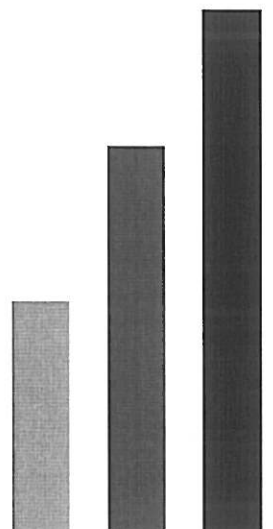


Agenda 2013

Inverclyde Council

For meeting on:

5	December	2013
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A meeting of The Inverