continued presence in the Chamber or their participation in the decision-making process.

**Decided:** that planning permission be refused for the following reasons, as recommended by the Planning Board:

- (1) the proposed development is contrary to the Spatial Development Strategy of the 2017 Clydeplan Strategic Development Plan as it is an unjustified urban development which is outwith the development corridor identified in the Plan in that it fails to accord with the Green Belt objectives;
- (2) the proposal is contrary to Policies ENV2 and SDS8 of the 2014 Inverclyde Local Development Plan together with Policy 14 of the 2018 Proposed Inverclyde Local Development Plan in that it fails to accord with the objectives of the Green Belt;
- (3) the proposal fails in respect of Policy RES1(a) of the 2014 Inverclyde Local Development Plan as development within one of the 'fingers' of countryside that extend towards the centre of Kilmacolm will erode both the character and the setting of the village;
- (4) the proposal fails to have regard to the six qualities of successful places as required by Policy 1 of the 2017 Clydeplan Strategic Development Plan and Policy 1 of

THE INVERCLYDE COUNCIL – 27 JUNE 2019

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the 2018 Proposed Inverclyde Local Development Plan. The proposal is also contrary to the placemaking aims of Policy SDS3 of the 2014 Inverclyde Local Development Plan; and

(5) the proposal is not a form of residential development in the Green Belt supported by Policy RES7 of the 2014 Inverclyde Local Development Plan.

**449 Mesh Implants – Notice of Motion by Councillor Murphy****449**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources on a Notice of Motion by Councillor Murphy, countersigned by Councillor Clocherty, submitted in accordance with Standing Order 22 in the following terms, as amended at the meeting:

“Inverclyde Council endorses the support that has been offered by St. Louis-based obstetrician-gynaecologist, Dr Dionysios Veronikis to travel to Scotland to train fellow obstetricians in the safe removal of transvaginal and other mesh implants from persons affected by the mesh implant situation in Scotland. Through our endorsement, we recognise the pain that some of our constituents feel due to mesh implants and we are committed to ensuring our local constituents and other persons in Scotland receive humane and fair treatment in regard to their painful and debilitating symptoms.

We now call upon the UK government to respond as a matter of urgency to allow our constituents and others to receive expeditious treatment. We also agree that mesh should not be re-introduced until a full, thorough review of the devices has been completed to ensure public safety.

We call upon all other Scottish local authorities to support us to show solidarity with Scottish people affected by this issue and remit it to the Council’s Chief Legal Officer to write to all local authorities to this effect”.

**Decided:** that the Notice of Motion by Councillor Murphy, as amended, be agreed.



## POLICY &amp; RESOURCES COMMITTEE – 6 AUGUST 2019

0.69% movement from Period 11 to final outturn be noted;

(2) that it be noted that Officers will identify any opportunities to adjust budgets from 2019/20 and include proposals in future budget reports; and

(3) that it be confirmed that decisions regarding available Free Reserves will form part of the 2020/23 budget development.

**453 2018/19 Capital Programme Performance 453**

There was submitted a report by the Chief Financial Officer on the performance in the delivery of the 2018/19 Capital Programme.

**Decided:** that the positive 2018/19 Capital outturn position of 0.52% advancement be noted.

**454 Treasury Management – Annual Report 2018/19 454**

There was submitted a report by the Chief Financial Officer on the operation of the treasury function and its activities for 2018/19 as required under the terms of Treasury Management Practice 6 (“TMP6”) on “Reporting Requirements and Management Information Arrangements”.

**Decided:**

(1) that the contents of the annual report on Treasury Management for 2018/19, the ongoing work to seek to ensure the delivery of financial benefits for the Council during the current uncertainty and beyond and that Officers are pursuing a review of loans fund repayment periods as part of the 2020-2023 budget be noted; and

(2) that the annual report be remitted to the Inverclyde Council for approval.

**455 2018/19 Efficiency Statement 455**

There was submitted a report by the Chief Financial Officer (1) advising the Committee of the level of efficiencies achieved by the Council in 2018/19 and (2) seeking approval of the annual return to be submitted to CoSLA.

**Decided:**

(1) that the achievement of £1.821 million recurring efficiency savings in 2018/19 be noted; and

(2) that approval be given to the submission of the annual return to CoSLA.

**456 Cyber Resilience – Annual Report 2019 456**

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership providing the annual update on the cyber resilience activities within the Council.

**Decided:** that the contents of the report and activities in place to prevent cyber security incidents be noted.

**457 Inverclyde Council Corporate Plan Annual Report 2018/19 457**

There was submitted a report by the Head of Organisational Development, Policy & Communications on the Corporate Plan Annual Report 2018/19, a copy of which was appended to the report.

**Decided:**



**POLICY & RESOURCES COMMITTEE – 6 AUGUST 2019**

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(1) that the Corporate Plan Annual Report 2018/19 and the amendment to the Corporate Plan organisational priorities as set out in paragraph 2.5 of the report be approved; and

(2) that it be remitted to the Corporate Director Education, Communities and Organisational Development to submit an update report on the regular meetings and discussions with West College Scotland, with particular regard to encouraging students to study at the Greenock campus, to the Education & Communities Committee.

**458      Local Outcome Improvement Plan Annual Report 2018/19      458**

There was submitted a report by the Corporate Director Education, Communities & Organisation Development on the finalised version of the Inverclyde Local Outcome Improvement Plan Annual Report 2018, a copy of which was appended to the report.

**Decided:** that the development and progress made in the Inverclyde Local Outcome Improvement Annual Report 2018 be noted.

**459      2020/23 Budget Update      459**

There was submitted a report by the Chief Financial Officer (1) providing an update in respect of progress regarding the 2020/23 budget and (2) seeking approval of the report's recommendations.

**Decided:**

(1) that the actions currently being taken by the Corporate Management Team in respect of identifying savings for future consideration by Elected Members be noted;

(2) that approval be given to the deferral of any significant capital expenditure on the assets identified in Appendix 1;

(3) that approval be given to the allocation of £0.5 million from available free reserves to create a spend to save earmarked reserve and that it be agreed that the use of this reserve be delegated to the Corporate Management Team; and

(4) that it be noted that progress on the 2020/23 budget will be reported to each cycle of the Committee.

**460      Results from the Citizens' Panel Winter 2018/19 Survey      460**

There was submitted a report by the Head of Organisational Development, Policy & Communications informing the Committee of the headline results from the Citizens' Panel Winter 2018/19 Survey.

Councillor McCabe declared a non-financial interest in this item as a respondent to the Survey. He also formed the view that the nature of his interest and of the item of business did not preclude his continued presence in the Chamber or his participation in the decision-making process.

**Decided:**

(1) that the main findings from the Citizens' Panel Winter 2018/19 Survey be noted; and

(2) that account be taken of the results when reviewing service delivery, as appropriate.

**461      Local Governance Review: an Analysis of Responses to Democracy Matters      461**

There was submitted a report by the Corporate Director Education, Communities & Organisational Development providing an overview of the Scottish Government and

**POLICY & RESOURCES COMMITTEE – 6 AUGUST 2019**

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COSLA publication “Democracy Matters – Community-level decision-making; an analysis of responses to Democracy Matters”, published in May 2019, a copy of which was appended to the report.

**Decided:**

- (1) that the key themes to emerge from the responses to the Democracy Matters consultation be noted; and
- (2) that it be noted that the Council is considering a number of improvement actions to strengthen the role of citizens and communities in local decision-making.

**462 2019 Inverclyde Community Council Elections and Review of Administrative Grant Funding 462**

There was submitted a report by the Head of Legal & Property Services seeking approval (1) of a timetable for community council elections in the Inverclyde area (the 2019 Inverclyde Community Council Elections), (2) to appoint the Chief Executive as Returning Officer for those elections and (3) for discussions on a review of the administrative grant funding and potential future review of the Scheme for the Establishment of Community Councils in Inverclyde.

**Decided:**

- (1) that the Chief Executive be appointed to act as Returning Officer for the 2019 Inverclyde Community Council Elections and that authority be delegated to him to administer these on the Council’s behalf;
- (2) that the Provisional Election Timetable as shown in Appendix 1 to the report be noted and approved and that authority be delegated to the Chief Executive (as Returning Officer) to make such changes to this timetable as are considered appropriate for the effective administration of the election; and
- (3) that the terms of Parts 5 and 6 of the report in relation to a possible future review of the current Scheme for the Establishment of Community Councils in Inverclyde and the financing of Community Councils be noted and that approval be given to the proposals for discussions with the community councils and the communities on these matters.

**463 VE Day 75 Commemorations 463**

There was submitted a report together with addendum report by the Head of Organisational Development, Policy & Communications (1) informing the Committee of the UK Government’s decision to change the date of the May bank holiday to mark the 75<sup>th</sup> anniversary of VE Day and (2) seeking a view on the option to incorporate this as an additional bank holiday and whether “May Day” should continue to be recognised locally.

**Decided:**

- (1) that it be agreed that Monday 4 May 2020 remain the May Day public holiday and that, to recognise the VE Day 75 commemorations, Friday 8 May 2020 be an additional annual leave day for Council employees;
- (2) that a report be submitted to the next meeting of the Education & Communities Committee on the Committee’s decision on the arrangements for the VE Day and May Day holidays; and
- (3) that the wider community be encouraged to support the VE Day 75 anniversary and that a focus of commemoration activity be included at the Gourrock Highland Games event on Sunday 10 May 2020.

**464 Voluntary Severance and Pensions Discretions Policy**

464

There was submitted a report by the Head of Organisational Development, Policy & Communications (1) on the proposed approach to a targeted Voluntary Severance Trawl to support the development of budget savings for 2020/23 and (2) seeking approval to changes to the Council's Pensions Discretions Policy to further support the delivery of budget savings and give greater flexibility to release employees where value for money set out in the Council policy can be demonstrated.

**Decided:**

- (1) that it be noted that targeted Voluntary Severance Trawls will be undertaken to support the development of savings for 2020/23 and that agreement be given to the use of an earmarked reserve to provide additional HR resources to support this work;
- (2) that agreement be given to the changes to the current process for achieving savings where an employee or job numbers may be affected as outlined in section 5 of the report;
- (3) that authority be delegated to the Chief Executive in consultation with the Chief Financial Officer and the Head of Organisational Development, Policy & Communications to approve early payment of an employee's pension and lump sum without it being actuarially reduced where value for money can be demonstrated in accordance with the Council's Voluntary Early Release Policy and as part of an approved saving; and
- (4) that it be noted that future reports will be submitted on an annual basis to update Members on the release of employees by the Chief Executive under delegated authority.

**It was agreed in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 as amended, that the public and press be excluded from the meeting during consideration of the following item on the grounds that the business involved the likely disclosure of exempt information as defined in paragraphs 6, 8 and 9 of Part I of Schedule 7(A) of the Act.**

**465 Site at Jamaica Street, Greenock**

465

There was submitted a report by the Corporate Director Environment, Regeneration & Resources seeking approval to take action in relation to a site at Jamaica Street, Greenock and the Committee agreed to the action proposed, all as detailed in the Appendix.

**LOCAL REVIEW BODY– 7 AUGUST 2019**

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**Local Review Body**

**Wednesday 7 August 2019 at 4pm**

**Present:** Councillors Clocherty, Crowther, Dorrian, McKenzie, Rebecchi and Wilson.

**Chair:** Councillor Wilson presided.

**In attendance:** Ms M Pickett (Planning Adviser), Mr J Kerr (Legal Adviser) and Ms R McGhee (Legal & Property Services).

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Local Review Body.**

**466      Apologies, Substitutions and Declarations of Interest      466**

No apologies for absence or declarations of interest were intimated.

**467      PLANNING APPLICATION FOR REVIEW      467**

**Alterations, Extension and Conversion of Former Stables to Form New Dwelling:  
6 Roseneath Street, Greenock (19/0010/IC)**

There were submitted papers relative to the application for review of the refusal of planning permission for alterations, extension and conversion of former stables to form a new dwelling at 6 Roseneath Street, Greenock (19/0010/IC) to enable the Local Review Body to consider the matter afresh.

Mr Kerr advised the Local Review Body that the Appointed Officer, in determining the planning application, had assessed the application on the basis of the 2016 Historic Environment Scotland – Policy Statement (HESP), which had been superseded by Historic Environment Scotland’s Historic Environment Policy for Scotland (HEPS) published in May 2019. He referred to the Local Review Body’s duty to consider the application for review of the refusal of planning permission afresh and, accordingly, suggested that the Local Review Body continue the matter to seek the views of the applicant, the Appointed Officer and other interested parties on the HEPS, as it impacts upon the application to the Local Review Body.

Ms Pickett referred to errors contained within the report of handling and circulated a note of corrections.

**Decided:**

- (1) that the Local Review Body note the corrections to the report of handling;
- (2) that sufficient information had not been submitted to allow the Local Review Body to decide the matter without further procedure; and
- (3) that, in terms of Regulation 15 of the Town and Country Planning (Schemes of Delegation and Local Review Procedure) (Scotland) Regulations 2013, it be remitted to the Head of Legal & Property Services to issue a written notice to the applicant, the Appointed Officer and any other interested parties seeking information by means of a written submission in relation to their views on Historic Environment Scotland’s Historic Environment Policy for Scotland (HEPS) published in May 2019 as it impacts upon the application to the Local Review Body, the information to be sent to the Local Review Body within fourteen days of the date of the written notice.

## GRANTS SUB-COMMITTEE – 14 AUGUST 2019

Grants Sub-CommitteeWednesday 14 August 2019 at 2pm

**Present:** Provost Brennan, Councillors Brooks, J McEleny and Murphy.

**Chair:** Councillor Brooks presided.

**In attendance:** Corporate Director Education, Communities & Organisational Development, Head of Culture, Communities & Educational Resources, Service Manager, Community Learning & Development, Community Safety & Resilience and Sport, Mr P MacDonald (for Head of Legal & Property Services) and Ms D Sweeney (Legal & Property Services).

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Sub-Committee.**

**468 Apologies, Substitutions and Declarations of Interest 468**

An apology for absence was intimated on behalf of Councillor MacLeod.

No declarations of interest were intimated.

**469 Grant Conditions for Bowling Clubs 469**

There was submitted a report by the Corporate Director Education, Communities & Organisational Development requesting the withdrawal of the pay-per-play condition for this year's Grants to Voluntary Organisations (GTVO) which was agreed by the Grants Sub-Committee at its meeting on 19 June 2019.

**Decided:**

- (1) that Standing Orders be suspended and that the decision to award grants to bowling clubs for 2019/20 be not conditional on providing a pay-per-play facility for non-members; and
- (2) that guidance and procedures for Grants to Voluntary Organisations be fully reviewed for 2020 and a report be submitted to a future meeting of the Education & Communities Committee.

**GENERAL PURPOSES BOARD – 14 AUGUST 2019**

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**General Purposes Board****Wednesday 14 August 2019 at 3pm**

**Present:** Provost Brennan, Councillors Ahlfield, Brooks, Crowther, Dorrian, Moran, J McEleny, Robertson (for Curley) and Quinn.

**Chair:** Councillor Dorrian presided.

**In attendance:** Mr D Keenan (for Head of Legal & Property Services), Ms L Carrick (Legal & Property Services) and Sergeant D Godfrey (Police Scotland).

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Board.**

**470      Apologies, Substitutions and Declarations of Interest      470**

Apologies for absence were intimated on behalf of Councillors Curley and MacLeod, with Councillor Robertson substituting for Councillor Curley.

No declarations of interest were intimated.

**It was agreed in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 as amended, that the public and press be excluded from the meeting during consideration of the following item on the grounds that the business involved the likely disclosure of exempt information as defined in Paragraph 6 of Part I of Schedule 7(A) of the Act.**

**471      Application for Renewal of Taxi Driver's Licence      471**

There was submitted a report by the Head of Legal & Property Services on an application for the renewal of a Taxi Driver's Licence which was granted, all as detailed in the appendix.

## AUDIT COMMITTEE – 20 AUGUST 2019

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### Audit Committee

Tuesday 20 August 2019 at 3pm

**Present:** Provost Brennan, Councillors Brooks, Curley, McCabe, McCormick, Crowther (for J McEleny), McVey, Quinn and Rebecchi.

**Chair:** Councillor Rebecchi presided.

**In attendance:** Corporate Director Environment, Regeneration & Resources, Head of Culture, Communities & Educational Resources, Head of Strategy & Support Services, Chief Internal Auditor, Ms G Murphy (for Head of Legal & Property Services), Ms D Sweeney (Legal & Property Services) and Mr M Thomson (for Chief Financial Officer).

**In attendance also:** Mr M Laird, Audit Scotland.

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Committee.**

**472 Apologies, Substitutions and Declarations of Interest 472**

An apology for absence was intimated on behalf of Councillor J McEleny with Councillor Crowther substituting.

No declarations of interest were intimated.

**473 Internal Audit Progress Report – 1 April to 26 July 2019 473**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources appending the monitoring report in respect of Internal Audit activity for the period 1 April to 26 July 2019.

**Decided:** that the monitoring report in respect of Internal Audit activity for the period 1 April to 26 July 2019 be noted.

**It was agreed in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 as amended, that the public and press be excluded from the meeting during consideration of the following item (Appendix relative to Item 2) on the grounds that the business involved the likely disclosure of exempt information as defined in paragraphs 1, 3 and 6 of Part I of Schedule 7(A) of the Act.**

**474 Appendix relative to Item 2 providing information on Special Investigations 474**

There was submitted an appendix to the Internal Audit progress report providing information on special investigations.

**Decided:** that the contents of the appendix be noted.

**475 Internal Audit Annual Report and Assurance Statement 2018/2019 475**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources presenting the Internal Audit Annual Report and Assurance Statement for

**AUDIT COMMITTEE – 20 AUGUST 2019**

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2018/2019 which forms part of the Council's Annual Governance Statement.

**Decided:** that the contents of the Internal Audit Annual Report and Assurance Statement 2018/2019 be noted.

**476 Annual Review of Risk Management Activity 2018/2019****476**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources advising of progress made in 2018/2019 in developing and monitoring a strategic approach to managing risks faced by the Council, which forms part of the Council's overall Corporate Governance Framework.

**Decided:** that the progress made in 2018/2019 in developing, implementing and monitoring a coherent corporate approach to managing risks faced by the Council be noted.



## HEALTH & SOCIAL CARE COMMITTEE – 22 AUGUST 2019

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### Health & Social Care Committee

Thursday 22 August 2019 at 3pm

**Present:** Councillors Brooks, Dorrian, Jackson, Curley (for MacLeod), McCabe, Crowther (for C McEleny), McKenzie, Moran, Quinn, Rebecchi and Robertson.

**Chair:** Councillor Moran presided.

**In attendance:** Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership, Head of Health & Community Care, Head of Mental Health, Addictions & Homelessness, Head of Children's Services & Criminal Justice, Ms A Mailey (for Head of Strategy & Support Services), Ms S White (for Chief Financial Officer), Social Care Finance Manager, Ms V Pollock (for Head of Legal & Property Services) and Ms S Lang (Legal & Property Services).

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Committee.**

#### **477 Apologies, Substitutions and Declarations of Interest**

**477**

Apologies for absence were intimated on behalf of Councillor C McEleny, with Councillor Crowther substituting and Councillor MacLeod, with Councillor Curley substituting.

Declarations of interest were intimated as follows:

Agenda Item 8 (Governance of HSCP Commissioned External Organisations) – Councillors Brooks, Curley and Rebecchi.

Agenda Item 9 (Progress of Learning Disability (LD) Redesign) – Councillor Brooks.

Agenda Item 10 (Larkfield Physically Disabled Rehabilitation Unit – Request by Councillor Rebecchi) - Councillor Quinn.

#### **478 Prevalence of Drug Misuse in Inverclyde and Alcohol and Drugs Service Response**

**478**

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership providing (1) summary information from the recent report of the Scottish Government's estimated prevalence of problem drug misuse in Scotland study published in March 2019 and (2) details of the progress of the Inverclyde HSCP review of Alcohol and Drug Services.

The Committee heard a presentation by Deborah Gillespie, Head of Mental Health, Addictions & Homelessness, on the prevalence of alcohol and drug related harm within Inverclyde and the response of the Alcohol and Drug Service to this. Thereafter, Ms Gillespie answered a number of questions from Members.

**Decided:**

- (1) that the contents of the briefing note set out in Appendix 1 to the report outlining the key finding from the national report on problematic drug misuse prevalence be noted;
- (2) that the data specific to the Inverclyde local authority area be noted;
- (3) that it be agreed that the Alcohol and Drug Partnership review the areas of

## HEALTH & SOCIAL CARE COMMITTEE – 22 AUGUST 2019

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prevention, education and recovery;

(4) that it be agreed that the action plan to be developed for the Inverclyde Alliance Board in October 2019 be shared with the Health & Social Care Committee;

(5) that the progress and recommendations being made in terms of the review of the HSCP Alcohol and Drug Services be noted and it be agreed that a further report be submitted to the Committee in January 2020 as implementation of the integrated service progresses; and

(6) that a report on the actions to address substance misuse in Inverclyde be submitted to the Committee on a six monthly basis.

### 479 Revenue and Capital Budget Report – Outturn 2018/19 and 2019/20 Revenue Outturn Position as at 30 June 2019 479

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership and the Chief Financial Officer on (1) the outturn of the 2018/19 Revenue Budget, which was provisional subject to the audit of the year-end accounts, and (2) the projected outturn on Revenue and Capital for 2019/20 as at 30 June 2019.

**Decided:**

(1) that the 2018/19 Revenue Budget outturn underspend of £988,000 be noted;

(2) that it be noted that the underspend at the 2018/19 year-end would be retained by the Integration Joint Board;

(3) that the projected current Revenue outturn of £513,000 at 30 June 2019 be noted;

(4) that the virements set out in Appendix 6 to the report be approved;

(5) that the current projected Capital position be noted;

(6) that the current Earmarked Reserves position be noted; and

(7) that the recommendation to the Integration Joint Board to earmark the underspend of £526,000 in Learning Disability Services to meet one-off costs associated with the Learning Disability Hub be noted.

### 480 Criminal Justice Social Work Inspection 480

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership advising the Committee of an inspection of Criminal Justice Social Work, with a particular focus on community payback orders, covering the period 1 May to 20 October 2019.

**Decided:**

(1) that the contents of the report be noted; and

(2) that a further report be submitted to the Committee following the publication of the inspection report.

### 481 HSCP SVQ Centre External Verification 481

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership advising the Committee of the findings of the external verification visit by the Scottish Qualifications Agency (SQA) to the Inverclyde HSCP SVQ Centre on 27 May 2019. The report advised that the Centre had received green ratings, the highest compliance level, in all categories and that the external verifier had commented on areas of good practice.

**Decided:**

- (1) that the excellent verification report arising from the visit by the Scottish Qualifications Agency, resulting in no compulsory actions being identified, be noted; and
- (2) that the Committee's congratulations be extended to all those involved in the service provision.

**482 Scottish Government Report on Out of Area Placements and Delayed Discharge for People with Learning Disabilities and Complex Needs 482**

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership on Inverclyde HSCP's position in relation to the Scottish Government report 'Coming Home – Out of Area Placements and Delayed Discharge for People with Learning Difficulties and Complex Needs'.

**Decided:**

- (1) that it be noted that Inverclyde HSCP was continuing to reduce the historical placement of people with a learning disability outwith Inverclyde and the wider NHS Greater Glasgow and Clyde boundary with the number standing at twelve in July 2019;
- (2) that it be noted that Inverclyde HSCP had no delayed patients in long-stay/assessment learning disability beds; and
- (3) that it be noted that Inverclyde HSCP had no out of Scotland placements, in line with Scottish Government recommendations.

**483 Updating of the Contract Management Framework – Poorly Performing Services 483**

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership requesting the Committee to approve the inclusion of a new section in the contract management framework to include a process for managing poorly performing services.

**Decided:** that approval be given to the inclusion of a new section in the contract management framework to include a process for managing poorly performing services.

**484 Larkfield Physically Disabled Rehabilitation Unit – Request by Councillor Rebecchi 484**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources on a request received from Councillor Rebecchi that the Committee ask for a report on the timescales and consultation processes for changes to the provision at the Larkfield Physically Disabled Rehabilitation Unit and the implications for consultant-led services, staff and all service users including both island and mainland residents.

Councillor Rebecchi asked that a letter from a user of the services provided at the unit be circulated to the Committee.

Councillor Quinn declared a non-financial interest as a relative of the writer of the letter. She also formed the view that the nature of her interest and of the item of business did not preclude her continued presence in the Chamber or her participation in the decision-making process.

**Decided:** that it be remitted to the Corporate Director (Chief Officer) to contact NHS Greater Glasgow & Clyde with a view to a report being submitted to the Committee on the future plans for the Larkfield Physically Disabled Rehabilitation Unit.

**485 Change of Weightings - Tender for Children's Advocacy Service**

485

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership seeking approval to change the tender weighting in relation to the forthcoming tender process for a Children's Advocacy Service in Inverclyde.

**Decided:** that Contract Standing Orders be suspended to allow for the use of a 60% Quality and 40% Cost of Service weighting in the forthcoming tender for the Inverclyde HSCP Children's Advocacy Service.

**It was agreed in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 as amended, that the public and press be excluded from the meeting during consideration of the following items on the grounds that the business involved the likely disclosure of exempt information as defined in the respective paragraphs of Part I of Schedule 7(A) of the Act as are set out opposite each item.**

Item	Paragraph(s)
<b>Governance of HSCP Commissioned External Organisations</b>	<b>6 &amp; 9</b>
<b>Progress of Learning Disability (LD) Redesign</b>	<b>6</b>

**486 Governance of HSCP Commissioned External Organisations**

486

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership providing an update on matters relating to the HSCP governance process for externally commissioned Social Care Services.

Councillors Brooks and Curley declared a non-financial interest in this item as members of the Board of River Clyde Homes and Councillor Rebecchi declared a non-financial interest as a volunteer driver for Inverclyde Voluntary Council of Social Services (IVCSS). All three Members formed the view that the nature of their interest and of the item of business did not preclude their continued presence in the Chamber or their participation in the decision-making process.

**Decided:**

- (1) that the governance report for the period 30 March to 19 July 2019 be noted; and
- (2) that Members acknowledge that Officers regard the control mechanisms in place through the governance meetings as sufficiently robust to ensure ongoing quality and safety and the fostering of a commissioning culture of continuous improvement.

**487 Progress of Learning Disability (LD) Redesign**

487

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership advising the Committee of the progress of the Learning Disability (LD) redesign and recommending that the project move to the site investigation phase in order to progress with a new-build LD Community Hub.

Councillor Brooks declared a financial interest in this item due to a potential financial association of a personal nature and left the meeting prior to its consideration.

The Committee agreed to note the preferred option following site appraisal and that the Integration Joint Board would be asked to approve the creation of an earmarked reserve to be used for site investigation works on the preferred sites, all as detailed in the Appendix.

**ENVIRONMENT & REGENERATION COMMITTEE – 29 AUGUST 2019**

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**Environment & Regeneration Committee**

**Thursday 29 August 2019 at 3pm**

**Present:** Councillors Ahlfeld, Brooks, Clocherty, Crowther, Curley, Jackson, McCabe, McCormick, J McEleny, McKenzie and Nelson.

**Chair:** Councillor McCormick presided.

**In attendance:** Corporate Director Environment, Regeneration & Resources, Head of Legal & Property Services, Technical Services Manager, Ms R McGhee (Legal & Property Services), Ms M McCabe (for Chief Financial Officer), Shared Head of Service Roads, Service Manager (Roads), Head of Environmental & Public Protection, Environmental Services Manager, Head of Regeneration & Planning, Service Manager (Educational Resources & Facilities Management) and Mr D McLavin (Corporate Communications).

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Committee.**

**488      Apologies, Substitutions and Declarations of Interest      488**

No apologies for absence were intimated.

Declarations of interest were intimated as follows:-

Agenda Item 15 (Car Parking Charging Proposals) – Councillor Curley;

Agenda Item 23 (Clune Park Regeneration Plan Progress Report: Update on Current Actions) – Councillor Curley; and

Agenda Item 28 (Property Assets Management Report) – Councillors Brooks and Curley.

**489      Environment & Regeneration 2019/20 Revenue Budget – Period 3 (30 June 2019)      489**

There was submitted a report by the Chief Financial Officer and the Corporate Director Environment, Regeneration & Resources advising the Committee of the 2018/19 outturn and the 2019/20 Revenue Budget position as at Period 3 to 30 June 2019.

**Decided:**

(1) that the outturn for 2018/19 and the current projected underspend of £66,000 for 2019/20 as at 30 June 2019 be noted; and

(2) that approval be given to the virement detailed in Section 8 and Appendix 5 of the report.

**490      Environment & Regeneration Capital Programme 2019/20 to 2022/23 – Progress      490**

There was submitted a report by the Chief Financial Officer and the Corporate Director Environment, Regeneration & Resources (1) providing an update on the status of the projects within the Environment & Regeneration Capital Programme and (2) highlighting the overall financial position.

**Decided:**

(1) that the current position of the 2019/23 Capital Programme and the progress on

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**ENVIRONMENT & REGENERATION COMMITTEE – 29 AUGUST 2019**


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the specific projects detailed in Appendices 1 and 2 be noted;

(2) that the Committee note the current over-expenditure of £0.028m for the District Court Room Restoration, that a more detailed report on the final position will be submitted to a future meeting of the Committee upon agreement of the final account for the project and that any over-expenditure will be contained within the Core Property Services General Provision; and

(3) that approval be given to the allocation of a further £0.060m of Town Centre Funding to the Lyle Fountain restoration.

**491 Environment, Regeneration & Resources Corporate Directorate Improvement Plan 2019/22 Progress Report 491**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources providing an update on the delivery of the improvement actions in the Environment, Regeneration & Resources Corporate Directorate Improvement Plan (CDIP) 2019/22.

**Decided:** that the progress made in delivering the year one improvement actions contained within the Environment, Regeneration & Resources CDIP 2019/22 be noted.

**492 Quarrier's Homes Conservation Area Appraisal 492**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources (1) on the preparation of a Conservation Area Appraisal for Quarrier's Homes Conservation Area, identifying the key features that contribute to the special character of the conservation area, what is worthy of preservation and outlining actions for the management of the conservation area, and (2) seeking approval for it to be published for public consultation prior to it becoming non-statutory Planning Guidance.

**Decided:** that approval be given to the Quarrier's Homes Conservation Area Appraisal attached to the report at Appendix 1 for public consultation.

**493 West Blackhall Street Public Realm Proposals 493**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources (1) providing an update on the West Blackhall Street Public Realm Improvement project and (2) recommending a design to be taken forward.

Following consideration, Councillor Brooks moved that the "2018 proposal" be approved as the preferred Public Realm Improvement design for West Blackhall Street.

As an amendment, Councillor McCormick moved that the "2019 proposal" be approved as the preferred Public Realm Improvement design for West Blackhall Street and that the project proceed to detailed/technical design making use of Sustrans' funding.

On a vote, 1 Member, Councillor Brooks, voted for the motion and 10 Members, Councillors Ahlfeld, Clocherty, Crowther, Curley, Jackson, McCabe, McCormick, J McEleny, McKenzie and Nelson, voted in favour of the amendment which was declared carried.

**Decided:** that the "2019 proposal" be approved as the preferred Public Realm Improvement Design for West Blackhall Street and that the project proceed to detailed/technical design making use of Sustrans' funding.

**494 Road Naming within New Developments at Auchmead Road/Burns Road, Greenock and Langhouse Road/Millhouse Road, Inverkip 494**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources seeking approval for the naming of new roads being created within developments at Auchmead Road/Burns Road, Greenock and Langhouse Road/Millhouse Road, Inverkip.

**Decided:**

- (1) that the road within the new development at Auchmead Road/Burns Road, Greenock be named Ravenscraig Gardens; and
- (2) that the road within the new development at Langhouse Road/Millhouse Road, Inverkip be named The Glebe.

**495 Stopping Up Order for a Section of Footpath and Amendment of Core Path 1E “Gourock to Greenock” 495**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources advising (1) of the use of the powers delegated to the Chief Executive to (a) promote a Stopping Up Order and a Diversion Order for a section of footpath and (b) amend Core Path 1E, as required by the erection of a new cruise ship terminal at the Waterfront Car Park, Greenock and (2) in the light of new information and further consultation, changes to the actions approved under emergency powers to (a) combine the Stopping Up and Diversion Orders into a single Order and (b) shorten the section of footpath to be stopped up.

**Decided:**

- (1) that the use of the emergency powers procedure for (a) the promotion of a Stopping Up Order and a Diversion Order and the granting of delegated authority to the Head of Legal & Property Services, subject to no objections being made or maintained after the statutory 28 day period for objections, to take all necessary action in connection therewith, including confirmation of the Orders and (b) consultation on the proposed amendment to Core Path 1E, as required by the erection of a new cruise ship terminal at the Waterfront Car Park, Greenock, be noted; and
- (2) that it be noted that, in the light of new information and further consultation, it was deemed appropriate to combine the Stopping Up and Diversion Orders into a single Order and to shorten the section of footpath to be stopped up, as shown in Appendix 1 to the report.

**496 Port Glasgow Industrial Estate – Support for Demolition Programme 496**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources seeking agreement for an amended policy to support selective demolitions at Port Glasgow Industrial Estate to try to address barriers to participation in the programme.

**Decided:** that the terms of the report be noted and approval given to the amended policy set out in paragraph 2.5 of the report.

**497 Hunters Place and Kilblain Street Public Conveniences 497**

There was submitted a report by the Corporate Director Education, Communities & Organisational Development seeking approval to pilot early closure of the Hunters Place and Kilblain Street public conveniences due to ongoing antisocial behaviour.

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**ENVIRONMENT & REGENERATION COMMITTEE – 29 AUGUST 2019**


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**Decided:**

- (1) that approval be given to pilot the early closure of Hunters Place and Kilblain Street public conveniences as outlined in the report; and
- (2) that a further report, evaluating the pilot, be submitted after 12 months.

**498 Garden Waste Charges 498**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources on the introduction of charges for the collection of garden waste from the new season collection service commencing March 2020.

**Decided:** that the contents of the report and the work that will be undertaken to implement the garden waste charges be noted.

**499 Keep Scotland Beautiful 499**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources recommending that the Committee endorse and adopt the objectives and values of Keep Scotland Beautiful.

**Decided:** that the values of Keep Scotland Beautiful as reflected in the organisation's vision and the Council working in partnership with local communities to promote that vision in Inverclyde be endorsed.

**500 Withdrawal from the European Union - Update 500**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources providing an update on actions taken to mitigate the potential risks arising from European Union withdrawal including a "no deal" Brexit.

**Decided:** that the contents of the report be noted.

**501 Traffic Calming Policy Review 501**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources providing an update on the review of the Traffic Calming Policy adopted in August 2017.

**Decided:** that no changes be made to the Traffic Calming Policy.

**502 Car Parking Charging Proposals 502**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources on proposals to increase parking income by introducing charging within town centre car parks that are currently free, providing details of the proposed charging regime and key dates for implementation.

Councillor Curley declared a non-financial interest in this item as a Board Member of Kilmacolm Community Centre Co Ltd. He also formed the view that the nature of his interest and of the item of business did not preclude his continued presence in the Chamber or his participation in the decision-making process.

**Decided:**

- (1) that approval be given to the promotion of a Traffic Regulation Order to introduce parking charging within the town centre car parks identified within the report; and



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**ENVIRONMENT & REGENERATION COMMITTEE – 29 AUGUST 2019**


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(2) that, with regard to Council car parks which presently have a charging scheme, a report on the implications of (a) introducing three hours free parking, increasing to £2 per day for vehicles parked for longer than three hours, (b) charging five days per week rather than six days per week and (c) introducing parking charging within the car parks at Bruce Street, Cathcart West, Roxburgh Street (West Station), and the Waterfront car parks, all Greenock, be submitted to the Committee.

**503 RAMP Lighting Column Replacement 2019/20 – Delegated Authority for Contract Award 503**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources seeking approval to delegate authority to the Head of Legal & Property Services to award a tender for RAMP lighting column replacement 2019/20 to permit the earliest possible site start during 2019/20.

**Decided:** that authority be delegated to the Head of Legal & Property Services to accept the most economically advantageous tender, provided the cost is within the budget allocation, for the RAMP lighting column replacement 2019/20.

**504 Real Time Passenger Information 504**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources seeking approval for the introduction of an electronic Real Time Passenger Information scheme for bus passengers at 12 trial sites in Inverclyde.

(Councillor Ahlfeld left the meeting during consideration of this item of business).

**Decided:**

(1) that it be agreed to enter into a Legal Agreement with Strathclyde Partnership for Transport on terms and conditions to reflect the respective objectives set out in Appendix 2 to the report, all as may be negotiated by the Shared Head of Service Roads, in consultation with the Head of Legal & Property Services and the Chief Financial Officer, for the introduction of a Real Time Passenger Information scheme; and

(2) that approval be given to a trial of the Real Time Passenger Information scheme at the 12 sites outlined in Appendix 1 to the report.

**505 King George VI Building – 9-11 King Street, Port Glasgow 505**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources (1) providing an update on the structural condition of the King George VI Building and (2) advising of the reasons for the temporary suspension of the works.

(Councillor Ahlfeld returned to the meeting during consideration of this item of business).

**Decided:** that the structural condition and funding position in respect of the King George VI Building be noted and that it be noted a detailed report will be submitted to the next meeting of the Committee.

**506 Upper Kirn Dive, Gourock – (a) Open Space Consultation; and (b) Proposed Residential Development and Road Widening – PART A 506**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources on the outcome of an open space consultation recently carried out in order to obtain and consider the views of the community in relation to a proposed residential and road widening development, anticipated to be located on ground adjacent to Kirn Drive, Gourock to which the public currently have access, as shown on the plan at Appendix 1 to the report.

**Decided:**

- (1) that the outcome of the open space consultation in relation to the proposed residential development at Upper Kirn Drive, Gourock and the terms of the representations received as detailed in the body of the report be noted; and
- (2) that consideration of the matter be continued for a further report on the implications of the proposed road widening and residential development at Upper Kirn Drive, Gourock and other road options for the Midton area.

**It was agreed in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 as amended, that the public and press be excluded from the meeting during consideration of the following items on the grounds that the business involved the likely disclosure of exempt information as defined in the respective paragraphs of Part I of Schedule 7(A) of the Act as are set opposite each item.**

<b>Item</b>	<b>Paragraph(s)</b>
<b>Upper Kirn Dive, Gourock – (a) Open Space Consultation; and (b) Proposed Residential Development and Road Widening – PART A</b>	<b>1</b>
<b>Upper Kirn Dive, Gourock – (a) Open Space Consultation; and (b) Proposed Residential Development and Road Widening – PART B</b>	<b>2, 6 &amp; 9</b>
<b>Residual Waste Procurement Outcome</b>	<b>6 &amp; 8</b>
<b>Cemetery Development Strategy</b>	<b>6, 8 &amp; 9</b>
<b>Clune Park Regeneration Plan Progress Report: Update on Current Actions</b>	<b>6, 9, 12 &amp; 13</b>
<b>Lease of Premises: Larkfield Road, Gourock</b>	<b>2, 6 &amp; 9</b>
<b>Lease of Premises: Tower Drive, Gourock</b>	<b>2, 6 &amp; 9</b>
<b>Lease of Premises: Port Glasgow Town Buildings</b>	<b>2, 6 &amp; 9</b>
<b>Underutilised Sites: Greenock Town Centre</b>	<b>6, 9, 12 &amp; 13</b>
<b>Property Assets Management Report</b>	<b>2, 6 &amp; 9</b>

**Joint Working with West Dunbartonshire Council – Strategic Leadership 1**

**Grant of Servitude for Sewer Connection at Site of Former King's Glen Primary School, Greenock 6 & 9**

**507 Upper Kirn Dive, Gourock – (a) Open Space Consultation; and (b) Proposed Residential Development and Road Widening – PART A 507**

There was submitted Appendix 3 relative to Agenda Item 19 (Upper Kirn Dive, Gourock – (a) Open Space Consultation; and (b) Proposed Residential Development and Road Widening – PART A), comprising individual letters from petitioners and individual representations.

**Decided:** that the terms of the individual letters from petitioners and individual representations be noted.

**508 Upper Kirn Dive, Gourock – (a) Open Space Consultation; and (b) Proposed Residential Development and Road Widening – PART B 508**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources on the options for the former St Ninian's school site if the Committee decided to proceed with the Upper Kirn Drive residential development and road widening proposals referred to in the previous report (PART A).

Following consideration, the Committee decided to retain the former St Ninian's school site in its ownership and that any future use of this site in connection with the Upper Kirn Drive proposals be reviewed in the light of the outcome of the continued public consultation report, above, all as detailed in the appendix.

**509 Residual Waste Procurement Outcome 509**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources on the outcome of the collaborative procurement for residual waste disposal services between Inverclyde Council, West Dunbartonshire Council and the Lomond and Helensburgh area of Argyll & Bute Council.

(Councillor Ahlfeld left the meeting during consideration of this item of business).

**Decided:**

- (1) that the extension of the current residual waste contract to August 2020 be noted;
- (2) that the current position regarding the collaborative procurement exercise be noted; and
- (3) that it be agreed that the options highlighted in sections 7-9 of the report be explored more fully and that a report with a fuller appraisal of these and a recommended course of action be submitted to the Committee by January 2020.

ENVIRONMENT & REGENERATION COMMITTEE – 29 AUGUST 2019

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- 510 Cemetery Development Strategy 510**
- There was submitted a report by the Head of Environmental & Public Protection providing an update on progress with regard to cemetery development at Knocknairshill and Kilmacolm cemeteries.
- Following consideration, the Committee agreed to take action, all as detailed in the appendix.
- (Councillor Ahlfeld returned to the meeting during consideration of this item of business).
- 511 Clune Park Regeneration Plan Progress Report: Update on Current Actions 511**
- There was submitted a report by the Corporate Director Environment, Regeneration & Resources (1) advising the Committee of the current actions to implement the Council's decisions on the Clune Park Estate and (2) providing a briefing on key, current items to ensure that the Committee is fully advised of progress.
- Councillor Curley declared a non-financial interest in this item as a Board Member of River Clyde Homes. He also formed the view that the nature of his interest and of the item of business did not preclude his continued presence in the Chamber or his participation in the decision-making process.
- Decided:** that the current progress in respect of the Clune Park Area Regeneration Plan be noted.
- 512 Lease of Premises: Larkfield Road, Gourock 512**
- There was submitted a report by the Corporate Director Environment, Regeneration & Resources seeking approval to (1) grant a new lease of premises at Larkfield Road, Gourock and (2) accept the renunciation of the lease by the tenant to facilitate the proposal.
- Following consideration, the Committee agreed to the action recommended, all as detailed in the appendix.
- 513 Lease of Premises: Tower Drive, Gourock 513**
- There was submitted a report by the Corporate Director Environment, Regeneration & Resources seeking approval to changes to the lease arrangements of premises at Tower Drive, Gourock.
- Following consideration, the Committee agreed to the action recommended, all as detailed in the appendix.
- 514 Lease of Premises: Port Glasgow Town Buildings 514**
- There was submitted a report by the Corporate Director Environment, Regeneration & Resources seeking approval to enter into lease negotiations in relation to Port Glasgow Town Buildings resulting in reconfiguration of the space.
- Following consideration, the Committee agreed to the action recommended, all as detailed in the appendix.

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**ENVIRONMENT & REGENERATION COMMITTEE – 29 AUGUST 2019**


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- 515 Underutilised Sites: Greenock Town Centre 515**
- There was submitted a report by the Head of Legal & Property Services recommending action in relation to an underutilised site within Greenock Town Centre. Following a vote, the Committee agreed to the action recommended, all as detailed in the appendix.
- 516 Property Assets Management Report 516**
- There was submitted a report by the Corporate Director Environment, Regeneration & Resources making recommendations in respect of a number of property assets. Councillors Brooks and Curley declared a non-financial interest in this item as Board Members of River Clyde Homes. Councillor Brooks also declared a non-financial interest as a Board Member of Inverclyde Leisure and as a result of a personal acquaintance with parties referred to in the report. Councillor Curley formed the view that the nature of his interest and of the item of business did not preclude his continued presence in the Chamber or his participation in the decision-making process. Councillors Brooks left the meeting. Following consideration, the Committee agreed to the action recommended in respect of (1) property at Leven Road, Greenock, (2) premises at Southfield Avenue, Port Glasgow, (3) premises at Lymedoch Industrial Estate, Greenock and (4) land at McLeod Street and Inverkip Road, Greenock, all as detailed in the appendix.
- (Councillor Brooks returned to the meeting at this juncture).
- 517 Joint Working with West Dunbartonshire Council – Strategic Leadership 517**
- There was submitted a report by the Corporate Director Environment, Regeneration & Resources on proposals for further joint working with West Dunbartonshire Council in relation to fleet, waste and grounds services. Following consideration, the Committee agreed to the action recommended, all as detailed in the appendix.
- 518 Grant of Servitude for Sewer Connection at Site of Former King’s Glen Primary School, Greenock 518**
- There was submitted a report by the Corporate Director Environment, Regeneration & Resources advising the Committee of the use of the powers delegated to the Chief Executive to grant a servitude right of access at the site of the former King’s Glen Primary School, Greenock.
- Decided:** that the use of the emergency powers procedure to enter into a servitude or such other comparable licence or agreement that may be required at the site of the former King’s Glen Primary School, Greenock be noted.

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**EDUCATION AND COMMUNITIES COMMITTEE – 3 SEPTEMBER 2019**


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**Education and Communities Committee**
**Tuesday 3 September 2019 at 2pm**

**Present:** Provost Brennan, Councillors Clocherty, Curley, Crowther (for MacLeod), McCabe, C McEleny, McVey, Murphy, Quinn, Robertson and Wilson, Mrs F Gilpin, Church Representative, Ms A McMillan, Parent Representative and Ms P McEwan, Teacher Representative.

**Chair:** Councillor Clocherty presided.

**In attendance:** Corporate Director Education, Communities & Organisational Development, Head of Culture, Communities & Educational Resources, Head of Education, Service Manager, Community Learning & Development, Community Safety & Resilience and Sport, Libraries, Education Development & Arts Manager, Service Manager, Educational Resources & Facilities Management, Mr I Cameron (for Chief Financial Officer), Education & Exchequer Finance Manager, Ms G Murphy (for Head of Legal & Property Services), Ms S Lang (Legal & Property Services), Corporate Communications Manager, Corporate Policy, Performance & Partnership Manager, Early Years Manager and Property Services Manager.

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Committee.**

**519 Apologies, Substitutions and Declarations of Interest**
**519**

Apologies for absence were intimated on behalf of Councillor MacLeod, with Councillor Crowther substituting, and Rev. F Donaldson.

Declarations of interest were intimated as follows:

Agenda Item 3 (Communities Capital Programme 2019-2022 Progress Report) – Councillors Clocherty, Curley and Quinn.

Agenda Item 4 (Community Safety and Resilience Update Report) – Councillor Curley.

Agenda Item 7 (Sportscotland – Sport for Life) – Councillors Clocherty and Quinn.

Agenda Item 8 (Grants to Voluntary Organisations 2019/20) – Councillors Murphy, Quinn and Robertson.

Agenda Item 9 (Under 19s Sports Grants 2019/20) – Councillor Robertson.

Agenda Item 14 (Education Capital Programme 2019-2023 Progress Report) – Councillor Wilson.

Agenda Item 17 (Update on Review of School Transport in Inverclyde) – Councillors Quinn and Wilson.

Agenda Item 18 (Local Child Poverty Action Report) – Councillor Robertson.

**520 Communities 2019/20 Revenue Budget - Period 3 to 30 June 2019**
**520**

There was submitted a report by the Chief Financial Officer and the Corporate Director Education, Communities & Organisational Development on the 2018/19 Communities Revenue Budget final outturn and the 2019/20 Revenue Budget position as at Period 3 to 30 June 2019.

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**EDUCATION AND COMMUNITIES COMMITTEE – 3 SEPTEMBER 2019**


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**Decided:**

- (1) that the final outturn for the 2018/19 Communities Revenue Budget be noted; and
- (2) that the current projected overspend of £36,000 in the 2019/20 Communities Revenue Budget as at Period 3 to 30 June 2019 be noted.

**521 Communities Capital Programme 2019-2022 Progress 521**

There was submitted a report by the Head of Culture, Communities & Educational Resources and the Chief Financial Officer (1) on the status of the projects forming the Communities Capital Programme and (2) highlighting the overall financial position.

Councillors Clocherty and Quinn declared a non-financial interest in this item as members of the Board of Inverclyde Leisure and Councillor Curley declared a non-financial interest as a member of Boglestone Community Association. All three Members formed the view that the nature of their interest and of the item of business did not preclude their continued presence in the Chamber or their participation in the decision-making process.

**Decided:** that the progress of the specific projects detailed in Appendix 1 be noted.

**522 Community Safety and Resilience Update Report 522**

There was submitted a report by the Corporate Director Education, Communities & Organisational Development providing an update on the work and outcomes of the Community Safety and Resilience Team.

Councillor Curley declared a non-financial interest in this item as the Chair of Road Safety West of Scotland. He also formed the view that the nature of his interest and of the item of business did not preclude his continued presence in the Chamber or his participation in the decision-making process.

**Decided:**

- (1) that the content of the update report be noted;
- (2) that the work of the Community Safety and Resilience Team and its early intervention and focus on prevention be noted; and
- (3) that an annual report on the work of the Community Safety and Resilience Team be submitted to the Committee.

**523 Cultural Services Annual Report 2018-19 523**

There was submitted a report by the Corporate Director Education, Communities & Organisational Development providing an update on progress within Cultural Services in 2018-19.

**Decided:** that the Cultural Services Annual Report 2018-19 be noted.

**524 Progress on Year of Young People Legacy Plan 524**

There was submitted a report by the Corporate Director Education, Communities & Organisational Development providing an update on the progress made in delivering the legacy plan for the Year of Young People.

**Decided:**

- (1) that the content of the report be noted; and
- (2) that the progress made in delivering the Year of Young People legacy plan for 2019 be noted.

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**EDUCATION AND COMMUNITIES COMMITTEE – 3 SEPTEMBER 2019**


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**525 SportsScotland – Sport for Life 525**

There was submitted a report by the Corporate Director Education, Communities & Organisational Development advising the Committee of the launch of **sportscotland's** new corporate strategy, Sport for Life.

Councillors Clocherty and Quinn declared a non-financial interest in this item as members of the Board of Inverclyde Leisure. They also formed the view that the nature of their interest and of the item of business did not preclude their continued presence in the Chamber or their participation in the decision-making process.

**Decided:**

- (1) that the content of the report be noted; and
- (2) that the summary of **sportscotland's** strategy, 'Sport for Life', be noted.

**526 Grants to Voluntary Organisations 2019/20 526**

There was submitted a report by the Corporate Director Education, Communities & Organisational Development providing details of the grants awarded to voluntary organisations at the Grants Sub-Committee on 19 June 2019.

Councillor Murphy declared non-financial interests in this item (a) having been approached by Greenock Burns Club, (b) as a Committee member of Friends of Coves Community Nature Reserve, (c) as an Independent Youth Worker, (Boys Brigade and Girls Brigade applications), (d) having been approached by the Gourrock Garden Party organisers and (e) as Chair of Inverclyde Youth for Christ. Councillor Quinn declared a non-financial interest as Chair of Gourrock Heritage and Arts and Councillor Robertson declared non-financial interests as a Committee member of Inverclyde Youth Theatre, Thistle Theatre Company and I FiT. All three Members formed the view that the nature of their interests and of the item of business did not preclude their continued presence in the Chamber or their participation in the decision-making process.

**Decided:**

- (1) that the grants awarded to voluntary organisations at the meeting of the Grants Sub-Committee on 19 June 2019 be noted; and
- (2) that it be agreed that guidance and procedures for grants to voluntary organisations be fully reviewed for 2020 and that a report thereon be submitted to a future meeting of the Committee.

**527 Under 19s Sports Grants 2019/20 527**

There was submitted a report by the Corporate Director Education, Communities & Organisational Development providing details of grants awarded to under 19s sports at the Grants Sub-Committee on 26 June 2019.

Councillor Robertson declared a non-financial interest in this item due to an association with Greenock Glenpark Harriers. She also formed the view that the nature of her interest and of the item of business did not preclude her continued presence in the Chamber or her participation in the decision-making process.

**Decided:**

- (1) that the grants awarded to under 19s sports be noted; and
- (2) that it be agreed that guidance and procedures for grants to under 19s sports be fully reviewed for 2020 and that a report thereon be submitted to a future meeting of the Committee.



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**528 Young Scot 528**

There was submitted a report by the Corporate Director Education, Communities & Organisational Development (1) providing an update on the Young Scot offer to local authorities and (2) appending the most recent report on usage and card uptake in Inverclyde.

**Decided:**

- (1) that the offer from National Young Scot be noted;
- (2) that the current usage of the Young Scot National Entitlement Card (NEC) and its benefits be noted; and
- (3) that the remaining content of the report be noted.

**529 The Scottish Community Safety Network 529**

There was submitted a report by the Corporate Director Education, Communities & Organisational Development (1) providing an update on the Council's continued membership of the Scottish Community Safety Network and (2) advising of a proposal for an appropriate Officer of the Council to seek nomination to stand as Chairperson of the Board of Directors.

**Decided:**

- (1) that Inverclyde Council's continuing role in the Scottish Community Safety Network be noted; and
- (2) that it be noted that an appropriate Officer from Inverclyde Council would seek nomination for the position of Chairperson of the Board of Directors of the Scottish Community Safety Network to be confirmed at its Annual General Meeting in September 2019.

**The Communities business ended at 3.15pm. The Committee commenced consideration of the Education items of business at 4pm with Mrs Gilpin, Ms McMillan and Ms McEwan joining the meeting.**

Prior to commencement of business, the Convener welcomed to the meeting Michael Roach, the newly appointed Head of Education.

**530 West College Scotland – Request by Councillor Rebecchi 530**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources on a request received from Councillor Rebecchi (1) that the Committee requests the Board of West College Scotland to reconsider its decision to remove the James Watt name from the college; and (2) that a report be submitted to the Committee on courses currently available and courses that were previously available at the James Watt College with a view to determining the impact this has had on jobs and economic benefit to the local community.

Councillor Rebecchi was present and spoke in relation to his request.

**Decided:**

- (1) that a request be made to the Board of West College Scotland to incorporate the James Watt name in one or both of its Greenock campuses; and
- (2) that a report be submitted to the Committee on courses currently available and courses previously available at the James Watt College with a view to determining the impact on jobs and economic benefit to the local community, the report also to include

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(a) information on the numbers of Inverclyde-based students and lecturers required to travel to Paisley to undertake or provide courses previously available at the James Watt College and (b) information in relation to courses currently and previously provided to facilitate women returning to the workplace.

**531 Education 2019/20 Revenue Budget – Period 3 to 30 June 2019 531**

There was submitted a report by the Chief Financial Officer and Corporate Director Education, Communities & Organisational Development on the position of the 2019/20 Education Revenue Budget as at Period 3 to 30 June 2019.

Councillor Wilson declared a non-financial interest in this item as the Chair of Strathclyde Partnership for Transport's Operations Committee. He also formed the view that the nature of his interest and of the item of business did not preclude his continued presence in the Chamber or his participation in the decision-making process.

**Decided:**

- (1) that the final outturn for the 2018/19 Education Revenue Budget be noted;
- (2) that the current projected overspend of £163,000 in the 2019/20 Education Revenue Budget as at Period 3 to 30 June 2019 be noted; and
- (3) that approval be given to the virement of £26,000 as set out in paragraph 8.1 and Appendix 5 to the report.

**532 Education Capital Programme 2019-2023 Progress 532**

There was submitted a report by the Corporate Director Education, Communities & Organisational Development and the Chief Financial Officer (1) on the status of the projects forming the Education Capital Programme and (2) highlighting the overall financial position.

**Decided:** that the progress of the specific projects detailed in Appendix 1 be noted.

**533 Education, Communities and Organisational Development Corporate Directorate Improvement Plan 2019/22 Progress Report 533**

There was submitted a report by the Corporate Director Education, Communities & Organisational Development providing an update on the delivery of improvement actions in the Education, Communities & Organisational Development (ECOD) Corporate Directorate Improvement Plan (CDIP) focusing on the improvement actions within the remit of the Education Service and the Culture, Communities & Educational Resource Service.

**Decided:** that the progress made in delivering the Year 1 improvement actions contained within the Education, Communities & Organisational CDIP 2019/22 be noted.

**534 Progress with Actions from the Children's Services Inspection and the Year 2 Delivery Plan for the Strategic Children's Service Plan 2018 534**

There was submitted a report by the Corporate Director Education, Communities & Organisational Development providing an update on progress with the Children's Services Plan 2018.

**Decided:**

- (1) that the second delivery plan for the Children's Services three year plan be noted; and
- (2) that it be noted that the plan had been linked to the relevant UN Convention on

the Rights of the Child articles.

### 535 Update on Review of School Transport in Inverclyde

535

There was submitted a report by the Corporate Director Education, Communities & Organisational Development (1) providing an update on the review of school transport in Inverclyde following the decision of the Committee at its meeting on 7 May 2019, together with a summary of consultation events held with parents in June 2019 and (2) seeking approval for further work to be undertaken to move towards equity in the school transport policy in Inverclyde.

Councillor Quinn declared a non-financial interest in this item as the parent of two St Columba's High School pupils not affected by the proposals set out in the report and Councillor Wilson declared a non-financial interest as Chair of Strathclyde Partnership for Transport's Operations Committee. Both Members formed the view that the nature of their interests and of the item of business did not preclude their continued presence in the Chamber or their participation in the decision-making process.

Following discussion, Councillor Clocherty moved:

- (1) that approval be given to the phased introduction of bus passes from January 2020 for secondary school pupils who qualify for free school transport where routes are currently provided by service buses and where it is more cost effective than providing a dedicated school bus;
- (2) that approval be given to the revised arrangements for school transport from session 2020/21 as set out in paragraph 6.1 of the report;
- (3) that agreement be given to the use of global information measuring systems (GIS) to measure accurately qualifying distances and acceptable walking routes from home to school;
- (4) that approval be given to the annual review of the school transport policy, taking into account any revisions to acceptable walking routes and the uptake of subsidised transport;
- (5) that it be agreed to refer the increased revenue costs for providing subsidised transport for St Columba's High School where no alternative public service route is available from August 2020 to the Policy & Resources Committee for inclusion in the 2020/23 Revenue Budget process;
- (6) that approval be given to the option for secondary schools to fund any additional provision above policy through alternative funding sources for their pupils in receipt of free school meals who live between 1 and 2 miles of their school; and
- (7) that it be noted that proposals for the devolution of financial decision-making concerning equitable school transport as part of Phase 2 of the Participatory Budgeting process were not being taken forward at this time.

As an amendment, Councillor McVey moved that decisions (1) to (5) and (7) above be agreed but that decision (6) be not implemented and that:

- (6) approval be given to the provision of a transport grant of £7.25 per week based on the current weekly bus pass costs to all high school pupils who live 1-2 miles from their school and are in receipt of free school meals or upon identification of individual circumstances by Education Services staff, and that it be recommended to the Policy & Resources Committee that funding for the policy be provided from one or a combination of (a) the Anti-Poverty Fund Earmarked Reserve, (b) the Budget Smoothing Earmarked Reserve or (c) Free Reserves.

As a further amendment, Councillor Robertson moved that decisions (1), (3), (4), (6) and (7) above be approved but that the proposals set out in decisions (2) and (5) be not implemented and the existing arrangements retained and that the funding implications be remitted to the Policy & Resources Committee for consideration.

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On a vote between the two amendments, 6 Members, Councillors Crowther, Curley, C McEleny, Robertson, Mrs Gilpin and Ms McEwan voted in favour of the amendment by Councillor Robertson and 8 Members, Provost Brennan, Councillors Clocherty, McCabe, Murphy, McVey, Quinn, Wilson and Ms McMillan voted in favour of the amendment by Councillor McVey. Councillor Robertson's amendment, having received fewer votes, then fell. On a vote between the amendment by Councillor McVey and the motion by Councillor Clocherty, 5 Members, Provost Brennan, Councillors Clocherty, McCabe, Murphy and Wilson voted in favour of the motion and 9 Members, Councillors McVey, Quinn, Crowther, Curley, C McEleny, Robertson, Mrs Gilpin, Ms McEwan and Ms McMillan voted in favour of the amendment which was declared carried.

### **Decided:**

- (1) that approval be given to the phased introduction of bus passes from January 2020 for secondary school pupils who qualify for free school transport where routes are currently provided by service buses and where it is more cost effective than providing a dedicated school bus;
- (2) that approval be given to the revised arrangements for school transport from session 2020/21 as set out in paragraph 6.1 of the report;
- (3) that agreement be given to the use of global information measuring systems (GIS) to measure accurately qualifying distances and acceptable walking routes from home to school;
- (4) that approval be given to the annual review of the school transport policy, taking into account any revisions to acceptable walking routes and the uptake of subsidised transport;
- (5) that it be agreed to refer the increased revenue costs for providing subsidised transport for St Columba's High School where no alternative public service route is available from August 2020 to the Policy & Resources Committee for inclusion in the 2020/23 Revenue Budget process;
- (6) that approval be given to the provision of a transport grant of £7.25 per week based on the current weekly bus pass costs to all high school pupils who live 1-2 miles from their school and are in receipt of free school meals or upon identification of individual circumstances by Education Services staff and that it be recommended to the Policy & Resources Committee that funding for the policy be provided from one or a combination of (a) the Anti-Poverty Fund Earmarked Reserve, (b) the Budget Smoothing Earmarked Reserve or (c) Free Reserves; and
- (7) that it be noted that proposals for the devolution of financial decision-making concerning equitable school transport as part of Phase 2 of the Participatory Budgeting process were not being taken forward at this time.

**The meeting was adjourned at 6.25pm and re-convened at 6.30pm. Councillors McCabe, C McEleny and Wilson did not return to the meeting following the adjournment.**

### **536 Local Child Poverty Action Report**

536

There was submitted a report by the Corporate Director Education, Communities & Organisational Development appending the Inverclyde Local Child Poverty Action Report (LAR) 2018.

Councillor Robertson declared a financial interest in this item as a result of a remuneration contract with Stepwell Consultancy Ltd which had been engaged to undertake work in connection with the Child Poverty Action Report. She also formed the view that the nature of her interest and of the item of business did not preclude her

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continued presence in the Chamber or her participation in the decision-making process. During the course of discussion on this item, reference was made to the benefits of including representation from the Economic Development Service on the Child Poverty Action Group. It was noted that Officers were aware of the position and were attempting to address the gap in representation.

**Decided:** that the themes and detail contained within the Inverclyde Child Poverty Action Report 2018/19 be noted

### 537 Early Learning and Childcare - 1140 Hours Expansion Programme 537

There was submitted a report by the Corporate Director Education, Communities & Organisational Development providing an update on the implementation of the 1140 hours expansion programme.

**Decided:** that approval be given to the additional early phase projects for 2019/20 as detailed in the report.

### 538 Access to Free Sanitary Products Update 538

There was submitted a report by the Corporate Director Education, Communities & Organisational Development advising the Committee of the implementation of the Scottish Government commitment to provide free access to sanitary products in schools and places where they can be accessed by those who need them.

**Decided:**

- (1) that it be noted that Inverclyde Council would continue to support the commitment to roll out access to free sanitary products across schools;
- (2) that it be noted that the provision would increase in 2019/20 to include a range of places in the wider community where sanitary products were available for those who need them; and
- (3) that it be noted that community access locations would have a range of products available during term time, weekends and school holidays.

### 539 School Term Dates – Session 2020/21 539

There was submitted a report by the Corporate Director Education, Communities & Organisational Development seeking approval for the setting of school terms dates for session 2020/21.

**Decided:**

- (1) that approval be given to the term dates for 2020/21 as set out in Appendix 1 to the report; and
- (2) that a report be submitted to the Committee on the implications of moving the September holiday, which currently aligned with the local holiday, to a date later in the month.

### 540 Additional In-Service Days for Schools 540

There was submitted a report by the Corporate Director Education, Communities & Organisational Development requesting the Committee to note two additional in-service days during session 2019/20 which were approved by the Policy & Resources Committee on 21 May 2019.

**Decided:** that the two additional in-service days of Tuesday 22 October 2019 and Friday 7 February 2020 for all schools be noted.

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- 541 Additional Closure Day for Educational Establishments 541**
- There was submitted a report by the Corporate Director Education, Communities & Organisational Development requesting the Committee to note an additional closure day on Friday 8 May 2020 for all educational establishments to commemorate the 75<sup>th</sup> anniversary of VE Day which was approved by the Policy & Resources Committee on 6 August 2019 and by the Scottish Government on 14 August 2019.
- Decided:** that the additional closure date on 8 May 2020 for all educational establishments to commemorate the 75<sup>th</sup> anniversary of VE Day be noted.
- 542 National Updates and Guidance 542**
- There was submitted a report by the Corporate Director Education, Communities & Organisational Development appending national updates on the Attainment Challenge and Scottish National Standardised Assessments.
- Decided:** that the national updates as set out in the appendix to the report be noted.
- The Convener, being of the opinion that the undernoted report by the Corporate Director Education, Communities & Organisational Development was relevant, competent and urgent moved its consideration in terms of the relevant Standing Order to allow the Committee to be advised, at the earliest opportunity, of the outcome of the recent appeals to the Sheriff Court against Inverclyde Council's refusal of placing requests to St Columba's High School. This was agreed unanimously.**
- 543 Further Update on Admissions and Placing Requests for Academic Year 2019/20 543**
- There was submitted a report by the Corporate Director Education, Communities & Organisational Development providing an update on the admissions and placing requests for the academic year 2019/20, in particular the recent appeals to the Sheriff Court by three families against Inverclyde Council's refusal of placing requests to St Columba's High School.
- Decided:**
- (1) that the outcome of the recent appeal process, which was to uphold the position of the Council to refuse the placing requests, be noted;
  - (2) that it be agreed that a further report be submitted to the Committee on any future pressures on the Inverclyde Learning Estate;
  - (3) that a letter be issued to all parents of pupils at the beginning of their Primary 7 year to remind them of the Council's policy and arrangements for transition into secondary school; and
  - (4) that a further report be submitted to the Committee once the Sheriff's written decision was received.

**PLANNING BOARD – 4 SEPTEMBER 2019**

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**Planning Board**

**Wednesday 4 September 2019 at 3pm**

**Present:** Provost Brennan (for Councillor Murphy), Councillors Clocherty, Crowther, Dorrian, J McEleny, McKenzie, McVey, Moran, Nelson, Rebecchi and Wilson.

**Chair:** Councillor Wilson presided.

**In attendance:** Head of Regeneration & Planning, Mr D Ashman (Regeneration & Planning Services), Mr G Leitch (Roads & Transportation), Mr J Kerr (for Head of Legal & Property Services) and Ms R McGhee (Legal & Property Services).

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Board.**

**544 APOLOGIES, SUBSTITUTIONS AND DECLARATIONS OF INTEREST**

**544**

An apology for absence was intimated on behalf of Councillor Murphy, with Provost Brennan substituting.

Councillor Moran declared an interest in Agenda Item 2 (Erection of 57 dwellings with all associated roads and landscaping, realignment of existing road leading from Cardross Crescent to link new roads proposed and to provide access for new build housing and a foul/sewer connection along Clynder Road from residential development at the Former King's Glen Primary School, Kilmacolm Road, Greenock (19/0031/IC, 19/0034/IC and 19/0110/IC)).

**545 PLANNING APPLICATION**

**545**

**Erection of 57 dwellings with all associated roads and landscaping, realignment of existing road leading from Cardross Crescent to link new roads proposed and to provide access for new build housing and a foul/sewer connection along Clynder Road from residential development:**

**Former King's Glen Primary School, Kilmacolm Road, Greenock (19/0031/IC, 19/0034/IC and 19/0110/IC)**

There was submitted a report by the Head of Regeneration & Planning regarding an application by Cloch Housing Association for the erection of 57 dwellings with all associated roads and landscaping (19/0031/IC), realignment of existing road leading from Cardross Crescent to link new roads proposed and to provide access for new build housing (19/0034/IC) and a foul/sewer connection along Clynder Road from residential development (19/0110/IC) at the former King's Glen Primary School, Kilmacolm Road, Greenock.

Councillor Moran declared a non-financial interest in this item having attended a public meeting at which the application had been discussed. He also formed the view that, having not expressed a view on the application, the nature of his interest and of the item of business did not preclude his continued presence in the Chamber or his participation in the decision-making process.

**Decided:** that planning permission in relation to planning applications 19/0031/IC,

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19/0034/IC and 19/0110/IC be granted subject to the following conditions:-

Planning application 19/0031/IC (57 dwellings)

- (1) that prior to their use, samples of all facing materials to the dwellinghouses and garden walls and hard surfaces shall be submitted to and approved in writing by the Planning Authority, to enable the Planning Authority to retain effective control of facing and finishing materials in the interests of visual amenity;
- (2) that the Landscaping Plan, as per drawing C1821.001 Rev F, shall proceed as approved unless any alternative is agreed in writing by the Planning Authority, to ensure the retention of the approved landscaping scheme in the interests of visual amenity;
- (3) that all soft landscaping hereby approved within the Landscaping Plan drawing C1821.001 Rev F shall be completed within 4 weeks of the last dwellinghouse hereby permitted being occupied, to ensure the provision of a visually acceptable environment;
- (4) that any trees, shrubs, hedges or areas of grass which die, are removed, damaged or become diseased within five years of completion of the approved Landscaping Plan shall be replaced within the following year with others of similar size and shape, to ensure the maintenance of the approved landscaping scheme in the interests of visual amenity;
- (5) that details of maintenance and management for the landscaping shall be submitted to and approved in writing by the Planning Authority prior to the start of construction of the development hereby permitted. Management and maintenance shall commence upon completion of the landscaping, to ensure the maintenance and management of the approved landscaping scheme in the interests of visual amenity;
- (6) that prior to the commencement of work on site, a contribution of the sum of £23,296.00 towards the provision, maintenance and improvement of, existing play provision in the vicinity of the development in lieu of providing a play area on site shall be lodged with the Planning Authority, to ensure adequate play provision within the vicinity following the development, in accordance with the requirements of both adopted and proposed Planning Application Advice Note (PAAN) 3 on “Private and Public Open Space Provision in New Residential Development”;
- (7) that the houses shall be designed to ensure that at least 15% of the carbon dioxide emissions reduction standard set by Scottish Building Standards is met through the installation and operation of low and zero carbon generating technologies, details of which shall be submitted to and approved in writing by the Planning Authority prior to the erection of the first house on site, to comply with the requirements of Section 72 of the Climate Change (Scotland) Act 2009;
- (8) that the driveways should have a gradient of no greater than 10% and a minimum of 2m surfaced adjacent to the footway, to ensure suitable parking provision for residents, in the interests of road safety;
- (9) that the visibility splay of 2.4m x 43.0m x 1.05m shall be provided at the access onto Kilmacolm Road and maintained at all times thereafter, to ensure suitable vehicular access and road safety;
- (10) that all footways and footpaths should be a minimum of 2.0m wide, to ensure safe footpath access in the interests of road safety;
- (11) that no part of the development shall be occupied until the contents of the Travel Information Pack which encourages reduced dependency on the private car by highlighting the location of local amenities, public transport services and active travel routes is submitted to and approved in writing by the Planning Authority. Thereafter, on the occupation of each dwelling, the approved Travel Information Pack shall be provided to new residents, to encourage sustainable travel behaviour in accordance with the requirements of Scottish Planning Policy (SPP) and PAN 75 Planning for Transport;
- (12) that all surface water drainage from and entering the site be maintained within



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the site boundary in perpetuity and be treated in accordance with the principles of the Sustainable Urban Drainage Systems Manual (C697) (CIRIA 2007). Before development commences, details shall be submitted to and approved in writing by the Planning Authority of the detailed structural design and maintenance regime for the water detention areas. For the avoidance of doubt, a field drain shall be installed at the bottom of the slopes around the site to prevent any surface water flowing onto the road, to control runoff from the site and prevent flooding of neighbouring properties;

(13) that prior to the commencement of development, confirmation of connection to the Scottish Water Network shall be submitted for approval, to ensure adequate service connections can be achieved;

(14) that prior to the commencement of development, details of SUDs ownership should be submitted for approval by the Planning Authority, to ensure the long term maintenance of the SUDs scheme;

(15) that the interception ditch within the development shall be incorporated as detailed and approved within Section 4 of the Flood Risk Assessment (submitted 18 February 2019), in the interests of flood prevention;

(16) that prior to the start of development, details of a survey for the presence of Japanese Knotweed shall be submitted to and approved in writing by the Planning Authority and that, for the avoidance of doubt, this shall contain a methodology and treatment statement where any is found. Development shall not proceed until appropriate control measures are implemented. Any significant variation to the treatment methodology shall be submitted for approval, in writing by the Planning Authority, prior to implementation, to help arrest the spread of Japanese Knotweed in the interests of environmental protection;

(17) that the development shall not commence until an Environmental Investigation and Risk Assessment, including any necessary Remediation Scheme with timescale for implementation, of all pollutant linkages has been submitted to and approved, in writing by the Planning Authority. The investigations and assessment shall be site-specific and completed in accordance with current codes of practice. The submission shall also include a Verification Plan. Any subsequent modifications to the Remediation Scheme and Verification Plan must be approved in writing by the Planning Authority prior to implementation, to satisfactorily address potential contamination issues in the interests of human health and environmental safety;

(18) that before the development hereby permitted is occupied the applicant shall submit a report for approval, in writing by the Planning Authority, confirming that the works have been completed in accordance with the agreed Remediation Scheme and supply information as agreed in the Verification Plan. This report shall demonstrate that no pollutant linkages remain or are likely to occur and include (but not be limited to) a collation of verification/validation certificates, analysis information, remediation lifespan, maintenance/aftercare information and details of all materials imported onto the site as fill or landscaping material. The details of such materials shall include information of the material source, volume, intended use and chemical quality with plans delineating placement and thickness, to ensure contamination is not imported to the site and confirm successful completion of remediation measures in the interest of human health and environmental safety;

(19) that the presence of any previously unrecorded contamination or variation to anticipated ground conditions that becomes evident during site works shall be brought to the attention of the Planning Authority and the Remediation Scheme shall not be implemented unless it has been submitted to and approved, in writing by the Planning Authority, to ensure that all contamination issues are recorded and dealt with appropriately;

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(20) that the recommendations stated in paragraphs 4.3.1, 4.4.1, 4.5.1 and general mitigation in paragraph 4.7 as set out within the Ecological Survey Report (submitted 18 July 2019) hereby approved, shall be implemented in full, unless an alternative is agreed in writing with the Planning Authority, to minimise disturbance to nature conservation interests within the application site and vicinity and ensure the protection of protected species and habitat;

(21) that all vegetation clearing, including tree felling and all ground clearance, should take place outside the bird nesting season, March to August inclusive, to ensure the protection of breeding birds within the application site;

(22) that notwithstanding condition 21 above, should any protected species be found within the application site at any time during the construction stage, then all work shall cease immediately and written notification shall be sent by the developer to both the Planning Authority and Scottish Natural Heritage (SNH). Development shall only recommence once written approval for recommencement has been issued in writing by the Planning Authority and any mitigation measures required as conditions of such approval shall be implemented in full and in accordance with the approved timescales, to ensure that the site and its environs are surveyed and the development does not have an adverse impact on protected species or habitat;

(23) that prior to any construction work starting on site, details of tree protection measures for protecting all trees to be retained together with the adjacent woodland area, in accordance with British Standards Recommendations for trees in Relation to Construction, currently BS 5837:2012, shall be submitted to and approved in writing by the Planning Authority. The approved protection measures shall then be erected to the satisfaction of the Planning Authority prior to any construction work starting on site and shall not be removed during the course of construction work, to ensure the retention of and avoidance of damage to trees;

(24) that prior to the commencement of works on site, details of retention and enhancement of the orchids and other wild flowers along the southern boundary of the site, as identified within the Overview Habitat Survey, shall be submitted to and approved in writing by the Planning Authority. Alternatively, if retention and enhancement is not possible, an action plan for translocation of these species within the Inverclyde Council area shall be devised in consultation with the Inverclyde Pollinator Group and undertaken prior to any herbiciding of the horsetails. These details shall then be submitted to and approved in writing by the Planning Authority. All works shall progress in accordance with the approved details and the timescale contained therein, to protect and enhance nature conservation interests of the site;

(25) that prior to the commencement of development full details of the SUDs design and maintenance shall be submitted to and approved in writing by the Planning Authority. For the avoidance of doubt, the SUDs pond shall have sloping sides for wildlife and the wildlife and amenity value of the pond shall be enhanced by planting of native pond and marginal plants such as Yellow Flag Iris, Purple Loosestrife, and Marsh Marigold. Thereafter only the approved design details shall be implemented and completed prior to the first occupation of any of the development, to protect and enhance nature conservation interests and wildlife within the application site; and

(26) that, for the avoidance of doubt, all construction traffic, including operative parking, shall be contained within the development site and shall access the development site via a haul route to be constructed from Kilmacolm Road.

Planning application 19/0034/IC (road realignment)

(1) that all footways and footpaths should be a minimum of 2.0m wide, to ensure safe footpath access in the interests of road safety;

(2) that the concrete bollards, hereby approved, shall be set back at least 0.5

**PLANNING BOARD – 4 SEPTEMBER 2019**

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metres from the edge of the projected road line, in the interests of road safety;

(3) that all surface water drainage from and entering the site be maintained within the site boundary in perpetuity and be treated in accordance with the principles of the Sustainable Urban Drainage Systems Manual (C697) (CIRIA 2007). Before development commences, details shall be submitted to and approved in writing by the Planning Authority of the detailed structural design and maintenance regime for the water detention areas. For the avoidance of doubt, a field drain shall be installed at the bottom of the slopes around the site to prevent any surface water flowing onto the road, to control runoff from the site and prevent flooding of neighbouring properties;

(4) that the presence of any suspected contamination or variation to anticipated ground conditions that becomes evident during site works shall be brought to the attention of the Planning Authority and the Remediation Scheme shall not be implemented unless it has been submitted to and approved, in writing by the Planning Authority, to ensure that all contamination issues are recorded and dealt with appropriately;

(5) that the recommendations stated in paragraphs 4.3.1, 4.4.1, 4.5.1 and general mitigation in paragraph 4.7 as set out within the Ecological Survey Report (submitted 18 July 2019) hereby approved, shall be implemented in full, unless an alternative is agreed in writing with the Planning Authority, to minimise disturbance to nature conservation interests within the application site and vicinity and ensure the protection of protected species and habitats;

(6) that all vegetation clearing, including tree felling and all ground clearance, should take place outside the bird nesting season, March to August inclusive, to ensure the protection of breeding birds within the application site; and

(7) that notwithstanding condition 6 above, should any protected species be found within the application site at any time during the construction stage, then all work shall cease immediately and written notification shall be sent by the developer to both the Planning Authority and Scottish Natural Heritage (SNH). Development shall only recommence once written approval for recommencement has been issued in writing by the Planning Authority and any mitigation measures required as conditions of such approval shall be implemented in full and in accordance with the approved timescales, to ensure that the site and its environs are surveyed and the development does not have an adverse impact on protected species or habitat.

Planning application 19/0110/IC (sewer)

(1) that prior to the commencement of development, confirmation of connection to the Scottish Water Network shall be submitted for approval, to ensure adequate service connections can be achieved;

(2) that the development shall not commence until an Environmental Investigation and Risk Assessment, including any necessary Remediation Scheme with timescale for implementation, of all pollutant linkages has been submitted to and approved, in writing by the Planning Authority. The investigations and assessment shall be site-specific and completed in accordance with current codes of practice. The submission shall also include a Verification Plan. Any subsequent modifications to the Remediation Scheme and Verification Plan must be approved in writing by the Planning Authority prior to implementation, to satisfactorily address potential contamination issues in the interests of human health and environmental safety;

(3) that before the development hereby permitted is operational the applicant shall submit a report for approval, in writing by the Planning Authority, confirming that the works have been completed in accordance with the agreed Remediation Scheme and supply information as agreed in the Verification Plan. This report shall demonstrate that no pollutant linkages remain or are likely to occur and include (but not be limited to) a

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collation of verification/validation certificates, analysis information, remediation lifespan, maintenance/aftercare information and details of all materials imported onto the site as fill or landscaping material. The details of such materials shall include information of the material source, volume, intended use and chemical quality with plans delineating placement and thickness, to ensure contamination is not imported to the site and confirm successful completion of remediation measures in the interest of human health and environmental safety;

(4) that the presence of any previously unrecorded contamination or variation to anticipated ground conditions that becomes evident during site works shall be brought to the attention of the Planning Authority and the Remediation Scheme shall not be implemented unless it has been submitted to and approved, in writing by the Planning Authority, to ensure that all contamination issues are recorded and dealt with appropriately;

(5) that the recommendations stated in paragraphs 4.3.1, 4.4.1, 4.5.1 and general mitigation in paragraph 4.7 as set out within the Ecological Survey Report (submitted 18 July 2019) hereby approved, shall be implemented in full, unless an alternative is agreed in writing with the Planning Authority, to minimise disturbance to nature conservation interests within the application site and vicinity and ensure the protection of protected species and habitats;

(6) that all vegetation clearing, including all ground clearance, should take place outside the bird nesting season, March to August inclusive, to ensure the protection of breeding birds within the application site;

(7) that notwithstanding condition 6 above, should any protected species be found within the application site at any time during the construction stage, then all work shall cease immediately and written notification shall be sent by the developer to both the Planning Authority and Scottish Natural Heritage (SNH). Development shall only recommence once written approval for recommencement has been issued in writing by the Planning Authority and any mitigation measures required as conditions of such approval shall be implemented in full and in accordance with the approved timescales, to ensure that the site and its environs are surveyed and the development does not have an adverse impact on protected species or habitat; and

(8) that prior to any construction work starting on site, details of tree protection measures for protecting all trees to be retained together with the adjacent woodland area, in accordance with British Standards Recommendations for trees in Relation to Construction, currently BS 5837:2012, shall be submitted to and approved in writing by the Planning Authority. The approved protection measures shall then be erected to the satisfaction of the Planning Authority prior to any construction work starting on site and shall not be removed during the course of construction work, to ensure the retention of and avoidance of damage to trees.

**LOCAL REVIEW BODY– 4 SEPTEMBER 2019**

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**Local Review Body**

**Wednesday 4 September 2019 at 4pm**

**Present:** Councillors Clocherty, Crowther, Dorrian, McKenzie, Nelson, Rebecchi and Wilson.

**Chair:** Councillor Wilson presided.

**In attendance:** Mr A Williamson (Planning Adviser), Mr J Kerr (Legal Adviser) and Ms R McGhee (Legal & Property Services).

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Local Review Body.**

**546 APOLOGIES, SUBSTITUTIONS AND DECLARATIONS OF INTEREST 546**

No apologies for absence or declarations of interest were intimated.

**547 PLANNING APPLICATION FOR REVIEW 547**

**Erection of dwellinghouse for farm worker:  
Cairncurran Farm, Auchenfoil Road, Kilmacolm (19/0046/IC)**

There were submitted papers relative to the application for review of the refusal of planning permission for the erection of a dwellinghouse for a farm worker at Cairncurran Farm, Auchenfoil Road, Kilmacolm (19/0046/IC) to enable the Local Review Body to consider the matter afresh.

Mr Kerr referred to the Local Review Body's duty to consider the application for review of the refusal of planning permission afresh and, in this regard, advised the Local Review Body that although the 2014 Local Development Plan had been in place when the Appointed Officer had determined the planning application, this had been superseded by the 2019 Local Development Plan. Accordingly, he explained that Members should not have regard to the policies set out under the heading "Development Plan Policies" in the Appointed Officer's Report of Handling and should only have regard to current policies, referred to under the heading "Proposed Development Plan Policies"; when considering and determining the application for review.

After discussion, Councillor McKenzie moved (1) that sufficient information had been submitted to allow the Local Review Body to decide the matter without further procedure; and (2) that the application for review be upheld and that planning permission be granted subject to the following conditions and advisory notes:

**Conditions**

(1) that the development to which this permission relates must be begun within three years from the date of this permission, to comply with Section 58 of the Town and Country Planning (Scotland) Act 1997 as amended;

(2) that prior to the commencement of works on site, samples of all external materials and paving to be used in construction shall be submitted to and approved in writing by the Planning Authority. Works shall then proceed as approved unless an alternative is otherwise first agreed in writing by the Planning Authority, to enable the Planning

**LOCAL REVIEW BODY– 4 SEPTEMBER 2019**

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Authority to retain effective control of facing and finishing materials in the interests of visual amenity;

(3) that prior to the commencement of development on site, a plan shall be submitted to and agreed in writing by the Planning Authority demonstrating a minimum visibility splay of 2.4 metres by 75 metres by 1.05 metres is provided at the vehicular access to the public road for the dwellinghouse hereby permitted. The visibility splay shall be prior to the occupation and use of the dwellinghouse hereby permitted and shall be retained at all times thereafter to the satisfaction of the Planning Authority, in the interests of road safety;

(4) that the vehicular access for the dwellinghouse hereby permitted shall be paved or otherwise sealed with a hard surface for a minimum distance of 2 metres from the carriageway, to prevent deleterious material being carried onto the carriageway;

(5) that the vehicular access for the dwellinghouse hereby permitted shall be a minimum width of 5 metres for a distance of 6 metres from the edge of the road, in the interests of road safety;

(6) that the three off-street parking spaces indicated on approved drawing 01 PL shall be formed and made available for use prior to the occupation of the replacement house hereby permitted. They shall then remain unobstructed and available for use at all times thereafter to the satisfaction of the Planning Authority, to ensure suitable parking provision for the dwellinghouse hereby permitted, in the interests of road safety;

(7) that all surface water shall be contained within the site both during construction and at all times thereafter. Drainage arrangements showing how this will be achieved shall be submitted to and approved in writing by the Planning Authority prior to the commencement of development, to prevent surface water run-off from the site;

(8) that the presence of any suspected contamination that becomes evident during site works shall be brought to the attention of the Planning Authority and the Remediation Scheme shall not be implemented unless it has been submitted to and approved, in writing by the Planning Authority, to ensure that any contamination issues are recorded and dealt with appropriately; and

(9) that an archaeological watching brief, to be carried out by a suitably qualified organisation, shall be implemented during all ground disturbances. The organisation shall be afforded access at all reasonable times to allow them to observe works in progress and record items of interest and finds. A method statement for the watching brief will be submitted to and approved in writing by the Planning Authority prior to the commencement of works on site, to allow for recording and recovery of antiquity.

Advisory Notes

(1) all external lighting on the application site should comply with the Scottish Government Guidance Note "Controlling Light Pollution and Reducing Lighting Energy Consumption";

(2) the applicant shall submit to the Planning Authority a detailed specification of the containers to be used to store waste materials and recyclable materials produced on the premises as well as specific details of the areas where such containers are to be located. The use of the residential accommodation shall not commence until the above details are approved in writing by the Planning Authority and the equipment and any structural changes are in place;

(3) site drainage: suitable and sufficient measures for the effective collection and disposal of surface water should be implemented during the construction phase of the project as well as within the completed development to prevent flooding within this and nearby property;

(4) surface water: any SUDs appraisal must give appropriate weight to not only any potential risk of pollution to watercourses but to suitable and sufficient measures for the

**LOCAL REVIEW BODY– 4 SEPTEMBER 2019**

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effective collection and disposal of surface water to prevent flooding. Measures should be implemented during the construction phase of the project as well as the within the completed development to prevent flooding within the application site and in property/land nearby. It is also recommended that a long term maintenance plan should be developed prior to the commencement of the proposed development; and

(5) on-site sewage treatment: should the premises be served by an on-site sewage treatment plant, it will be necessary to ensure that the capacity of the plant is sufficient to deal with any additional demand and that the maintenance and emptying regime is modified accordingly.

As an amendment, Councillor Dorrian moved (1) that sufficient information had been submitted to allow the Local Review Body to decide the matter without further procedure; and (2) that the application for review be dismissed and that planning permission be refused (upholding the Appointed Officer's determination) as the proposed dwellinghouse is not justified by the operational needs of Cairncurran Farm. Accordingly, the proposal does not comply with the requirement of Inverclyde Local Development Plan Policy 19(a) and as there are no mitigating circumstances which justify the development in respect of Policy 14(a) of the Inverclyde Local Development Plan.

On a vote, two Members, Councillors Dorrian and Rebecchi, voted for the amendment and five Members, Councillors Clocherty, Crowther, McKenzie, Nelson and Wilson, voted for the motion which was declared carried.

**Decided:**

- (1) that sufficient information had been submitted to allow the Local Review Body to decide the matter without further procedure; and
- (2) that the application for review be upheld and that planning permission be granted subject to the following conditions and advisory notes:

Conditions

(1) that the development to which this permission relates must be begun within three years from the date of this permission, to comply with Section 58 of the Town and Country Planning (Scotland) Act 1997 as amended;

(2) that prior to the commencement of works on site, samples of all external materials and paving to be used in construction shall be submitted to and approved in writing by the Planning Authority. Works shall then proceed as approved unless an alternative is otherwise first agreed in writing by the Planning Authority, to enable the Planning Authority to retain effective control of facing and finishing materials in the interests of visual amenity;

(3) that prior to the commencement of development on site, a plan shall be submitted to and agreed in writing by the Planning Authority demonstrating a minimum visibility splay of 2.4 metres by 75 metres by 1.05 metres is provided at the vehicular access to the public road for the dwellinghouse hereby permitted. The visibility splay shall be prior to the occupation and use of the dwellinghouse hereby permitted and shall be retained at all times thereafter to the satisfaction of the Planning Authority, in the interests of road safety;

(4) that the vehicular access for the dwellinghouse hereby permitted shall be paved or otherwise sealed with a hard surface for a minimum distance of 2 metres from the carriageway, to prevent deleterious material being carried onto the carriageway;

(5) that the vehicular access for the dwellinghouse hereby permitted shall be a minimum width of 5 metres for a distance of 6 metres from the edge of the road, in the interests of road safety;

(6) that the three off-street parking spaces indicated on approved drawing 01 PL shall be formed and made available for use prior to the occupation of the replacement

**LOCAL REVIEW BODY– 4 SEPTEMBER 2019**

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house hereby permitted. They shall then remain unobstructed and available for use at all times thereafter to the satisfaction of the Planning Authority, to ensure suitable parking provision for the dwellinghouse hereby permitted, in the interests of road safety;

(7) that all surface water shall be contained within the site both during construction and at all times thereafter. Drainage arrangements showing how this will be achieved shall be submitted to and approved in writing by the Planning Authority prior to the commencement of development, to prevent surface water run-off from the site;

(8) that the presence of any suspected contamination that becomes evident during site works shall be brought to the attention of the Planning Authority and the Remediation Scheme shall not be implemented unless it has been submitted to and approved, in writing by the Planning Authority, to ensure that any contamination issues are recorded and dealt with appropriately; and

(9) that an archaeological watching brief, to be carried out by a suitably qualified organisation, shall be implemented during all ground disturbances. The organisation shall be afforded access at all reasonable times to allow them to observe works in progress and record items of interest and finds. A method statement for the watching brief will be submitted to and approved in writing by the Planning Authority prior to the commencement of works on site, to allow for recording and recovery of antiquity.

**Advisory Notes**

(1) all external lighting on the application site should comply with the Scottish Government Guidance Note "Controlling Light Pollution and Reducing Lighting Energy Consumption";

(2) the applicant shall submit to the Planning Authority a detailed specification of the containers to be used to store waste materials and recyclable materials produced on the premises as well as specific details of the areas where such containers are to be located. The use of the residential accommodation shall not commence until the above details are approved in writing by the Planning Authority and the equipment and any structural changes are in place;

(3) site drainage: suitable and sufficient measures for the effective collection and disposal of surface water should be implemented during the construction phase of the project as well as within the completed development to prevent flooding within this and nearby property;

(4) surface water: any SUDs appraisal must give appropriate weight to not only any potential risk of pollution to watercourses but to suitable and sufficient measures for the effective collection and disposal of surface water to prevent flooding. Measures should be implemented during the construction phase of the project as well as the within the completed development to prevent flooding within the application site and in property/land nearby. It is also recommended that a long term maintenance plan should be developed prior to the commencement of the proposed development; and

(5) on-site sewage treatment: should the premises be served by an on-site sewage treatment plant, it will be necessary to ensure that the capacity of the plant is sufficient to deal with any additional demand and that the maintenance and emptying regime is modified accordingly.



## GENERAL PURPOSES BOARD – 11 SEPTEMBER 2019

General Purposes BoardWednesday 11 September 2019 at 3pm

**Present:** Provost Brennan, Councillors Ahlfeld, Brooks, Crowther, Curley, Dorrian, J McEleny, Moran and Quinn.

**Chair:** Councillor Dorrian presided.

**In attendance:** Mr D Keenan and Mr J Douglas (for Head of Legal & Property Services), Ms F Denver and Ms E Peacock (Legal & Property Services).

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Board.**

**548 Apologies, Substitutions and Declarations of Interest 548**

Apologies for absence were intimated on behalf of Councillor MacLeod.

No declarations of interest were intimated.

**549 Taxi Fares Review 2019 549**

There was submitted a report by the Head of Legal & Property Services on the annual review of taxi fare scales for the purposes of public advertisement as the first formal stage of the statutory process.

Mr J Bradley was in attendance representing the Head of Environmental & Public Protection.

Mr Bradley provided the Board with detailed information on the calculations required on any increase across Tariffs 1, 2, 3 and 4. He explained the request to triple the fare increments as well as tripling the yardage in order to standardise all Tariffs. It was noted that at a meeting with trade representatives they had no concerns in standardising the Tariff as requested. There was a discussion on the various percentage increases and the Board considered the terms of the trade proposals. There were a number of variables being discussed and Members requested an adjournment in order to clarify appropriate figures and percentages.

There followed a short adjournment, on return Mr Douglas addressed the Board and clarified the recommendations outlined in the report. After discussion, Councillor Curley moved agreement of recommendation 4.2 to triple the fare increments as well as tripling the yardage which should result in the said increment which was unanimously agreed.

A further discussion on the percentage of increase was debated, following which Councillor Curley moved a 5p increase in the flag fall across all Tariffs with a 31p increase thereafter given the agreement to triple the distances involved together with tripling the fare increments. As an amendment, Councillor Brooks moved a 10p increase in flag fall across all Tariffs with a 31p increase thereafter. On a vote, three Members voted for the amendment (Councillors Brooks, Ahlfeld and Dorrian) and six Members for the motion which was declared carried (Councillors Brennan, Crowther, Curley, J McEleny, Moran and Quinn,).

**Decided:**

- (1) standardise initial flag fall to 880 yards on Tariff 1, 2 and 3;

**GENERAL PURPOSES BOARD – 11 SEPTEMBER 2019**

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- (2) increase on initial flag fall by 5p on all Tariffs;
- (3) increase each additional yardage after initial flag fall to 31p by virtue of (4) below;  
and
- (4) To triple the fare increments as well as tripling the yardage which results in said increment.

**POLICY & RESOURCES COMMITTEE – 17 SEPTEMBER 2019**

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**Policy & Resources Committee**

**Tuesday 17 September 2019 at 3pm**

**Present:** Councillors Ahlfeld, Clocherty, J McEleny (for MacLeod), McCabe, Jackson (for McCormick), C McEleny, McVey, Moran, Rebecchi, Crowther (for Robertson) and Wilson.

**Chair:** Councillor McCabe presided.

**In attendance:** Chief Executive, Corporate Director Education, Communities & Organisational Development, Corporate Director Environment, Regeneration & Resources, Ms H Watson (for Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership), Head of Legal & Property Services, Ms R McGhee (Legal & Property Services), Chief Financial Officer, Revenues & Customer Services Manager, ICT Service Manager, Head of Organisational Development, Policy & Communications, Corporate Policy, Performance & Partnership Manager, Service Manager – Communications, Tourism and Health & Safety and Procurement, Regeneration & Building Services Manager.

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Committee.**

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|------------|---|------------|
| <b>550</b> | <b>Apologies, Substitutions and Declarations of Interest</b>  | <b>550</b> |
|            | <p>Apologies for absence were intimated on behalf of Councillor MacLeod, with Councillor J McEleny substituting, Councillor McCormick, with Councillor Jackson substituting, and Councillor Robertson, with Councillor Crowther substituting.</p> <p>No declarations of interest were intimated.</p>  |            |
| <b>551</b> | <b>Policy &amp; Resources Capital Programme 2019/2023 – Progress Report</b>   | <b>551</b> |
|            | <p>There was submitted a report by the Chief Financial Officer and the Corporate Director Environment, Regeneration &amp; Resources (1) providing an update in respect of the status of the projects within the Policy &amp; Resources Capital Programme and (2) highlighting the overall financial position.</p> <p><b>Decided:</b> that the current position of the 2019/23 Capital Programme, the reported net advancement and the progress on the specific projects detailed in the report and Appendix 1 be noted.</p> |            |
| <b>552</b> | <b>2019/23 Capital Programme</b>  | <b>552</b> |
|            | <p>There was submitted a report by the Chief Financial Officer on the latest position of the 2019/23 Capital Programme.</p> <p><b>Decided:</b> that the current position of the 2019/23 Capital Programme be noted.</p>   |            |

## POLICY &amp; RESOURCES COMMITTEE – 17 SEPTEMBER 2019

- 553 Policy & Resources Committee 2019/20 Revenue Budget – Period 4 to 31 July 2019 553**
- There was submitted a report by the Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and Chief Financial Officer on the 2018/19 Revenue Budget outturn and the 2019/20 projected outturn for the Policy & Resources Committee as at period 4, 31 July 2019.
- Decided:**
- (1) that the 2018/19 Revenue Budget outturn and the 2019/20 projected underspend of £1,067,000 for the Policy & Resources Committee as at period 4, 31 July 2019 be noted;
  - (2) that the projected 2019/20 surplus of £48,600 for the Common Good Fund be noted; and
  - (3) that approval be given to the virement detailed in Appendix 6 to the report.
- 554 2019/20 General Fund Revenue Budget as at 31 July 2019 554**
- There was submitted a report by the Chief Financial Officer (1) on the position of the General Fund Revenue Budget as at 31 July 2019 and (2) providing an update in respect of the position of the General Fund Reserves and Earmarked Reserves.
- Decided:**
- (1) that the latest position of the 2019/20 Revenue Budget and General Fund Reserves be noted; and
  - (2) that it be noted that the use of any Free Reserves will be considered as part of the 2020/23 budget process.
- 555 Welfare Reform Update 555**
- There was submitted a report by the Chief Financial Officer providing an update on recent developments in respect of Welfare Reform.
- Decided:** that the latest update regarding the impact of Welfare Reform within Inverclyde be noted.
- 556 ICT Services Performance Update 556**
- There was submitted a report by the Chief Financial Officer providing an update on the Digital and ICT Strategies, performance and Channel Shift statistics, details of the Council's PC refresh programme and information on a number of upgrade projects being implemented by ICT and Finance Services.
- Decided:**
- (1) that the performance statistics report and action plan updates for the Digital and ICT Strategies be noted; and
  - (2) that the completion of the project to upgrade wireless provision within the corporate campus be noted.

## POLICY &amp; RESOURCES COMMITTEE – 17 SEPTEMBER 2019

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|------------|---|------------|
| <b>557</b> | <b>Corporate Services Progress Report</b>   | <b>557</b> |
|            | <p>There was submitted a report by the Head of Organisational Development, Policy &amp; Communications updating the Committee on the delivery of the improvement actions by the Council's Corporate Services, as detailed in the Education, Communities &amp; Organisational Development and the Environment, Regeneration &amp; Resources Corporate Directorate Improvement Plans (CDIPs) 2019/22.</p> <p><b>Decided:</b> that the progress made by the Council's Corporate Services during 2019/20 in delivering the year one improvement actions, as detailed in their respective CDIPs, be noted.</p>   |            |
| <b>558</b> | <b>Inverclyde Best Value Assurance Report – Improvement Plan Progress Report</b>  | <b>558</b> |
|            | <p>There was submitted a report by the Chief Executive providing an update on the Inverclyde Best Value Assurance Report (BVAR) Improvement Plan.</p> <p><b>Decided:</b> that the progress made in regard to the BVAR improvement actions, as set out in Appendix 1 to the report, be noted.</p>  |            |
| <b>559</b> | <b>Debt Recovery Performance 2018/19</b>  | <b>559</b> |
|            | <p>There was submitted a report by the Chief Financial Officer on the Council's Debt Recovery performance during 2018/19.</p> <p><b>Decided:</b> that the Council's continued good Debt Recovery performance in 2018/19 be noted.</p>   |            |
| <b>560</b> | <b>Customer Services Annual Performance Update</b>  | <b>560</b> |
|            | <p>There was submitted a report by the Chief Financial Officer providing an update on Customer Service Centre (CSC) performance for 2018/19 and the Action Plan.</p> <p><b>Decided:</b></p> <p>(1) that the performance in terms of the improvement in abandoned calls for Revenues and Benefits, quality outcomes and the high level of compliments received be noted;</p> <p>(2) that the smooth transition of Registration Services merging with Customer Services be noted; and</p> <p>(3) that the ongoing impact of Welfare Reform changes, particularly Universal Credit, including the new Scottish Social Security Agency, on the workload and service delivery within the Customer Service Centre be noted.</p> |            |
| <b>561</b> | <b>Inverclyde Council – Reserves Policy</b>   | <b>561</b> |
|            | <p>There was submitted a report by the Chief Financial Officer seeking approval of the Reserves Policy as part of the agreed triennial review.</p> <p><b>Decided:</b></p> <p>(1) that the latest position in respect of the Council's Reserves as set out in Appendix 1 and Appendix 2 to the report be noted; and</p> <p>(2) that approval be given to the Reserves Policy attached to the report at Appendix 3.</p>   |            |

**POLICY & RESOURCES COMMITTEE – 17 SEPTEMBER 2019**

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**562 Annual Procurement Report****562**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources (1) seeking approval to publish the Annual Procurement Report set out in Appendix 1 to the report and (2) providing an update on the latest spend with SMEs and local suppliers.

**Decided:**

- (1) that approval be given to the Annual Procurement Report for publication on the Council's website;
- (2) that the latest spend with SMEs and local suppliers be noted; and
- (3) that a report on action to support smaller companies and to enable them to participate in bidding for Council contracts be submitted to the Committee in due course.

**563 Procurement Policy – Request by Councillor C McEleny****563**

There was submitted a report by the Corporate Director Environment, Regeneration & Resources on a request received from Councillor C McEleny that a report be submitted to the next meeting of the Committee on (1) measures the Council can take that better include environmental impacts as a result of the Council's Procurement Policy eg, environmental weighting and (2) measures that can result in more locally based SMEs and Inverclyde workers being successful in being awarded Council contracts.

**Decided:** that a report be submitted to the next meeting of the Committee on (1) measures the Council can take that better include environmental impacts as a result of the Council's Procurement Policy, eg environmental weighting, and (2) measures that can result in more locally based SMEs and Inverclyde workers being successful in being awarded Council contracts.

**564 2020/23 Revenue Budget Update****564**

There was submitted a report by the Chief Financial Officer (1) updating the Committee on the 2020/23 Revenue Budget and (2) seeking approval for some initial adjustments in order to reduce the three year funding gap.

**Decided:**

- (1) that the ongoing activity and current position of the 2020/23 Revenue Budget be noted; and
- (2) that approval be given to the proposed budget adjustments contained in Appendix 2 to the report on the basis that none of these adjustments will impact on the current level of service with only vacant posts being deleted.

**565 Budget Consultation and Engagement****565**

There was submitted a report by the Head of Organisation Development, Policy & Communications on proposals to consult and engage with the Inverclyde community as part of the Council's budget decision-making for 2020/23.

**Decided:** that approval be given to the proposals for budget consultation and engagement set out in the report and that detailed Officer options to be consulted on be progressed following engagement with the Members' Budget Working Group, recognising that the uncertainty over Brexit and/or a General Election could involve Council Officers promoting controversial information during a pre-election period.

## POLICY &amp; RESOURCES COMMITTEE – 17 SEPTEMBER 2019

**566 Remembrance Sunday – Canadian Armed Forces’ Involvement 566**

There was submitted a report by the Head of Organisational Development, Policy & Communications highlighting the pivotal role played by Greenock in welcoming Canadian Forces to the United Kingdom at the start of World War 2 and proposing that a formal invitation be extended to the High Commissioner of Canada, or her representative, to attend the Greenock Remembrance commemorations each year.

**Decided:**

- (1) that the Council formally extend an invitation to the High Commissioner of Canada, or her representative, to attend the annual Greenock Remembrance commemorations each year; and
- (2) that a report be submitted to the Committee on the Dutch and Norwegian Armed Forces’ connection to Inverclyde and the appropriateness of including Dutch and Norwegian government representatives in future remembrance commemorations.

**567 Travel and Subsistence Policy 567**

There was submitted a report by the Head of Organisational Development, Policy & Communications seeking approval of an amended Travel and Subsistence Policy.

**Decided:**

- (1) that approval be given to the amended Travel and Subsistence Policy attached to the report at Appendix 1; and
- (2) that the current rates be approved as interim rates, subject to the finalisation of the budget process in January/February 2020.

**568 High-Level Governance Review 568**

There was submitted a report by the Head of Legal & Property Services identifying key items of the Council’s governance processes for review by the Committee relating to Thematic Committees, the Committee agenda process, noting reports, consultation documentation and processes, background papers and impact assessments and duration of Committees.

**Decided:** that the terms of the report be noted and the proposals set out in section 5 endorsed.

**569 School Transport Funding – Requests from the Education & Communities Committee 569**

There was submitted a report by the Chief Financial Officer on a remit from the Education & Communities Committee of 3 September 2019 requesting (1) that the increased revenue budget funding for providing subsidised buses for St Columba’s High School where no alternative public service route is available be included in the 2020/23 Revenue Budget process and (2) that the cost of providing free transport to secondary school pupils in receipt of free school meals and who live between one and two miles of their school be met from Reserves.

**Decided:**

- (1) that the increased revenue budget funding for providing subsidised buses for St Columba’s High School where no alternative public service route is available be funded from the unallocated budget pressures allowance in 2020/21; and

## POLICY &amp; RESOURCES COMMITTEE – 17 SEPTEMBER 2019

(2) that it be agreed to fund the cost of providing free transport to secondary school pupils in receipt of free school meals and who live between one and two miles of their school with the funding being identified through the budget process.

**The Convener being of the opinion that the undernoted report by the Corporate Director Environment, Regeneration & Resources was relevant, competent and urgent moved its consideration in terms of the relevant Standing Order to allow the Committee to consider the matter at the earliest opportunity. This was agreed unanimously.**

**570 Operation Yellowhammer – Request by Councillor C McEleny**

570

There was submitted a report by the Corporate Director Environment, Regeneration & Resources on a request from Councillor C McEleny that the Committee has sight of the Operation Yellowhammer report and gives consideration to any implications there may be to the Inverclyde local authority area as a result of a “No Deal” exit from the European Union on 31 October 2019.

**Decided:**

- (1) that the terms of the Operation Yellowhammer report, a copy of which was appended to the report, be noted; and
- (2) that it be noted that the Environment & Regeneration Committee receives updates on EU withdrawal and that Officers participate in working group arrangements with the Civil Contingency Service, and that a further, detailed report, including any mitigating actions, be submitted to the meeting of the Environment & Regeneration Committee scheduled to be held on 31 October 2019 or, if necessary, to a special meeting of that Committee.

Councillor Ahlfeld left the meeting following this item of business.

**It was agreed in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 as amended, that the public and press be excluded from the meeting during consideration of the following items on the grounds that the business involved the likely disclosure of exempt information as defined in the respective paragraphs of Part I of Schedule 7(A) of the Act as are set opposite each item.**

Item	Paragraph(s)
Review of Members' Support	1
Joint Collaboration – Audit and Fraud Services Inverclyde and West Dunbartonshire Councils	1 & 11

**571 Review of Members' Support**

571

There was submitted a report by the Head of Legal & Property Services on a review of Members' Support as requested by the Committee at its meeting in May 2019, outlining the resources and tasks of the Members' support team and including comparative information obtained from other Councils in relation to their structures and staffing resources.



**POLICY & RESOURCES COMMITTEE – 17 SEPTEMBER 2019**

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(Councillor Ahlfeld returned to the meeting during consideration of this item of business).

**Decided:** that the terms of the report be noted and that the situation with the Members' Support team be reviewed in consultation with all Members prior to September 2020 with a report on conclusions being submitted to the Committee.

**572 Joint Collaboration – Audit and Fraud Services  
Inverclyde and West Dunbartonshire Councils**

572

There was submitted a report by the Corporate Director Environment, Regeneration & Resources (1) on discussions between senior officers in West Dunbartonshire Council and Inverclyde Council regarding collaboration opportunities around Internal Audit and Fraud Services and (2) seeking approval for shared management arrangements with West Dunbartonshire Council involving the appointment of a Shared Chief Internal Auditor leading two separate Audit and Fraud Teams employed within their respective Councils.

**Decided:**

- (1) that approval be given to the implementation of the internal audit shared management model between Inverclyde and West Dunbartonshire Councils, including the appointment of the Shared Chief Internal Auditor within West Dunbartonshire Council's management structure; and
- (2) that it be noted that a report providing an update on the matter would be submitted to the Shared Services Joint Committee in October 2019.

## LOCAL POLICE & FIRE SCRUTINY COMMITTEE – 19 SEPTEMBER 2019

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### Local Police & Fire Scrutiny Committee

Thursday 19 September 2019 at 3pm

**Present:** Councillors Clocherty, Crowther, Curley, Jackson, J McEleny, McVey, Moran and Quinn.

**Chair:** Councillor McVey presided.

**In attendance:** Head of Culture, Communities & Educational Resources, Mr I Hanley (Community Safety & Resilience), Head of Environmental & Public Protection, Mr J Douglas (for Head of Legal & Property Services) and Ms S Lang (Legal & Property Services).

**In attendance also:** Chief Superintendent A Murray, Chief Inspector D Reilly and Inspector A Martin, Police Scotland, Area Manager G Binning, Group Manager D McCarrey and Station Manager M Meehan, Scottish Fire & Rescue Service.

Prior to the commencement of business, the Convener welcomed to the meeting, Tony McEwan, newly appointed Head of Culture, Communities & Educational Resources and Chief Superintendent Alan Murray who had recently taken up post as Divisional Commander of K Division, following the retirement of Chief Superintendent Gordon Crossan.

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Committee.**

**573      Apologies, Substitutions and Declarations of Interest      573**

An apology for absence was intimated on behalf of Councillor MacLeod.

No declarations of interest were intimated.

**574      Presentation by Police Scotland on the Digitally Enabled Policing Programme      574**

The Board heard a presentation by Inspector Martin on the roll-out across Scotland of 10,000 smart phones to operational officers at constable, sergeant and inspector level, replacing the paper notebook.

Inspector Martin explained that with the new mobile devices, officers would be able, while remaining in the community, to access email addresses, check bail conditions, carry out safety checks, access the voters' roll, access the STORM Command and Control System, take witness statements and submit crime reports, minimising back office demand. It was noted that the local roll-out date was 14 October 2019.

In response to questions from Members, Inspector Martin clarified the following points:-

- (1) When accessing the STORM System, filters were applied, defaulting to K Division after input of the incident number;
- (2) The system was much more secure than the existing paper notebook with all information backed up. While the information was obviously searchable, data could not be interrogated without notification of the reason for this;
- (3) The system had been penetration tested and the devices were waterproof;
- (4) The battery life of the devices was estimated to be approximately three years,

**LOCAL POLICE & FIRE SCRUTINY COMMITTEE – 19 SEPTEMBER 2019**

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after which there would be a refresh which had been built into the financial planning. In terms of charging, options were available for re-charging through the normal charger, in-car charger, charging hubs within police stations and small power banks;

(5) Digital Evidence Sharing Capacity (DESC) was not in place at present but would be looked at for the future. At present, advice had been received from the Crown Office that devices should not be used to take photographs except in certain specific circumstances including images of domestic violence and that no videos should be taken except in the case of dying declarations; and

(6) There was no capability to alter the text of electronic witness statements at the point of signature.

**575 Police Scotland Performance Report: 1 April 2019 – 30 June 2019**

575

There was submitted an updated report on the performance and activities of Police Scotland during the reporting period 1 April 2019 to 30 June 2019.

(Councillor Curley left the meeting during consideration of this item of business).

During the course of discussion on this item, Chief Superintendent Murray referred to the position in relation to Roads policing. He indicated that despite the assurance given at the Committee in September 2018 that there would be no diminution in service, changes in circumstances had undoubtedly resulted in altered service provision. He assured the Committee that he would continue to make representations for increased provision within K Division although it was not anticipated that levels would return to what they had been before the relocation of the Roads Policing Unit to Govan.

**Decided:**

- (1) that the information contained in the updated report be noted;
- (2) that a Members' Briefing be made by Police Scotland on the Contact Assessment Model for the risk assessment and prioritisation of calls;
- (3) that the position regarding deliberate car fires in Inverclyde be reported to the next meeting of the Committee; and
- (4) that the Convener write to Police Scotland, on behalf of the Committee, expressing concern regarding the position in relation to Roads policing and seeking a response to the changes in service provision.

**576 Scottish Fire & Rescue Service Performance Report: 1 April 2019 – 30 June 2019**

576

There was submitted a report on performance and activities of the Scottish Fire & Rescue Service during the reporting period 1 April 2019 to 30 June 2019.

(Councillor Curley returned to the meeting during consideration of this item of business).

During the course of discussion on this item, reference was made by Councillor McVey to a recent press article which referred to a claim that Scottish fire crews were taking almost 40 seconds longer to respond to incidents than a decade ago and he asked if any statistics were available in respect of the Inverclyde area.

In this regard, Area Commander Binning indicated that the statistics referred to in the press article were for the period 2011–16 and were therefore at least three years old. He did not anticipate any significant change in the response figures for Inverclyde, (which were not a published performance indicator) primarily because of the particular geography of the area but he undertook to request further information from the Service.

**Decided:**

- (1) that the information contained in the report be noted; and
- (2) that information be provided to the Committee on incident response times for the

## LOCAL POLICE & FIRE SCRUTINY COMMITTEE – 19 SEPTEMBER 2019

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Inverclyde area.

Councillor Curley left the meeting at this juncture.

### 577 Local Police & Fire Scrutiny Committee Update Report (September 2019) 577

There was submitted a report by the Corporate Director Education, Communities & Organisational Development providing an update on current and emerging issues relating to both Police and Fire & Rescue Services.

**Decided:** that the information contained in the report in respect of current and emerging national issues relating to Police and Fire & Rescue matters be noted.

### 578 Inverclyde Community Safety Partnership Update Report (September 2019) 578

There was submitted a report by the Corporate Director Education, Communities & Organisational Development on current work within the Inverclyde Community Safety Partnership (CSP) Strategy Group.

In particular, the Committee noted the update on the roll-out of fire safety training to Inverclyde HSCP homecare staff across the authority area. The Scottish Fire & Rescue Service had advised that this covered 400 staff with a resulting increase in home fire safety visits from homecare staff.

(Councillor Moran left the meeting during consideration of this item of business).

**Decided:**

- (1) that the information contained within the report be noted; and
- (2) that a report be submitted to the next meeting of the Committee on issues in respect of water safety including (a) the number of working groups currently in operation and the position in respect of representation by HM Coastguard, (b) the position in respect of the work undertaken to identify bodies of water across Inverclyde and the status of the risk assessment to be undertaken and (c) the position in respect of water safety promotion by the Scottish Fire & Rescue Service within secondary schools in Inverclyde.

### 579 Scottish Government Consultation – Strategic Police Priorities for Scotland 579

There was submitted a report by the Corporate Director Education, Communities & Organisational Development seeking approval to submit a response to the Scottish Government consultation in respect of strategic police priorities for Scotland.

**Decided:**

- (1) that approval be given to the responses contained within the consultation; and
- (2) that it be noted that Elected Members had the opportunity to make further comment regarding the consultation by 26 September 2019, prior to the submission deadline of 3 October 2019.

### 580 Clune Park Regeneration Plan – Deliberate Fire Raising and Vandalism 580

There was submitted a report by the Head of Environmental & Public Protection providing an update on an ongoing issue regarding deliberate fire raising and vandalism in the Clune Park Area, Port Glasgow.

**Decided:**

- (1) that the prevalence of deliberate fire raising and vandalism within the Clune Park Regeneration Area be noted; and
- (2) that the actions being taken in response be noted.

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<b>Report To:</b>	<b>Inverclyde Council</b>	<b>Date:</b>	<b>26 September 2019</b>
<b>Report By:</b>	<b>Head of Legal &amp; Property Services</b>	<b>Report No:</b>	<b>GM/LP/119/19</b>
<b>Contact Officer:</b>	<b>Gerard Malone</b>	<b>Contact No:</b>	<b>01475 712710</b>
<b>Subject:</b>	<b>Review of the Roles of and Support Given to Council Champions</b>		

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## 1.0 INTRODUCTION

1.1 This report reviews the roles and support given to Council Champions.

## 2.0 SUMMARY

2.1 At its meeting in April 2019, the Council decided to carry out a review of the roles of and support given to the Council's Champions.

2.2 The Council appoints Champions on a cross-party basis for agreed, key policy areas with approved remits for the roles. The main purpose of the role of Champion is to be the Council's ambassador for the identified policy area.

2.3 From Members' responses, there are clearly recognised benefits for the Council and, importantly, the community in maintaining the role of Champions. There are, however, experiences of conflict in the roles of Champion and Convener, especially in relation to media contact. This report suggests alterations in the roles and remits with the main items being:-

- Revisal of the remits of the Champions to provide greater clarity on roles, especially media issues;
- Officer support;
- An explicit requirement in policy reports to consult with relevant Champion(s);
- Champion feedback to Committee; and
- Convener/ Champion liaison.

## 3.0 RECOMMENDATION

3.1 That the Council considers the terms of this report.

3.2 That it be remitted to the Head of Legal & Property Services in consultation with relevant Officers to implement the changes summarised in paragraph 6.2 of this report.

**Gerard Malone**  
**Head of Legal & Property Services**

## 4.0 BACKGROUND

- 4.1 The Council at its meeting in April 2019 decided to carry out a review of the roles of and support given to the Council's nominated Champions.
- 4.2 The Council has appointed 9 Champions (**Appendix 1**) for the key policy areas that are identified.
- 4.3 The current remits of the Council Champions are specified in **Appendix 2**.
- 4.4 The main purpose of the role of Champion is to be the Council's ambassador for the key policy area. The role has benefits for both the community and the Council in identifying a specific Elected Member for key policy issues.
- 4.5 This Council appoints its Champions on a cross-party basis and the appointments take account of the Council's own discretion to nominate a Champion and the individual Elected Member's specific field of interest and expertise. It is an effective mechanism to assist the Council in achieving its strategic goals and for utilising relevant experience of individual Members. It also provides a sound basis for engagement with the community and identification of a "go to" Member for key areas of Council policy. The role harnesses individual talent and also assists the community in engaging with the Council and its partners in major policy areas.
- 4.6 Within the Council, the role of Champion has the added benefit that it creates opportunities for individual Members to work with other Councillors to highlight issues that cross established Committee remits and, indeed, across the political groups of the Council.
- 4.7 In conducting this review, the individual views of Elected Members were sought on a candid basis to ensure there can be a sound perspective taken on Members' views on the purpose and effectiveness of these roles. The responses from Members have helped form the conclusions and recommendations contained within this report.

## 5.0 KEY ISSUES FROM REVIEW

The main issues on the review are as follows:-

### 5.1 "Spokesperson"

- 5.1.1 The critical area for clarification is the remit description which identifies the Champion as "spokesperson".
- 5.1.2 This remit description clearly causes confusion and conflict. The main purpose of the Champion's role is in being an ambassador for a service or cause. The existing remit description causes confusion as Champions can understandably expect to be an exclusive media spokesperson for policy issues. This brings Champions into conflict with the decision – making roles of Committees and their Conveners. It also causes concern and conflict with officers and with the expectations that Champions can have in relation to corporate communications media support.
- 5.1.3 In terms of the national code for local government publicity, Officers have to be extremely careful that any media work they support is properly channelled through the Council's established Committee processes. The reason for this is that Officers cannot be seen in any way to be supporting any issue that might appear to have a party political or individual member context. Officers can only support agreed Council initiatives and policies that are approved at Committee and cannot be drawn into what might appear to be, or even perceived to be, individual or party political promotion.
- 5.1.4 The Council's media and social media protocol seeks to deal with potential conflicts in the roles of Convener and Champions in this regard. The relevant excerpt of the Council's protocol forms **Appendix 3** for Members' review in detail. The protocol emphasises that the remits of all

Champions involve an ambassadorial role and reinforces that there must be close liaison between the Council Champions and the respective Committee Conveners affected by their remit. As far as is practicable, comment from Councillor Champions will be provided for within press releases.

- 5.1.5 It is suggested that the Council's media protocol is properly sensitive to and already takes account of these critical issues. In the light of this and the comments received from Members on the review, there has been a re-drafting of the remits of Champions to take account of these issues with revisal of the words "spokesperson" and "promote" and "promotion". The suggested re-drafting of remits forms **Appendix 4**.

## 5.2 **Shaping Council Policy**

- 5.2.1 It is a key purpose of the Champions' roles to ensure there is genuine and meaningful involvement of a Champion in helping to shape policy, often in close liaison with the community. Given that key policies are approved by the Committee of the Council, it is a common theme from the review that the Champions provide a "go to" person for the community to identify in the implementation of Council policy and subsequent assistance with feedback and review. Champions are keen to take forward this implementation and feedback role. This is perhaps the element that most markedly differs from that of a Committee Convener. It is accepted that the Convener rightfully is the focus for Committee involvement and decision. As such, there will be close ties between Conveners and the community. The role of the Champion is to assist the community in channelling representations and feedback on cross-cutting themes that may affect more than one Committee.

- 5.2.2 Two clear issues emerge from this aspect of the review:

- (a) the Champions need to have an identified Officer as a key link to ensure the Champions are involved in opportunities to engage and influence policy development; and
- (b) there is a recognition that it is the individual responsibility of the Champions themselves to develop and to make and steward their own roles (but this will be aided by the support, above).

- 5.2.3 To assist in providing structured support and to assist Champions with their responsibilities, it would be helpful to ensure that (1) there is an opportunity for Champions to request that issues be raised, in liaison with the Convener, at Committee meetings and (2) policy reports should now include a specific requirement to confirm that the relevant Champion has been consulted. These steps will assist in ensuring that the Champion's role is more formalised than at present and that Champions are directly involved by services in policy development at an early stage.

- 5.2.4 Although the above is suggested for purposes of providing structure and formalisation, there is a clear recognition from the Members that the success of the Champion's role is as much to do with the person as the Council structure. The above reinforces that there must be an element of respect for the Champion's role and a recognition of this in daily Council operational practice.

## 5.3 **Joint Working**

- 5.3.1 It is expected by the Council that there will be effective and close liaison amongst Conveners and Champions. Council policy expects that Conveners and Champions will liaise closely to ensure there is effective working.

- 5.3.2 Where appropriate, the relevant Convener and Champion can develop a rolling work programme to further avoid conflict and this will also give clarity to Officers in relation to priorities and resources. This work programme can be developed by the nominated Officer in consultation with the Champion and the relevant Convener(s) and Corporate Director. This will also assist with those cross-cutting issues that might affect more than one Champions'/Conveners' roles and will assist to clarify how the Champions/Conveners will work together on such broad issues.

## 5.4 **Inverclyde Alliance**



5.4.1 It could be suggested that the role of Champion be extended into the Inverclyde Alliance. The Champions' roles are genuinely cross-cutting in themes and this could result in benefits being achieved from community partner involvement. Indeed, such Inverclyde Alliance involvement in the Champion's role could give a wider reach in key policy areas with the Council's partners.

## 5.5 **Future roles**

5.5.1 From the review, there are suggestions that the Council should consider the potential of linking sport with healthy lifestyles and to consider creating a Culture and Heritage Champion.

## 6.0 **Conclusions**

6.1 In the review, the views of Champions, individual Members and Officers were sought. This report seeks to summarise the observations that were made and to provide suggestions on addressing key issues. The proposals within this report seek to address Officers' needs in respect of clarification and avoiding conflict as well as addressing the expressed concerns of Council Champions.

6.2 The conclusions from the review are offered as follows:-

- (1) the remits of Champions be re-drafted to assist with clarity and focus **Appendix 4**;
- (2) designation of named Officer support for each Council Champion with regular, programmed meetings to develop and update a Champion workplan;
- (3) an explicit statement within relevant Committee reports on policy development and review to ensure Champion consultation;
- (4) Champions, in liaison with Conveners, requesting items for discussion or feedback at Committee to be facilitated by the Head of Legal & Property Services (as an item requested by Members in terms of the Council's Standing Orders); and
- (5) regular, effective liaison between Convener(s) and Champions on all cross-cutting themes.

6.3 There is a continuing role for Council Champions (as may be extended into the Inverclyde Alliance) as there are direct community and Council benefits in supporting wide engagement within the community of Inverclyde.

## 7.0 **IMPLICATIONS**

### 7.1 **Finance**

There are no direct implications within this report.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (if Applicable)	Other Comments

## 7.2 Legal

There are no direct legal implications within this report.

## 7.3 Human Resources

There are no direct implications within this report.

## 7.4 Equalities

This report assists wide community engagement and involvement in all Council priorities and policies.

(a) Has an Equality Impact Assessment been carried out?

--

YES (see attached appendix)

x
---

NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

--

YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.

x
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NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

--

YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.

x
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NO

## 7.5 Repopulation

There are no direct repopulation implications within this report.

## 8.0 CONSULTATIONS

8.1 This report has been endorsed by the CMT.

## 9.0 BACKGROUND PAPERS

9.1 None.

## **Appendix 1**

### **Council Champions**

Older People's Champions: Councillor Moran and Mrs N McFadden

Community Council Champion: Councillor J McEleny

Young People's Champion: Councillor Murphy

Carers' Champion: Councillor Crowther

Armed Forces' Champion: Councillor Dorrian

Healthy Lifestyles Champion: Councillor Robertson

Welfare and Financial Inclusion Champion: Councillor McCabe

Sports Champion: Councillor Ahlfeld

Women's Champion: Councillor Quinn

**Role of the Older People's Champion**

**Overall Purpose of Champion:**

To be the Council's Older People's Champion by raising and promoting older people's issues and ensuring that the needs and preference of older people are fully taken into account in the planning and development of policies and services.

**Main Duties and Responsibilities:**

1.	To be the Council's ambassador and spokesperson for issues relating to older people.
2.	To highlight and promote the concerns of older people living in Inverclyde both within the Council and with external agencies and the public.
3.	To promote and support the objectives and key aims of the Reshaping Care for Older People Programme.
4.	To promote and support Inverclyde's Dementia Strategy 2013-16 "Working Towards a Dementia Friendly Inverclyde".
5.	To work in partnership with local organisations that provide services to older people and ensure there is effective communication and joint working taking place.
6.	To promote and support local activities, events and service developments that support independent living and positive health and wellbeing amongst older people.
7.	To liaise with Government and MPs / MSPs regarding the development of services and policies that affect older people.

## **Role of the Community Council Champion**

### **Overall Purpose of Champion:**

To be the Council's Community Council Champion by:

- Raising the profile of Community Councils as a key mechanism through which the Council engages with communities; and
- Advocating for community engagement and community empowerment, through engaging communities in the design and delivery of public services.

### **Main Duties and Responsibilities:**

1.	To be the Council's ambassador and spokesperson for issues relating to community engagement and community empowerment.
2.	To promote the development and strengthening of Community Councils across the Inverclyde area.
3.	To ensure that the views and opinions of Community Councils, community associations and organisations are taken into account in the planning and development of policies and services.
4.	To provide strategic liaison amongst the Council and its partner agencies with regard to developing and improving community engagement in Inverclyde.
5.	To promote the use of asset based approaches to community engagement in the design and delivery of services.
6.	To encourage community representatives to work together to improve outcomes for communities.
7.	To liaise with Government and MPs / MSPs regarding Community Councils and community engagement and empowerment more generally

## Role of the Young People's Champion

### **Overall Purpose of Champion:**

To be the Council's Young People's Champion by raising and promoting issues that affect young people and ensuring that the needs and preferences of young people are fully taken into account in the planning and development of policies and services.

### **Main Duties and Responsibilities:**

1.	To be the Council's ambassador and spokesperson for issues relating to young people.
2.	To highlight and promote the concerns of young people living in Inverclyde both within the Council and with external agencies and the public.
3.	To promote engagement with young people by liaising with Inverclyde Youth Council and Youth Parliament representatives.
4.	To work in partnership with local organisations that provide services for young people and ensure there is effective communication and joint working taking place.
5.	To promote and support local activities, events and service developments that are aimed at nurturing young people and giving them the best start in life.
6.	To liaise with Government and MPs / MSPs regarding the development of services and policies that affect young people.

## Role of the Carers' Champion

### **Overall Purpose of Champion:**

To be the Council's Carer's Champion by raising and promoting issues that affect carers and ensuring that the needs and preferences of carers are fully taken into account in the planning and development of policies and services.

### **Main Duties and Responsibilities:**

1.	To be the Council's ambassador and spokesperson for issues relating to carers and young carers.
2.	To highlight and promote the concerns of carers living in Inverclyde both within the Council and with external agencies and the public.
3.	To promote and support the implementation of the Inverclyde Carers Strategy 2012-15.
4.	To promote engagement with carers and young carers to ensure their views are taken into account in the development and implementation of the Inverclyde Carers Strategy.
5.	To work in partnership with local organisations that provide services for carers and ensure there is effective communication and joint working in place.
6.	To promote and support local activities, events and service developments that are aimed at improving services for carers and raising awareness of the support that is available.
7.	To highlight and promote the contribution that carers make to local communities through their role in providing unpaid care for their family, friends and neighbours.
8.	To liaise with Government and MPs / MSPs regarding the development of services and policies that affect carers.

## Role of the Armed Forces Champion

### **Overall Purpose of Champion:**

To be the Council's Armed Forces Champion by raising and promoting issues that affect veterans and ensuring that the needs and preferences of veterans are fully taken into account in the planning and development of policies and services.

### **Main Duties and Responsibilities:**

1.	To be the Council's ambassador and spokesperson for issues relating to veterans.
2.	To support events which recognise and acknowledge the commitment and sacrifice of the armed forces through acts of remembrance and commemoration.
3.	To highlight and promote issues that affect veterans living in Inverclyde both within the Council and with external agencies and the public.
4.	To promote effective communication and positive working relationships both within the Council and amongst partners and other stakeholder groups in relation to the Veterans Pathway.
5.	To support the development of an integrated support network for veterans living in Inverclyde through the promotion of joint working with Council services, veteran's services and charitable organisations.
6.	To liaise with Government and MPs / MSPs regarding the development of services and policies that impact on veterans.



## **Role of the Healthy Lifestyles Champion**

### **Overall Purpose of Champion:**

To be the Council's Healthy Lifestyles Champion by raising and promoting issues relating to health and ensuring that such issues are taken into account in the planning and development of policies and services.

### **Main Duties and Responsibilities:**

1.	To be the Council's ambassador and spokesperson for issues relating to healthy lifestyles.
2.	To highlight and promote health related issues both within the Council and with external agencies and the public.
3.	To undertake a community leadership role to empower communities to take an active role in improving the health of the people of Inverclyde.
4.	To work in partnership with local organisations that provide health services and promote healthy lifestyles and ensure there is effective communication and joint working taking place.
5.	To promote and support local activities, events and service developments aimed at improving the health of residents living in Inverclyde.
6.	To liaise with Government and MPs / MSPs on improving the health and wellbeing of Inverclyde's population.
7.	To work in tandem with the Chair of Inverclyde CHCP (HSCP) to champion healthy lifestyles.

## Role of the Welfare and Financial Inclusion Champion

### **Overall Purpose of Champion:**

To be the Council's Welfare and Financial Inclusion Champion by raising and promoting issues relating to welfare reform and financial inclusion and ensuring that such issues are taken into account in the planning and development of policies and services.

### **Main Duties and Responsibilities:**

1.	To be the Council's ambassador and spokesperson for issues relating to welfare and financial inclusion.
2.	To highlight and promote welfare reform and financial inclusion issues both within the Council and with external agencies and the public.
3.	To promote engagement with residents in Inverclyde to ensure their views are taken into account in the development of policies and services regarding welfare reform and financial inclusion.
4.	To work in partnership with local organisations to tackle the implications of welfare reform and promote financial inclusion services and to ensure there is effective communication and joint working taking place.
5.	To promote and support local activities, events and service developments that are aimed at promoting financial inclusion and addressing welfare reform issues.
6.	To liaise with Government and MPs / MSPs on the implications of welfare reform and financial inclusion.

## Role of the Sports Champion

### **Overall Purpose of Champion:**

To be the Council's Sports Champion by raising and promoting issues relating to sports and ensuring that such issues are taken into account in the planning and development of policies and services.

### **Main Duties and Responsibilities:**

1.	To be the Council's ambassador and spokesperson for issues relating to sport.
2.	To highlight and promote sport both within the Council and with external agencies and the public.
3.	To promote engagement with residents in Inverclyde to ensure their views are taken into account in the development of policies and services regarding sport and leisure.
4.	To work in partnership with local organisations that provide sport and leisure services and ensure there is effective communication and joint working taking place.
5.	To promote and support the development and implementation of Inverclyde's Sport Framework 2014 -2018 and the Active Living Strategy.
6.	To promote and support local activities, events and service developments that are aimed at increasing participation in sport.
7.	To liaise with Government and MPs / MSPs on issues regarding participation in sport.

## Role of the Women's Champion

### Overall Purpose of Champion:

To be the Council's Women's Champion by raising and promoting women's issues and ensuring that the needs and preferences of women are fully taken into account in the planning and development of policies and services.

### Main Duties and Responsibilities:

1.	To be the Council's ambassador and spokesperson for issues relating to women.
2.	To highlight and promote the concerns of women living in Inverclyde both within the Council and with external agencies and the public.
3.	To promote and support the objectives and key aims of specific gender issues arising in the Corporate Equalities Action Plan.
4.	To promote and support local activities, events and service developments that are aimed at promoting the specific rights of women e.g. 50/50 group, gender pay gaps, period poverty, violence against women etc.
5.	To work in partnership with local organisations that provide services specifically for women to ensure that effective communication is taking place.
6.	To promote and support local activities, events and service developments that promote the rights of women.
7.	To liaise with Government and MPs/MSPs regarding the development of services and policies that specifically affect women.

## APPENDIX 3

### 5.0 PRESS RELEASES

- 5.1 The purpose of a press release is to gain coverage in printed and online media to promote the activities of the Council, its decisions and policies.
- 5.2 The majority of press releases will contain a quote from the Convener or Vice Convener of the relevant committee as the elected member with responsibility for those issues. Where a press release may cross a number of services or committees the Council Leader may be quoted.
- 5.3 The remits of all Champions involves an ambassadorial role on behalf of the Council and for its approved policies. This means there must be close liaison between the Council Champions and the respective committee Convener affected by their remit.
- 5.4 Given the ambassadorial role of the Champions, it is essential that the duties directly relate to approved Council Policy. The Champions have many public opportunities to influence and shape involvement of key partners and the public and so there must be a direct and clear link between the Champions and the approved Council policies which affect their respective remits
- 5.5 As far as practicable in terms of this protocol, comment from Councillor Champions will provided for within press releases related to their remit.
- 5.6 There will be effective and close liaison with the Conveners of the relevant committees to link the roles of the Champions with the relevant committee Conveners. Conveners and Champion will meet regularly for purposes of this liaison.

**Role of the Community Council Champion**

<b>Overall Purpose of Champion:</b>	
To be the Council's Community Council Champion by:	
<ul style="list-style-type: none"> <li>• Raising the profile of Community Councils as a key mechanism through which the Council engages with communities; and</li> <li>• Advocating community engagement and community empowerment in the design and delivery of public services.</li> </ul>	
<b>Main Duties and Responsibilities:</b>	
1.	To be the Council's ambassador for issues relating to community engagement and community empowerment.
2.	To strengthen Community Council engagement across the Inverclyde area.
3.	To ensure that the views and opinions of Community Councils, community associations and organisations are taken into account in the planning and development of policies and services.
4.	To encourage community representatives to work together to improve outcomes for communities.

**Role of the Older People's Champion**

<b>Overall Purpose of Champion:</b>	
To be the Council's Older People's Champion by raising older people's issues and ensuring that the needs and preference of older people are fully taken into account in the planning and development of policies and services.	
<b>Main Duties and Responsibilities:</b>	
1.	To be the Council's ambassador for issues relating to older people.
2.	To highlight the concerns of older people living in Inverclyde both within the Council and with external agencies and the public.
3.	To support the objectives and key aims of the Reshaping Care for Older People Programme
4.	To encourage community representatives to work together to improve outcomes for communities.
5.	To engage with local organisations that provide services to older people and ensure there is effective communication with the Council.
6.	To support local activities, events and service developments that contribute to independent living and positive health and wellbeing amongst older people.

**Role of the Young People's Champion**

<b>Overall Purpose of Champion:</b>	
To be the Council's Young People's Champion by raising issues that affect young people and ensuring that the needs and preferences of young people are fully taken into account in the planning and development of policies and services.	
<b>Main Duties and Responsibilities:</b>	
1.	To be the Council's ambassador for issues relating to young people.
2.	To highlight the concerns of young people living in Inverclyde both within the Council and Youth Parliament representatives.
3.	To support the objectives and key aims of the Reshaping Care for Older People Programme
4.	To engage with local organisations that provide services for young people and ensure there is effective communication with the Council.
5.	To support local activities, events and service developments that are aimed at nurturing young people and giving them the best start in life.



<b><u>Role of the Carers' Champion</u></b>
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<b>Overall Purpose of Champion:</b>
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<b>Overall Purpose of Champion:</b>
To be the Council's Carers' Champion by raising issues that affect carers and ensuring that the needs and preferences of carers are fully taken into account in the planning and development of policies and services.

<b>Main Duties and Responsibilities:</b>
--

<b>Main Duties and Responsibilities:</b>	
1.	To be the Council's ambassador for issues relating to carers and young carers.
2.	To highlight the concerns of carers living in Inverclyde both within the Council and with external agencies and the public.
3.	To support the implementation of the Inverclyde Carers Strategy 2012-15.
4.	To engage with carers and young carers to ensure their views are taken into account in the development and implementation of the Inverclyde Carers Strategy.
5.	To engage with local organisations that provide services for carers and ensure there is effective communication with the Council.
6.	To support local activities, events and service developments that are aimed at improving services for carers and raising awareness of the support that is available.
7.	To highlight the contribution that carers make to local communities through their role in providing unpaid care for their family, friends and neighbours.

**Role of the Armed Forces Champion**

<b>Overall Purpose of Champion:</b>	
To be the Council's Armed Forces Champion by raising issues that affect veterans and ensuring that the needs and preference of veterans are fully taken into account in the planning and development of policies and services.	
<b>Main Duties and Responsibilities:</b>	
1.	To be the Council's ambassador for issues relating to veterans.
2.	To support events which recognise and acknowledge the commitment and sacrifice of the armed forces through acts of remembrance and commemoration.
3.	To highlight the issues that affect veterans living in Inverclyde both within the Council and with external agencies and the public.
4.	To aid effective communication and positive working relationships both within the Council and amongst partners and other stakeholder groups in relation to the Veterans Pathway.
5.	To support the development of an integrated support network for veterans living in Inverclyde with Council services, veteran's services and charitable organisations.

<b><u>Role of the Healthy Lifestyles Champion</u></b>
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<b>Overall Purpose of Champion:</b>
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To be the Council's Healthy Lifestyles Champion by raising issues relating to health and ensuring that such issues are taken into account in the planning and development of policies and services.
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<b>Main Duties and Responsibilities:</b>
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1.	To be the Council's ambassador for issues relating to healthy lifestyles.
2.	To highlight health related issues both within the Council and with external agencies and the public.
3.	To assist communities to take an active role in improving the health of the people of Inverclyde.
4.	To ensure there is effective communication amongst local organisations that provide health services and the Council.
5.	To promote local activities, events and service developments aimed at improving the health of residents living in Inverclyde.

**Role of the Welfare and Financial Inclusion Champion**

<b>Overall Purpose of Champion:</b>	
To be the Council's Welfare and Financial Inclusion Champion by raising issues relating to welfare reform and financial inclusion and ensuring that such issues are taken into account in the planning and development of policies and services.	
<b>Main Duties and Responsibilities:</b>	
1.	To be the Council's ambassador for issues relating to welfare and financial inclusion.
2.	To highlight welfare reform and financial inclusion issues both within the Council and with external agencies and the public.
3.	To engage with residents in Inverclyde to ensure their views are taken into account in the development of policies and services regarding welfare reform and financial inclusion.
4.	To tackle with local organisations the implications of welfare reform and promote financial inclusion services and to ensure there is effective communication with the Council.
5.	To promote local activities, events and service developments that are aimed at promoting financial inclusion and addressing welfare reform issues.

<b><u>Role of the Sports Champion</u></b>
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<b>Overall Purpose of Champion:</b>
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To be the Council's Sports Champion by raising issues relating to sports and ensuring that such issues are taken into account in the planning and development of policies and services.
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<b>Main Duties and Responsibilities:</b>
--

1.	To be the Council's ambassador for issues relating to sport.
2.	To highlight sport both within the Council and with external agencies and the public.
3.	To engage with residents in Inverclyde to ensure their views are taken into account in the development of policies and services regarding sport and leisure.
4.	To engage with local organisations that provide sport and leisure services and ensure there is effective communication with the Council.
5.	To promote the development and implementation of Inverclyde's Sport Framework 2014-2018 and the Active Living Strategy.
6.	To support local activities, events and service developments that are aimed at increasing participation in sport.

**Role of the Women's Champion**

<b>Overall Purpose of Champion:</b>	
To be the Council's Women's Champion by raising women's issues and ensuring that the needs and preferences of women are fully taken into account in the planning and development of policies and services.	
<b>Main Duties and Responsibilities:</b>	
1.	To be the Council's ambassador for issues relating to women.
2.	To highlight the concerns of women living in Inverclyde both within the Council and with external agencies and the public.
3.	To support the objectives and key aims of specific gender issues arising in the Corporate Equalities Action Plan.
4.	To support local activities, events and service developments that are aimed at promoting the specific rights of women e.g. 50/50 group, gender pay gaps, period poverty, violence against women.
5.	To engage with local organisations that provide services specifically for women to ensure that effective communication is taking place with the Council.
6.	To support local activities, events and service developments that promote the rights of women.

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<b>Report To:</b>	<b>Inverclyde Council</b>	<b>Date:</b>	<b>26 September 2019</b>
<b>Report By:</b>	<b>Head of Legal &amp; Property Services</b>	<b>Report No:</b>	<b>SL/LP/101/19</b>
<b>Contact Officer:</b>	<b>Gerard Malone</b>	<b>Contact No:</b>	<b>01475 712710</b>
<b>Subject:</b>	<b>Clyde Valley Learning and Development Project 2019 – Revised Minute of Agreement</b>		

---

## 1.0 PURPOSE

1.1 The purpose of this report is to:-

- (1) advise the Council that South Lanarkshire Council, as the Lead Council, has updated the Minute of Agreement covering the Clyde Valley Project of which Inverclyde Council is currently a full member; and
- (2) request the Council to enter into a revised Minute of Agreement to continue its participation in the Project as a full member with South Lanarkshire Council continuing to act as the Lead Council.

## 2.0 SUMMARY

- 2.1 The Clyde Valley Learning and Development Project was set up to review the differing training contracts, costs and quality and to identify areas where a joint service approach would ensure consistency in quality standards being delivered and further economies of scale being reached overall. Funding of £685,000 was provided through the National Shared Services Board for the set-up of the Clyde Valley Project in 2008 which has ended. The implementation of this shared approach provides both financial and operational benefits.
- 2.2 The revised Minute of Agreement clarifies the roles, responsibilities and costs of new membership levels and what each Council receives for payment to the project. The revised Agreement is attached as Appendix 1.
- 2.3 There will now be three categories of membership for the Project which are open to all local authorities in Scotland and other public bodies. All membership categories now attract an annual membership contribution fee based on the relative size of the Council as detailed in Schedule 4 of the Minute of Agreement. Only full members are able to vote at the Joint Committee. The Council's current representative on the Joint Committee is Provost Brennan.
- 2.4 Being a member provides access to a shared platform to access e-training (via the Brightwave system) for all Council staff. The Council also has access to the shared training library and is part of the joint decision-making on the future design and delivery of various training projects/programmes. Previous content included first aid, diversity, IT training and health and safety. There are also two sub groups covering Social Work and IT delivery of the project. The Social Work group recently delivered Promoting Positive Behaviour Training and savings were achieved through this being delivered as an e-course for all members.

## 3.0 RECOMMENDATION

- 3.1 That Inverclyde Council enters into the revised Minute of Agreement to continue its participation in the Clyde Valley Learning and Development Project as a full member, with South Lanarkshire Council acting as Lead Authority for the Project;

- 3.2 That the Council notes that in the event that there are no proposed amendments to the Minute of Agreement, South Lanarkshire Council will circulate the Minute of Agreement to Full Member Councils for signing; and
- 3.3 That the Council notes that the Minute of Agreement, once approved, will require a Minute of Variation to be signed by all Full Members to reflect any changes.

**Gerard Malone**  
**Head of Legal & Property Services**



## **4.0 BACKGROUND**

- 4.1 Following the establishment of the Clyde Valley Learning and Development Project, a Minute of Agreement was drawn up and signed by the eight Full Member Councils, including Inverclyde Council, in 2008. The Agreement covered the terms of the Scottish Government grant provided as start-up funding for the Project, as well as setting out certain terms and conditions which would apply for the delivery of the Project. The Agreement was legally binding on the Full Member Councils.
- 4.2 Many of the fundamental aspects of the project as set out in the 2008 document are no longer relevant or applicable and therefore do not accurately reflect the current mode of delivery, terms and conditions of membership or relevant legislation which apply.
- 4.3 A revised Agreement was prepared by South Lanarkshire Council taking into consideration the above changes.
- 4.4 The attached Agreement has been drafted for consideration by the Full Member Councils. In accordance with the existing Minute of Agreement, the document deals with the management and operation of the Joint Committee. Its principal terms are set out below.

The remit of the Joint Committee is to:

- regulate the delivery of the Project;
- maintain a strategic overview;
- monitor the learning and development function of the Project;
- set performance standards

There will be three categories of membership for the Project which will be open to all local authorities in Scotland and other public bodies. These three categories are set out in Schedule Part 4 of the Minute of Agreement as follows:

- Full
- Participating
- Procurement

These categories of membership are as approved by the Joint Committee at its meeting on 11 June 2018. All membership categories now attract an annual membership contribution fee based on the relative size of the Council, also detailed in Schedule Part 4 of the Minute of Agreement.

Only Full Members will be represented on the Joint Committee and have voting rights. Similarly, only Full Members will be represented on the Project Steering Group.

As agreed by the Joint Committee at its meeting on 11 June 2018, there will be a maximum of five Full Member Councils at all times in order to maintain the Project's viability and retain effective governance.

The Status of the Social Care Group (previously a sub-group of the Project) has been raised to an equivalent level as the Steering Group for governance of matters relating to the Health and Social Care agenda.

Any Member Council which wishes to withdraw from the Project must give at least six months written notice.

## **5.0 PROPOSALS**

- 5.1 It is proposed that the Council enters into the revised Minute of Agreement to continue to participate in the Clyde Valley Learning and Development Project as a Full Member. South Lanarkshire will continue as lead authority for the Project.

## 6.0 IMPLICATIONS

### 6.1 Finance

There are no current financial costs in relation to the drafting and conclusion of the revised legal agreement. The administration cost as a full member was previously £3,000 which is being increased to £5,000. The costs of the system were reduced, however, by £1,575 per annum. The funding will be taken from the Organisational Development Workforce Fund.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments

Annually Recurring Costs/(Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments

### 6.2 Legal

The legal implications are set out in the report.

### 6.3 Human Resources

There are no specific employee implications outlined in this report.

### 6.4 Equalities

Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
x	NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

### 6.5 Repopulation

There are no repopulation implications outlined in this report.

## 7.0 CONSULTATIONS

7.1 N/A

## 8.0 BACKGROUND PAPERS

8.1 None.

**MINUTE OF AGREEMENT**

between

**SOUTH LANARKSHIRE COUNCIL, EAST RENFREWSHIRE COUNCIL, GLASGOW CITY COUNCIL, INVERCLYDE COUNCIL, NORTH LANARKSHIRE COUNCIL and RENFREWSHIRE COUNCIL** all incorporated under the Local Government etc. (Scotland) Act 1994 (all hereinafter referred to as “the Member Authorities”)

Subject: Clyde Valley Learning and Development Project

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Head of Legal Services  
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Administration and Legal Services  
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HAMILTON  
ML3 0AA

Ref: HL/CPPL-17449

FAS No: 2089

## **INDEX OF CLAUSES AND PARTS OF SCHEDULE**

- 1. Definitions and Interpretation**
- 2. Commencement and Duration**
- 3. Joint Committee**
- 4. Steering, Social Care Group and Project Manager**
- 5. Support Service**
- 6. Delivery and Operation of the Clyde Valley Learning and Development Project**
- 7. Budget and Contributions**
- 8. Default in Payments**
- 9. Services To Third Parties**
- 10. Additional Parties**
- 11. Indemnity and Insurance**
- 12. Termination**
- 13. Variation**
- 14. Information Sharing**
- 15. Freedom of Information**
- 16. Assignment**
- 17. Law**

**Schedule Part 1 – Lead Authority’s Responsibilities**

**Schedule Part 2 – Support Services**

**Schedule Part 3 – Groups and Project Manager Remits**

**Schedule Part 4 – Membership Benefits and Contributions**

**Schedule Part 5 – Confidential Information**

## **MINUTE OF AGREEMENT**

between

**SOUTH LANARKSHIRE COUNCIL**

and

**EAST RENFREWSHIRE COUNCIL,  
GLASGOW CITY COUNCIL, INVERCLYDE  
COUNCIL, NORTH LANARKSHIRE COUNCIL  
and RENFREWSHIRE COUNCIL** all as  
incorporated under the Local Government etc.  
(Scotland) Act 1994 (all hereinafter referred to  
as "the Member Authorities")

WHEREAS the Member Authorities have formed the Clyde Valley Learning and Development Joint Committee constituted under Section 57 of the Local Government (Scotland) Act 1973.

NOW THEREFORE it is hereby agreed as follows:-

### **1. DEFINITIONS and INTERPRETATIONS**

The following expressions shall have the meanings respectively ascribed thereto.

"Accounting Officer" means the Executive Director (Finance and Corporate Resources) of South Lanarkshire Council or his/her nominee.

"Clerk to the Joint Committee" means the Executive Director (Finance and Corporate Resources) of South Lanarkshire Council or his/her nominee.

"Confidential Information" means the information listed as Confidential Information in Part 5 of the Schedule.

"Contribution Payment" means the sum payable in terms of this Agreement by each Member towards the cost of administrative and other support to the Joint Committee and to the Project, including but not limited to the costs of staff secondment, insurance indemnities and IT accommodation costs as more particularly set out in the Schedule Part 4.

"Environmental Information Regulations" means the Environmental Information (Scotland) Regulations 2004.

"Financial Year" means any period of one year starting on 01 April in that year and ending on 31 March in the following year.

“FOISA” means the Freedom of Information (Scotland) Act 2002 and any subordinate legislation made under this Act from time to time together with any guidance and/or codes of practice issued by the Scottish Government or the Scottish Information Commissioner in relation to such legislation.

“Full Member” means South Lanarkshire Council, East Renfrewshire Council, Glasgow City Council, Inverclyde Council, North Lanarkshire Council, Renfrewshire Council and any other person who the Joint Committee agree to admit as a Full Member.

“Joint Committee” means the Committee established by the Full Members to regulate the delivery of the Project as set out in Clause 3 of this Agreement, and whose powers are as set out in this Agreement.

“Lead Authority” means South Lanarkshire Council.

“Member” means all or any of the Full Members, Participating Members and Procurement Members as the context may require.

“Participating Members” means Angus Council, Argyle and Bute Council, City of Edinburgh Council, Clackmannanshire Council, Dundee City Council, East Dunbartonshire Council, Falkirk Council, Orkney Council, Perth and Kinross Council, Scottish Borders Council, West Dunbartonshire Council or any other person who the Joint Committee agree to admit as a Participating Member.

“Procurement Members” means Dumfries and Galloway Council, East Lothian Council or any other person who the Joint Committee agree to admit as Procurement Members.

“Project” means the Clyde Valley Learning and Development Project; that is, the combined activities designated by the Steering Group and/or the Social Care Group to deliver efficiencies, savings, best practice and collaboration to the employees of the Member Councils in the field of Learning and Development.

“Project Manager” means the Officer appointed by the Lead Authority and endorsed by the Joint Committee as having overall responsibility for the day to day operation of the Clyde Valley Learning and Development Project.

“Requests for Information” means any apparent request for information under FOISA, or the Environmental Information Regulations.

“Schedule” means the Schedule in 5 Parts annexed as relative to this Agreement.

### **Interpretation**

The interpretation and construction of this Agreement shall be subject to the following provisions:-

- (a) References to any statute, law, order, regulation or other similar instrument shall be construed as a reference to the statute, law, order, regulation or instrument as subsequently amended or re-enacted;
- (b) References to the singular include the plural and *vice versa* unless the context otherwise requires;
- (c) Clause headings and sub headings are for reference purposes only and shall not affect the construction of anything in the Agreement. Reference to a Clause is a reference to the whole of that Clause unless stated otherwise;
- (d) Reference to any person all include natural persons and partnerships, firms and other incorporated bodies and all other legal persons of whatever kind and however constituted and their successors and permitted assignees or transferees;

- (e) The words “include”, “includes” and “including” are to be construed as if they were immediately followed by the words “without limitation” and
- (f) The provisions of the Interpretation Act 1978 with respect to interpretation and construction shall apply to this Agreement.

## **2. COMMENCEMENT AND DURATION**

- 2.1 This Agreement will commence on 10 June 2019 notwithstanding the date or dates of signing hereof and supersedes the previous Minute of Agreement between the Member Authorities dated 7 October 2008 and subsequent dates.
- 2.2 Each Member’s membership of the Joint Committee shall subsist unless and until terminated in accordance with any of the provisions of Clause 12.
- 2.3 The Joint Committee shall subsist unless and until terminated in accordance with any of the provisions of Clause 12.

## **3. JOINT COMMITTEE**

- 3.1 The Joint Committee has been established for the purpose of regulating the delivery of the Project by maintaining a strategic overview and monitoring the learning and development functions of the Members.
- 3.2 Each Full Member shall appoint one of their Councillors to be their representative on the Joint Committee.
- 3.3 Each Full Member may appoint a substitute representative to attend meetings of the Joint Committee in the absence of the appointed Councillor which substitute representative shall also be a Councillor.
- 3.4 Each of the Full Members shall be entitled to replace its representative on the Joint Committee at any time or times by notifying the Clerk to the Joint Committee to that effect.
- 3.5 At meetings of the Joint Committee only Full Members in attendance shall be entitled to vote.
- 3.6 The Convener of the Joint Committee shall be an elected representative appointed by the Lead Authority from time to time. A Vice Convener shall be appointed by the Joint Committee following each Scottish Local Government Election or at any other time as may be required.
- 3.7 Each Full Member shall delegate to the Joint Committee their powers to regulate the provision of the Project through the strategic overview and monitoring of the business plan and operation of the Project.
- 3.8 The Joint Committee adopted, at their meeting on Sixteenth October, Two thousand and seven, Standing Orders relating to proceedings at their meetings and at the meetings of any Sub-Committee and these shall apply to the proceeding of the Joint Committee throughout the period of this Agreement subject to any amendments to or replacement thereof as the Joint Committee may determine.

#### **4. STEERING, SOCIAL CARE GROUPS AND PROJECT MANAGER**

- 4.1 There shall be a Steering Group comprising officer representatives of the Lead Authority and Full Members which shall oversee the operational work of the Project (save in respect of health and social care issues) and shall have the roles and responsibilities set out in the Schedule Part 3 paragraph 1.
- 4.2 There shall also be a Social Care Group comprising officer representatives of the Lead Authority and Full Members which shall oversee health and social care issues relating to the Project and shall have the roles and responsibilities set out in the Schedule Part 3 paragraph 2.
- 4.3 The Project Manager shall be accountable through the Steering Group to the Joint Committee for the performance of the Clyde Valley Learning and Development Project and for the successful delivery of that Project in terms of the agreed priorities shall have the roles and responsibilities set out in the Schedule Part 3 paragraph 3.

#### **5. SUPPORT SERVICES**

- 5.1 Staff may be seconded from the Full Members to the Lead Authority to enable the Project to be delivered as agreed from time to time by the Full Members or any officer to whom such authority has been delegated.
- 5.2 All professional and administrative support for the Joint Committee, the Project Manager and the Project Group will be provided by the Lead Authority.

#### **6. DELIVERY AND OPERATION OF THE CLYDE VALLEY LEARNING AND DEVELOPMENT PROJECT**

- 6.1 Except as specifically provided for in this Minute of Agreement, the Joint Committee shall regulate the operation of the Project and set the key performance standards to be met.
- 6.2 Members may arrange to contract for the services delivered by the Project outwith the Project and nothing in this Minute of Agreement shall require a Member to breach or replicate an existing contract for the supply of such a service.
- 6.3 The Lead Authority's Standing Orders and Financial Regulations as amended from time to time shall apply to all tendering procedures and contracts negotiated by the Lead Authority on behalf of the Members in relation to the Project. The Lead Authority shall comply with all necessary legislation and any other relevant source of law when tendering contracts on behalf of the Members.
- 6.4 Members shall be entitled to the benefits and accept the responsibilities specified in the Schedule Part 4 according to their particular type of Membership i.e. Full, Participating or Procurement.
- 6.5 Members undertake to provide such information within such timescales as is reasonably required by the Project Manager to enable the Project to undertake its activities.



- 6.6 Failure by a Member to provide such information referred to in Clause 6.5 above may result in the Project Manager reporting to the Steering Group and the Steering Group may ask the Joint Committee to:-
- (a) Exclude that Member from participating in the Project; and/or
  - (b) Exclude that Member from receiving benefits applicable to their Membership; and/ or
  - (c) Recover from that Member any additional costs incurred or losses suffered by the Project arising from that Member's failure.

## **7. BUDGET AND CONTRIBUTIONS**

- 7.1 The Joint Committee shall prior to thirty first December in each Financial Year approve a budget for the forthcoming Financial Year in accordance with Paragraph 1.5 of Part 2 of the Schedule.
- 7.2 Once the budget has been approved the Lead Authority shall invoice Members for their Contribution Payment for the following Financial Year. Members must make payment of their Contribution prior to the start of the next Financial Year.
- 7.3 The Accounting Officer for the Project shall prepare the annual financial statements and accounts of the Project to the Thirty first March in each year and submit them to the Joint Committee no later than Thirty first August following. Any surplus occurring at the end of any Financial Year shall be used as decided by the Joint Committee.

## **8. DEFAULT IN PAYMENTS**

- 8.1 In the event that any Member fails to make any payment due under this Agreement within 28 days of the day on which payment is demanded interest will run thereon from the day following the date upon which the money became due and payable until paid at a rate of 2% per annum above the base rate of the Royal Bank of Scotland plc or such bank as the Accounting Officer may from time to time notify to the Member Authorities.
- 8.2 Where a Member fails to pay its Contribution Payment by 30 June in the Financial Year in which it is due it will cease to be entitled to receive the benefits applicable to its membership unless otherwise decided by the Lead Authority.
- 8.3 The Lead Authority shall have the discretion, but shall not be bound, to accept any Contribution Payment by a Member after 30 June and allow that Member to continue to participate in the Project subject to any conditions as the Lead Authority shall consider appropriate.
- 8.4 For the avoidance of doubt where in terms of this Clause a Member loses its entitlement to participate in the Project or any contract arranged by the Project that Member Authority remains liable to perform its obligations under this Minute of Agreement and in particular remains liable for payment of its Contribution Payment and any losses, costs, expenses or other outstanding payments due. The Lead Authority shall on its own behalf and on behalf of the Members individually have the power to recover any outstanding sums due to them from a defaulting Member

## **9. SERVICES TO THIRD PARTIES**

- 9.1 The Steering Group and/or the Social Care Group may allow any person who is not a Member (as permitted under the Local Authorities (Goods and Services) Act 1970 or other relevant legislation) to utilise all or some of the services of the Project on such terms and conditions as are stipulated by the Steering Group or Social Care Group as the case may be and approved by the Joint Committee.

## **10. ADDITIONAL PARTIES**

- 10.1 The Joint Committee may agree to allow any person or organisation to attend the Joint Committee in an advisory capacity where such attendance is considered appropriate. For the avoidance of doubt any such person or organisation will have no voting rights.

## **11. INDEMNITY AND INSURANCE**

- 11.1 Where the Project Manager and his/her staff are acting on behalf of all or some of the Members those Members shall jointly indemnify the Lead Authority in proportion to their Contribution percentage against any liability for loss, damage or injury arising from the provision of said services.
- 11.2 Where the Project Manager and his/her staff are acting on behalf of a single Member that Member shall indemnify the Lead Authority against any liability for loss, damage or injury arising from the provision of said services. The sum due to the Lead Authority will be paid on demand where only one Member is involved.

## **12. TERMINATION**

- 12.1 Members shall require to give at least six months prior written notice of their intention to withdraw from the Project such notice to expire no earlier than the start of the next Financial Year and be sent to the Clerk to the Joint Committee. Any such notice shall be acknowledged by the Clerk to the Joint Committee who will advise the Project Manager that such a Notice has been received. However the Joint Committee shall be entitled to allow a Member to cancel a notice of withdrawal at any time. Should the Lead Authority decide that it no longer wishes to act as Lead Authority but wish to continue as a Member (of whatever type) it shall similarly require to give at least six months prior notice of the same to the Clerk to the Joint Committee.
- 12.2 This Agreement will cease and the Joint Committee cease to exist in the event that the number of Full Members is less than five (5).
- 12.3 Where the Full Members resolve not to continue with the Joint Committee arrangement the Joint Committee shall ensure that a sufficient period of time is allowed for the Lead Authority to facilitate the orderly winding up of the Project. That will include the retention of sufficient seconded staff for the relevant period to enable the Project to be properly wound up.
- 12.4 In the event that South Lanarkshire Council resolve not to continue to be the Lead Authority or to participate in the Joint Committee the Full Members shall on demand pay to South Lanarkshire Council all costs, expenses and outgoings whatsoever reasonably incurred as a result of their ceasing to provide all or any of the support services detailed in Schedule Part 2. For the avoidance of doubt any outstanding contributions or other payments in respect of training previously provided shall be paid on demand.

- 12.6 A Statement certifying the amount due to South Lanarkshire Council in terms of Paragraph 12.3 and 12.4 above signed by the Accounting Officer shall, unless until the contrary be proven, be deemed correct and thus binding the Full Members.
- 12.7 The Accounting Officer shall keep full and accurate accounts and records throughout the currency of this Agreement or any replacement thereof relating to the matter shown in each Statement and shall preserve all such accounts and records for a period of not less than three years following the end of the Financial Year to which they relate. The Full Members shall be entitled on giving reasonable prior notice to the Accounting Officer to inspect such accounts and records and for this purpose the Accounting Officer shall produce to the Full Members all relevant information or vouchers as the Full Members may reasonably request.

**13. VARIATION**

These terms and conditions may only be varied by execution of a Minute of Variation signed by the Full Members

**14. INFORMATION SHARING**

Nothing in this Condition shall prevent a Member from using any techniques, ideas or know-how gained during the performance of this Agreement in the course of its normal business, to the extent that this does not result in a disclosure of Confidential Information or an infringement of intellectual property rights.

**15. FREEDOM OF INFORMATION**

- 15.1 Each Member acknowledges that the other Members are subject to the requirements of FOISA and the Environmental Information Regulations and each Member shall assist and cooperate with the other (at their own expense) to enable the other Member to comply with these Information disclosure obligations.
- 15.2 Where a Member receives a Request for Information in relation to information which it is holding on behalf of the other Members arising out of or relating to this Agreement or the matters referred to herein, it shall:
- (a) Transfer the Request for Information to the other Member as soon as practicable after receipt and in any event within two Working Days of receiving a Request for Information;
  - (b) Provide the other Member with a copy of all information in its possession or power in the form that the other Member requires within five Working Days (or such other period as the Member may specify) of the Member requesting that information; and
  - (c) Provide all necessary assistance as reasonably requested by the Member to enable the Member to respond to a Request for Information within the time for compliance set out in section 10 of FOISA.
- 15.3 Where a Member receives a Request for Information which relates to this Agreement, it shall inform the Clerk to the Joint Committee of the Request for Information as soon as practicable after receipt and in any event within three working days of receiving a Request for Information.
- 15.4 If any Member determines that information (including Confidential Information) should be disclosed pursuant to Clause 15.2 it shall notify the Clerk to the Joint Committee of that decision at least two working days before disclosure.

- 15.5 Members reserve the right to disclose information contained within this Minute of Agreement and any supporting correspondence, notes etc. held by them in compliance with a Request for Information (the decisions of the Members in relation to the interpretation of FOISA and the Environmental Information Regulations, including, but not limited to whether
- an exemption or exception applies; or
  - if an exemption/exception applies, whether the public interest in giving out the information outweighs the public interest in holding back the information shall be final and conclusive in any dispute, difference or question arising in respect of disclosure under its terms and the Member shall not treat this disclosure of the information as a breach of this Agreement.
- 15.6 Each Member acknowledges that another Member may decide, acting in accordance with the Scottish Ministers' Code of Practice on the Discharge of Functions of Public Authorities under the Freedom of Information (Scotland) Act 2002, FOISA or the Environmental Information Regulations to disclose information:-
- (a) without consulting with the other Members; or
  - (b) following consultation with the other Members and having taken its views into account.
- 15.7 Each Member acknowledges that any lists or schedules provided by it outlining Confidential Information, are of indicative value only and that another Member may nevertheless be obliged to disclose Confidential Information in accordance with Clause 15.6.

**16. ASSIGNATION**

No rights or obligations arising from this Minute of Agreement may be assigned by any of the Members except with the prior written consent of the Joint Committee.

17. **LAW**

This Agreement shall be construed in accordance with the Laws of Scotland and the subject to the exclusive jurisdiction of the Scottish Courts.

**IN WITNESS WHEREOF** this agreement consisting of this and the preceding eight pages, together with the Schedule annexed, is executed in counterpart as follows:

**SUBSCRIBED** for and on behalf of  
**SOUTH LANARKSHIRE COUNCIL**

At

On

2019

(date of signature)

In the presence of

.....  
Authorised signatory

.....  
Full Name of Signatory

Signature of Witness .....  
.....

Name .....  
.....

Address .....  
.....

This is the Schedule referred to in the foregoing Minute of Agreement in respect of the Clyde Valley Learning and Development Project.

1. **SCHEDULE PART 1 – LEAD AUTHORITY'S RESPONSIBILITIES**

- 1.1 The Lead Authority shall provide all support services required by the Joint Committee including, but not restricted to:-
- Joint Committee Administration;
  - Finance and accounting;
  - Preparation of annual accounts and budgets;
  - Preparation for external audit;
  - Legal, indemnity and risk advice;
  - Procurement;
  - Project management;
  - Social Care development;
  - Billing and recharging (CMI, Learning Assistant, financial contributions); and
  - Steering Group and Social Care Group.
- 1.2 The Lead Authority will provide pay and personnel services for the Project Manager and any staff appointed/seconded to the Project.
- 1.3 The Lead Authority shall take out and maintain such insurance policies as it considers necessary in connection with its obligations under this Agreement.

**SCHEDULE PART 2 – SUPPORT SERVICES****1. SUPPORT FOR THE JOINT COMMITTEE SERVICES**

- 1.1 The Lead Authority shall supply to the Joint Committee such administrative and technical support as it may reasonably require to discharge its function.
- 1.2 The Clerk to the Joint Committee either alone or at the request of the Convener or Vice Convener of the Joint Committee or on the requisition of at least three of the whole number of Member Authorities shall have the power to call meetings of the Joint Committee.
- 1.3 The Clerk to the Joint Committee will have power to call upon the services of such other employees of the Lead Authority as are required to enable him or her to discharge his/her duties to the Joint Committee.
- 1.4 The Lead Authority shall make available to the Joint Committee such Committee rooms and Members accommodation as may be required to allow the Joint Committee to discharge its functions.
- 1.5 The Lead Authority shall agree a budget with the Joint Committee no later than 31 December for the forthcoming Financial Year. The agreed budget shall be apportioned between the Member Authorities in accordance with the Contribution Rate. Any additional services required by the Joint Committee not included in the budget shall after authorisation by the Joint Committee be invoiced to the Member Authorities in accordance with the Contribution Rate.

### **SCHEDULE PART 3 – GROUPS AND PROJECT MANAGER REMITS**

#### **1. ROLE AND RESPONSIBILITY OF THE STEERING GROUP.**

The Steering Group is an officer group with one officer representative from each of the Full Members whose remit is:

- Attending the Joint Committee;
- Advising members of the Joint Committee on all aspects of the Project;
- Co-ordinating all actions in relation to the Project work plan;
- Representing individual Council's interests and views on the Group;
- Acting as advocates for the Project within respective Councils;
- Facilitating the work of the Group and its implications within each respective Council;
- Liaising with senior officers as required regarding maintaining commitment to the Project;
- Establishing relevant networks for each aspect of the Project;
- Representing the Joint Committee at meetings of interested parties;
- Taking appropriate decisions on methodologies and making recommendations as appropriate to the Joint Committee;
- Gathering and monitoring data on progress

#### **2. ROLE AND RESPONSIBILITY OF THE SOCIAL CARE GROUP.**

The Social Care Group is an officer group with one officer representative from each of the Full Members whose remit in relation to health and social care issues relating to the Project is:

- Attending the Joint Committee;
- Advising members of the Joint Committee on all aspects of the Project;
- Co-ordinating all actions in relation to the Project work plan;
- Representing individual Council's interests and views on the Group;
- Acting as advocates for the Project within respective Councils;
- Facilitating the work of the Group and its implications within each respective Council;
- Liaising with senior officers as required regarding maintaining commitment to the Project;
- Establishing relevant networks for each aspect of the Project;
- Representing the Joint Committee at meetings of interested parties;
- Taking appropriate decisions on methodologies and making recommendations as appropriate to the Joint Committee;
- Gathering and monitoring data on progress

#### **3. ROLE AND RESPONSIBILITY OF THE PROJECT MANAGER**

The role of the Project Manager is to:

- Plan, initiate and co-ordinate delivery, and to evaluate the Project in all its stages;
- Manage seconded staff involved in project management and implementation of specific aspects of the Projects;
- Schedule work plans;
- Evaluate resource requirements for delivery;
- Track risk, issues and change requirement logs and report accordingly;
- Report on progress;
- Co-ordinate tasks for implementation sub groups;
- Ensure business case for change is developed for each subject area;
- Provide information on outcomes and benefits accrued;
- Represent the Joint Committee at meetings of interested parties



**SCHEDULE PART 4 – MEMBERSHIP BENEFITS and CONTRIBUTIONS**

<b>Category of Member</b>	<b>Membership Benefits and Responsibilities</b>	<b>Contribution Payment per number of employees (not FTE)</b>
Full	Involved in taking strategic management and governance role in the Joint Committee and the Project together with access to all Clyde Valley procurements, initiatives, projects and delivery models.	Band 1 (0 – 4,999) - £5,000 Band 2 (5,000-9,999) - £7,000 Band 3 (10,000+) - £10,000
Participating	Has access to all Clyde Valley procurement initiatives, strategic programmes (e.g. PPB), participation in Clyde Valley Sub-Groups and access to all Clyde Valley delivery models (e.g. the Clyde Valley/REHIS Award). Not part of the Joint Committee.	Band 1 (0 – 4,999) - £3,000 Band 2 (5,000-9,999) - £4,000 Band 3 (10,000+) - £6,000
Procurement	Access to Clyde Valley procurement only. No entitlement to participate in management or governance.	Band 1 (0 – 4,999) - £1,250 Band 2 (5,000-9,999) - £1,500 Band 3 (10,000+) - £2,500

**SCHEDULE PART 5 – CONFIDENTIAL INFORMATION**

<b>Description</b>	<b>FOISA exemption</b>
Personal Data – information in relation to employees of Member Authorities necessary to be provided by one Member Authority to another.	Section 38 of FOISA

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<b>Report To:</b>	<b>Inverclyde Council</b>	<b>Date:</b>	<b>26 September 2019</b>
<b>Report By:</b>	<b>Corporate Director Environment, Regeneration &amp; Resources</b>	<b>Report No:</b>	<b>RMcG/LP/096/19</b>
<b>Contact Officer:</b>	<b>Rona McGhee</b>	<b>Contact No:</b>	<b>01475 712113</b>
<b>Subject:</b>	<b>Treasury Management - Annual Report 2018/19 Remit from Policy &amp; Resources Committee</b>		

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## **1.0 PURPOSE**

1.1 The purpose of this report is to request the Council to consider a remit from the Policy & Resources Committee.

## **2.0 SUMMARY**

2.1 The Policy & Resources Committee at its meeting on 6 August 2019 considered a report by the Chief Financial Officer on the operation of the treasury function and its activities for 2018/19, as required under the terms of Treasury Management Practice 6 ("TMP6") on "Reporting Requirements and Management Information Arrangements".

2.2 A copy of the report to the Policy & Resources Committee is attached as Appendix 1.

2.3 The Policy & Resources Committee decided:

- (1) that the Committee notes the contents of the annual report on Treasury Management for 2018/19, the ongoing work to seek to ensure the delivery of financial benefits for the Council during the current uncertainty and beyond and that Officers are pursuing a review of loans fund repayment periods as part of the 2020-2023 budget; and
- (2) that the annual report be remitted to the Inverclyde Council for approval.

## **3.0 RECOMMENDATION**

3.1 The Council is asked to approve the Treasury Management Annual Report 2018/19.

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>6 August 2019</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/67/19/AP/LA</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>TREASURY MANAGEMENT – ANNUAL REPORT 2018/19</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the operation of the treasury function and its activities for 2018/19 as required under the terms of Treasury Management Practice 6 (“TMP6”) on “Reporting Requirements and Management Information Arrangements”.

## 2.0 SUMMARY

- 2.1 As at 31 March 2019 the Council had gross external debt (including PPP) of £259,305,590 and investments of £18,915,222. This compares to gross external debt (including PPP) of £271,343,865 and investments of £33,395,618 at 31 March 2018.
- 2.2 The Council’s Capital Financing Requirement at 31 March 2019 was £307,442,000. The gross external debt was £48,136,410 (15.7%) less than the Capital Financing Requirement meaning that the Council was in an underborrowed position (and remains so in 2019/20). This position is attributable to the level of cash-backed reserves held by the Council.
- 2.3 The Loans Fund Pool Rate for 2018/19 increased slightly due to a one-off additional write-off of existing premiums for prior-year debt rescheduling but remains at one of the lowest levels since at least Local Government reorganisation.
- 2.4 The average rate of return achieved on investments during 2018/19 was 0.838% which exceeds the benchmark return rate for the year of 0.675% by 0.163% and resulted in £46,000 of additional interest on investments for the Council.
- 2.5 In 2018/19 the Council restructured £3m of market debt following an offer from one of the LOBO loan lenders and paid an additional premium of £1.682m. The loan was at 5.55% but was refinanced by borrowing from the PWLB at 2.40%. The net effect of this restructuring is an annual saving in loan charges of around £30,000 per year for 44 years.
- 2.6 The Council operated within the required treasury limits and Prudential Indicators for the year set out in the Council’s Treasury Policy Statement, annual Treasury Strategy Statement, and the Treasury Management Practices.
- 2.7 There remains significant economic uncertainty in the UK and around the world, resulting in continuing volatility in the financial markets and uncertainty on UK interest rates. Given this position, the economic situation continues to be closely monitored for both risks and opportunities.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee notes the contents of the annual report on Treasury Management for 2018/19, the ongoing work to seek to ensure the delivery of financial benefits for the Council during the current uncertainty and beyond, and that Officers are pursuing a review of loans fund repayment periods as part of the 2020-2023 budget.
- 3.2 It is recommended that the Annual Report be remitted to the Full Council for approval.

Alan Puckrin  
Chief Financial Officer

## 4.0 BACKGROUND

- 4.1 The Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2018/19.
- 4.2 Treasury Management in this context is defined as: “The management of the local authority’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 4.3 This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code). The report also includes a section on Loan Fund Advances (section 7) which includes information required by regulations that came into effect on 1 April 2016.

A glossary of treasury management terms is attached as Appendix 1.

## 5.0 ANNUAL REVIEW

- 5.1 The treasury management issues arising during the year were:
- a. The Council’s debt (including PPP) reduced during the year by £12.038m whilst Council investments reduced by £14.481m. These movements are largely due to the Council repaying maturing debt from investments.
  - b. The Council restructured £3m of its market loans during 2018/19. This followed an offer from one of the LOBO loan lenders under which the Council would pay the £3m plus a premium of £1.682m. The LOBO loan was at 5.55% and the Council funded the loan repayment by borrowing from the PWLB at 2.40%. The net effect of this restructuring is an annual saving in loan charges of around £30,000 per year for 44 years.
  - c. The Council remained within its Prudential Indicator and Treasury Management limits during 2018/19.
  - d. As at 31 March 2019 the Council had under borrowed against its capital financing requirement by £48.136m. The under borrowing will reduce due to anticipated borrowing in 2019/20.
  - e. In February 2018 the Treasury Consultants forecast that the Bank Rate would increase to 0.75% in the second quarter of 2018 and to 1.00% in the fourth quarter of 2018. The Bank Rate was, however, only increased once (in August 2018) to 0.75%. The amount of Quantitative Easing remained unchanged.
  - f. PWLB rates for new borrowing were expected to increase by between 0.20% and 0.40% but rates fell by 0.06% for long-term and up to 0.38% for short-term. These movements were not uniform during the year. Volatility resulted in the difference in rates for some loan periods between their highest and lowest levels during the year being 0.35% for some short-term loans but 0.60% to 0.70% for longer periods.
  - g. The interest rates for investments remained low during the year but were increased following (and largely in line with) the Bank Rate increase in August 2018.
  - h. The Council’s investments earned a rate of return of 0.838% during the year and outperformed the benchmark return of 0.675% resulting in additional income to the Council of £46,000.
  - i. All investments were in accordance with the Council’s investment policy and no institutions with which investments were made had any difficulty in repaying those investments and interest in full during the year.
  - j. The Council’s investment performance is due to undertaking fixed term and notice account investments at interest rates that were above the benchmark with counterparties which have high creditworthiness (the Bank of Scotland and Santander UK) and in accordance with the Council’s investment strategy.

- 5.2 During 2018/19 and in 2019/20, there was and remains significant economic uncertainty in the UK and around the world which has resulted in volatility in the financial markets and uncertainty on UK interest rates.

Given this position, the economic situation continues to be closely monitored for both risks and opportunities.

- 5.3 The Council's Year End debt position was as follows:

	At 31 March 2018	At 31 March 2019
	£	£
Total Excluding PPP	207,384,865	196,822,590
PPP Debt	63,959,000	62,483,000
Total Including PPP	271,343,865	259,305,590

Further detail is given in the following table:

	At 31 March 2018		At 31 March 2019		Movement 2018/19
	Principal	Rate	Principal	Rate	Principal
	£000		£000		£000
Fixed Rate Funding:					
- PWLB	104,714		97,260		(7,454)
- Market *	71,000		56,000		(15,000)
	175,714	4.04%	153,260	3.94%	(22,454)
Variable Rate Funding:					
- PWLB	0		0		0
- Market *	31,400		43,400		12,000
- Temporary #	271		163		(108)
	31,671	4.94%	43,563	4.93%	11,892
Total Debt (Excl PPP)	207,385	4.18%	196,823	4.16%	(10,562)
PPP Debt	63,959		62,483		(1,476)
Total Debt (Incl PPP)	271,344		259,306		(12,038)

\* - Market Loans are shown as variable when they have less than 1 year to go until their next call date. The total value of Market Loans has not changed between financial years, just the split between fixed and variable.

# - Temporary Loans includes funds held by the Council on behalf of the Common Good and Trust Funds and that are to be treated as borrowing for Treasury Management purposes under Scottish Government requirements.

5.4 The Council's cash balances investment position was as follows:

	At 31 March 2018		At 31 March 2019		Movement 2018/19
	Principal	Return	Principal	Return	Principal
	£000		£000		£000
Investments:					
- Fixed Term Deposits	11,500	0.77%	10,000	1.00%	(1,500)
- Notice Accounts	15,000	0.70%	0	0.60%	(15,000)
- Deposit Accounts	6,896	0.50%	8,915	0.75%	2,019
Totals	33,396	0.68%	18,915	0.88%	(14,481)

Investments as at 31 March 2019: £18,915,222  
 Maximum level of investments in 2018/19: £42,390,119 on 18 July 2018  
 Minimum level of investments in 2018/19: £14,337,922 on 12 March 2019  
 Daily average for the year 2018/19: £28,232,802

5.5 2018/19 Outturn Compared to Estimates in 2018/19 Strategy

The 2018/19 outturn compared to the estimates in the 2018/19 strategy:

	2018/19 Estimate	2018/19 Outturn
<u>Borrowing Requirement</u>	£000	£000
New borrowing	0	0
Alternative financing requirements #	0	(3,000)
Replacement borrowing #	10,000	3,000
TOTAL	10,000	0
<u>Prudential/Treasury Management Indicators</u>	£000	£000
Gross external debt including PPP (As at 31 March 2019)	269,307	259,306
Capital financing requirement (As at 31 March 2019)	313,742	307,442
(Under)/over borrowing against CFR	(44,435)	(48,136)
Gross capital expenditure	£000 25,850	£000 26,859
Ratio of financing costs (including PPP) to net revenue stream	14.26%	14.73%
Ratio of net debt (debt and PPP less investments) to net revenue stream	128.6%	125.4%

# - A £3,000,000 LOBO loan was repaid and refinanced from PWLB borrowing during the year.

5.6 The table in 5.5 above shows that the Council had under borrowed against its capital financing requirement by £48.136m. Under borrowing means that the Council is using cash it already has (e.g. in earmarked reserves and other balances) to cash flow capital expenditure (and maturing debt in 2018/19) rather than bringing in new funds from borrowing. The level of under borrowing is considered manageable but is kept under review in light of Council capital financing and other funding requirements.



## 5.7 2018/19 Outturn Compared to Limits in 2018/19 Strategy

The 2018/19 outturn compared to limits in the 2018/19 strategy:

### Prudential/Treasury Management Indicators

Authorised limit for external debt

- Borrowing
- Other long term liabilities

Operational boundary for external debt

- Borrowing
- Other long term liabilities

Upper limit on sums invested for periods longer than 364 days (Actual is maximum in period)

Limits on fixed and variable rate borrowing maturing in each period at 31 March 2019 (LOBOs included based on call dates and not maturity dates)

- Under 12 months
- 12 months and within 24 months
- 24 months and within 5 years
- 5 years and within 10 years
- 10 years and within 30 years
- 30 years and within 50 years
- 50 years and within 70 years

### Council Policy Limits

Maximum Percentage of Debt Repayable In Any Year (Actual is as at 31 March 2019)

Maximum Proportion of Debt At Variable Rates (Actual is as at 31 March 2019)

Maximum Percentage of Debt Restructured In Year (Actual is as at 31 March 2019)

2018/19 Limits		2018/19 Outturn	
£000		£000	
250,000		196,823	
64,000		62,483	
314,000		259,306	
£000		£000	
230,000		196,823	
64,000		62,483	
294,000		259,306	
£000		£000	
10,000		0	
Fixed	Var.	Fixed	Var.
45%	35%	7.7%	22.1%
45%	35%	10.7%	0%
45%	35%	12.8%	0%
45%	35%	0.7%	0%
45%	35%	3.9%	0%
45%	35%	21.8%	0%
45%	35%	20.3%	0%
25%		20.3%	
45%		22.1%	
30%		1.4%	

The forecast Investment Balances for 2018/19 required for “investments” as defined in the Investment Regulations and the actual position at 31 March 2019 is shown in Appendix 2.

## 5.8 As advised in the 2018/19 strategy, the Prudential Code requires that the Council states how interest rate exposure is managed and monitored.

The position in 2018/19 was that all of the Council's PWLB debt was at fixed rates. The Market debt contained some debt at fixed rates, some small elements at variable rates and some where the rates could change (although none did). The Council's investments, which were all for less than 1 year, were all variable or regarded as variable under the treasury management rules.

During 2018/19, these interest rate exposures were managed and monitored by the Council through management reports on treasury management that were received and reviewed by the Chief Financial Officer.

5.9 The forecast from the Treasury Consultants in the Strategy for the Bank Rate as at 31 March and the latest forecast are:

	Forecast Per 2018/19 Strategy	Actual/ Latest Forecast	
2018/19	1.00%	0.75%	(Actual)
2019/20	1.25%	0.75%	(Forecast)
2020/21	1.50%	1.25%	(Forecast)
2021/22	---	1.50%	(Forecast)

5.10 The Council's Loans Fund Pool Rate for Interest is used to allocate interest charges to the General Fund and reflects the actual cost of the Council's Treasury activities. The rates for the last 5 years (excluding expenses) are as follows:

Year	Loans Fund Pool Rate
2014/15	3.934%
2015/16	3.843%
2016/17	3.659%
2017/18	3.557%
2018/19	3.608%

The Loans Fund Pool Rate for 2018/19 increased slightly due to a one-off additional write-off of existing premiums for prior-year debt rescheduling but remains at one of the lowest levels since Local Government reorganisation.

It is expected that there will be a small increase in the Pool Rate in the medium term.

5.11 The Council's investment policy for the year is governed by Scottish Government Investment Regulations and was implemented in the annual investment strategy approved by the Council on 12 April 2018. This policy sets out the approach for choosing investment categories and counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data such as rating outlooks, credit default swaps, bank share prices etc.

All investments in 2018/19 and 2019/20 to date were in accordance with the policy and no institutions with which investments were made had any difficulty in repaying investments and interest in full.

5.12 The result of the investment strategy undertaken by the Council in 2018/19 is as follows:

Average Investment	Rate of Return (gross of fees)	Benchmark Return (3 month LIBID un compounded)
£28,232,802	0.838%	0.675%

The Council has outperformed the benchmark by 0.163% resulting in additional income to the Council of £46,000.

## 6.0 OTHER ISSUES

### 6.1 Banking Contract

The Council's previous contract with Bank of Scotland was for the period to 31 March 2019 and so tenders were issued during 2018/19. The Bank of Scotland was the successful bidder and the new contract covers the 5 year period from 1 April 2019 to 31 March 2024 with 3 one year optional extensions.

## 6.2 Treasury Consultants Contract

The Council's contract with its treasury consultants ended on 30 June 2019 and tenders have been issued for an initial 3 year period with 3 one year optional extensions.

## 7.0 LOANS FUND ADVANCES

7.1 Where capital expenditure is funded by borrowing (referred to as loans fund advances), the debt financing costs are paid from the Revenue Budget as loan charges comprised of the repayments of debt along with interest and expenses costs on the borrowing.

7.2 The Council is required to set out its policy for the repayment of loans fund advances.

For loans fund advances made before 1 April 2016 the policy will be to maintain the practice of previous years and use the Statutory Method (option 1) with annual principal repayments being calculated using the annuity method.

The same method is proposed for loans fund advances made after 1 April 2016 for the permitted 5 year transitional period. In applying the annuity method to new advances in any year, the interest rate used in the annuity calculation will be the Council's loans fund pool rate for the year (including expenses) as rounded up to the nearest 0.01%.

This policy was approved by the Full Council at its meeting on 12 April 2018.

7.3 The outstanding loans fund advances (representing capital expenditure still to be repaid from the Revenue Budget) are:

	2018/19
	Actual
	£000
Balance As At 1 April	246,043
Add: Advances For The Year	10,165
Less: Repayments For The Year	11,738
Balance As At 31 March	244,470

7.4 For the loans fund advances outstanding as at 31 March 2019, the liability to make future repayments (excluding debt interest and expenses) is as follows:

	£000
Year 1	12,254
Years 2-5	38,051
Years 5-10	41,635
Years 10-15	41,759
Years 15-20	37,300
Years 20-25	32,149
Years 25-30	25,053
Years 30-35	11,519
Years 35-40	4,074
Years 40-45	560
Years 45-50	116
TOTAL	244,470

7.5 Clarification was recently received from Audit Scotland that permits the review of loans fund repayment periods where it is prudent to do so. This may generate medium term revenue savings. Officers will review the loans fund repayment periods as part of the forthcoming budget.

## **8.0 IMPLICATIONS**

### **Finance**

- 8.1 Through the achievement of exceeding the investment benchmark return rate, the Council has benefited from additional returns of £46,000. The Council utilises Treasury Management as part of the overall Financial Strategy. Officers will continue to investigate borrowing and investment opportunities to bring financial benefits to the Council, all within the Treasury Management Policy.

### **Legal**

- 8.2 None. Any borrowing or lending is done under the Council's legal powers.

### **Human Resources**

- 8.3 There are no HR implications arising from this report.

### **Equalities**

- 8.4 There are no equalities implications arising from this report.

### **Repopulation**

- 8.5 There are no repopulation implications arising from this report.

## **9.0 CONSULTATIONS**

- 9.1 This report has been produced based on advice from the Council's treasury consultants (Link Treasury Services Limited).

## **10.0 LIST OF BACKGROUND PAPERS**

- 10.1 CIPFA - Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes – 2017 Edition  
Inverclyde Council – Treasury Management Strategy Statement and Annual Investment Strategy 2018/19-2021/22

**TREASURY MANAGEMENT**  
**GLOSSARY OF TERMS**

**Affordable Capital Expenditure Limit**

The amount that the Council can afford to allocate to capital expenditure in accordance with the requirements of the Local Government in Scotland Act 2003 and supporting regulations.

**Authorised Limit for External Debt**

This is a limit for total Council external debt as set by the Council based on debt levels and plans.

**Bail In**

The use of funds held by a bank or other financial institution (whether in the form of customer bank deposits or bonds) to help prevent the collapse of a bank and in place of Governments stepping in with funds/support. The introduction of Bail In powers is part of the implementation of the Bank Recovery and Resolution Directive.

**Bank of England**

The central bank for the UK with ultimate responsibility for setting interest rates (which it does through the Monetary Policy Committee or “MPC”).

**Bank Rate**

The interest rate for the UK as set at regular meetings of the Monetary Policy Committee (“MPC”) of the Bank of England. This was previously referred to as the “Base Rate”.

**Bank Recovery and Resolution Directive (BRRD)**

The Bank Recovery and Resolution Directive is a European legislative requirement which sets out a common approach within the EU to how countries will deal with any banks and financial institutions that get into financial difficulty. It includes the use of Bail In powers and was implemented in the UK, Germany and Austria on 1 January 2015 and in most of the other EU countries in 2016.

**Call Date**

A date on which a lender for a LOBO loan can seek to apply an amended interest rate to the loan. The term “call date” is also used in relation to some types of investments with a maturity date where the investments can be redeemed on call dates prior to the maturity date.

**Capital Expenditure**

Expenditure on or for the creation of fixed assets that meets the definition of Capital Expenditure under the accounting rules as set-out in the Code of Practice on Local Authority Accounting in the United Kingdom and for which the Council are able to borrow.

**Capital Financing Requirement**

The Capital Financing Requirement (sometimes referred to as the “CFR”) is a Prudential Indicator that can be derived from the information in the Council’s Balance Sheet. It generally represents the underlying need to borrow for capital expenditure (including PPP schemes).

**CDS Spread**

A CDS Spread or “Credit Default Swap” Spread is the cost of insuring against default by a Counterparty. Increases in the CDS Spread for a Counterparty may indicate concerns within the market regarding a Counterparty.

**Certificates of Deposit**

Certificates of Deposit (or CDs) are a form of investment and similar to Fixed Term Deposits in that the investment is with a named Bank or Financial Institution, matures on a set date, and is repaid with interest on the maturity date. Unlike a Fixed Term Deposit, a CD can also be traded in the market prior to maturity.

## CIPFA

CIPFA is the Chartered Institute of Public Finance and Accountancy who produce guidance, codes of practice, and policy documents for Councils.

## Counterparty

Another organisation involved in a deal i.e. if the Council enters a deal with a bank then the bank would be referred to as the "Counterparty".

## Credit Ratings

Credit ratings are indicators produced by a ratings provider (such as Fitch, Moody's or Standard & Poor's) that aim to give an opinion on the relative ability of a financial institution to meet its financial commitments. Credit ratings are not guarantees – they are opinions based on investigations and assessments by the ratings providers and they are regularly reviewed and updated. The Council makes use of credit ratings to determine which counterparties are appropriate or suitable for the Council to make deposits with.

The highest credit rating is AAA.

## European Central Bank

Sometimes referred to as "the ECB", the European Central Bank is the central bank that sets interest rates for the Eurozone. It is the equivalent of the Bank of England.

## Eurozone

This is the name given to the countries in Europe that have the Euro as their currency. Interest rates in the Eurozone are set by the European Central Bank. The Eurozone is comprised of the following 19 countries: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

## Federal Reserve

Sometimes referred to as "the Fed", the Federal Reserve is the central bank for the US and is the equivalent of the Bank of England. The Federal Reserve sets interest rates for the US.

## Fixed Rate Funding/Investments

This term refers to funding or investments where the interest rate that applies to payments or receipts of interest on the funding or investments is fixed and does not change.

## Fixed Term Deposit

A Fixed Term Deposit or Fixed Term Investment is an investment with a named bank or financial institution which matures on a set date and which is repaid with interest on the maturity date. Fixed Term Deposits cannot be traded and cannot be terminated before the maturity date without the payment of a penalty (if at all).

## Gilt Yields

A gilt yield is the effective rate of return that someone buying a gilt at the current market price will receive on that gilt. Since the market price of a gilt can vary at any time, the yield will also vary.

## Gilts

Gilts are bonds (i.e. debt certificates) that are issued (i.e. sold) by the UK Government. When they issue gilts the Government sets the interest rate that applies to the gilt, sets when they will repay the value of the gilt, and it agrees to make interest payments at regular intervals until the gilt is repaid or redeemed. Gilts are traded in the financial markets with the price varying depending on the interest rate applicable to the gilt, when the gilt will be repaid (i.e. when it will mature), on Bank Rate expectations, and on market conditions.

## Gross Domestic Product

Gross Domestic Product ("GDP") is a measure of the output of goods and services from an economy.

## Inflation

Inflation is the term used for an increase in prices over time. It can be measured in various ways including using the Consumer Prices Index ("CPI") or the Retail Prices Index ("RPI").

### Investment Regulations

The Local Government in Scotland Act 2003 allows the Scottish Ministers to introduce Regulations to extend and govern the rules under which Scottish Councils may invest funds. The Local Government Investments (Scotland) Regulations 2010 came into effect on 1 April 2010.

### LIBID

This is the London Interbank Bid Rate – an interest rate that is used between banks when they wish to attract deposits from each other.

### LIBOR

This is the London Interbank Offering Rate – an interest rate that is used as a base for setting interest rates for deals between banks.

### Link

Link Treasury Services Limited who are the Council's treasury management consultants who were previously named Capita Treasury Solutions Limited.

### Liquidity

In relation to investments, liquidity relates to the ability to access invested funds. If funds are in a call account they have high liquidity (because the funds are readily accessible) whilst if funds are invested in bonds the bonds would need to be sold in order to access the funds (lower liquidity).

### LOBO

This is a form of loan that the Council has with some lenders. The term is short for the phrase "Lender Option/Borrower Option". A LOBO loan allows the lender to propose adjustments to the loan interest rate at various call dates during the period of the loan (the "lender option") but the borrower does not need to accept the adjustments and can instead redeem the loan (the "borrower option").

### MIFID II

The Markets in Financial Instruments Directive (MIFID II) is an EU Directive that came into force on 3 January 2018.

### Money Market Fund

A Money Market Fund (or MMF) is a highly regulated investment product into which funds can be invested. An MMF offers the highest possible credit rating (AAA) whilst offering instant access and the diversification of risk (due to the MMF's balances being investing in selected and regulated types of investment product with a range of different and appropriately credit-rated counterparties).

### MPC

The MPC or Monetary Policy Committee is a committee of the Bank of England that meets regularly during the year (in a meeting over 2 days) to set the Bank Rate for the UK.

### Operational Boundary

This is a level of debt set by the Council at lower than the Authorised Limit and which Council debt levels should not normally exceed during normal operations.

### Prudential Code

Councils are required to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities. These requirements include the production of Prudential Indicators. The Prudential Code was last revised in December 2017.

### Prudential Indicators

Indicators set-out in the Prudential Code that will help Councils to meet requirements in relation to borrowing limits or which will help Councils demonstrate affordability and prudence with regard to their prudential capital expenditure.

### PWLB

The Public Works Loan Board is a government agency and part of the Debt Management Office. The PWLB provides loans to local authorities and other specified bodies.

### PWLB Certainty Rates

PWLB rates for new borrowing at a 0.20% discount to standard PWLB rates for local authorities that submit annual information on their long-term borrowing and capital spending plans. The PWLB Certainty Rates came into effect on 1 November 2012.

### PWLB Rates

These are the interest rates chargeable by the Public Works Loan Board for loans. The rates for fixed rate loans are determined by the day on which the loan is agreed. The rates to be charged by the PWLB for loans are set each day based on gilt yields at the start of business each day and then updated at least once during the day.

### Quantitative Easing

This is the creation of money by a central bank (such as the Bank of England) in order to purchase assets from banks and companies and boost the supply of money in an economy.

### Ratings

Ratings are indicators produced by a ratings provider (such as Fitch, Moody's or Standard & Poor's) that aim to give an indication of the financial or operational strength of entities including financial institutions and even countries. Ratings are not guarantees – they are opinions based on investigations and assessments by the ratings providers and they are regularly reviewed and updated. The Council makes use of credit ratings to determine which counterparties are appropriate or suitable for the Council to make deposits with.

### Ring Fencing

In banking terms, the proposal (currently expected by 2019) that those parts of a bank that undertake riskier activities (such as investment banking) be kept legally separate from those parts that undertake less risky/safer activities (such as the accepting of customer deposits).

### Security

In relation to investments, security refers to the likelihood that invested funds will be returned to the investor when due.

### Stress Tests

Reviews of the assets and liabilities of banks and financial institutions carried out by regulators such as the European Banking Authority (EBA) and the Prudential Regulation Authority (PRA) in the UK to identify the impact of potential economic scenarios, assess the strength of those banks/financial institutions, and determine any action required by banks/financial institutions to strengthen their financial positions.

### Treasury Management Code

This is the "Treasury Management in the Public Services: Code of Practice". It is produced by CIPFA and was last revised in December 2017.

### Treasury Management Indicators

These are Prudential Indicators specifically relating to Treasury Management issues.

### Treasury Management Practices (TMPs)

This is a Council document that sets out Council policies and procedures for treasury management as required by the Treasury Management Code. The Council also agrees an annual treasury management strategy that is submitted to Committee in accordance with the Treasury Management Practices.

### Variable Rate Funding/Investments

Funding or investments where the interest rate that applies to payments or receipts of interest on the funding or investments varies on an agreed basis.

### Yield

The yield is the effective rate of return on an investment.



**FORECAST OF INVESTMENT BALANCES  
ESTIMATE FOR 2018/19 AND ACTUAL AT 31 MARCH 2019**

Investment Regulation 31 requires the Council to provide forecasts for the level of investments. The estimate for 2018/19 and the actual as at 31 March 2019 are:

	<b>2018/19 Estimate</b>	<b>2018/19 Actual At 31 March 2019</b>
	£000	£000
Cash balances managed in-house		
- At 1 April 2018	40,000	33,396
- At 31 March 2019	25,618	18,915
- Change in year	(14,382)	(14,481)
- Average daily cash balances	32,809	28,233
Holdings of shares, bonds, units (includes local authority owned company)		
- At 1 April 2018	2	2
- Purchases	0	0
- Sales	0	0
- At 31 March 2019	2	2
Loans to local authority company or other entity to deliver services		
- At 1 April 2018	524	524
- Advances	0	0
- Repayments	41	41
- At 31 March 2019	483	483
Loans made to third parties		
- At 1 April 2018	2,143	2,134
- Advances	0	28
- Repayments	23	23
- At 31 March 2019	2,120	2,139
Total of all investments		
- At 1 April 2018	42,669	36,056
- At 31 March 2019	28,223	21,539
- Change in year	(14,446)	(14,517)

The movements in the forecast investment balances shown above are due largely to ongoing treasury management activity in accordance with the Council's treasury management strategy or, for loans made to third parties, in accordance with Council decisions made in respect of such loans.

All of the Council's cash balances are managed in-house with no funds managed by external fund managers.

The "holdings of shares, bonds, units (includes authority owned company)" are historic and relate to the Common Good.

The Loans made to third parties includes a £50,000 loan to Shared Interest Society Limited ("Shared Interest") as approved by the Policy & Resources Committee in August 2017. Shared Interest are a company that uses funds invested by individuals and organisations to allow it to provide loans to fair trade businesses around the world.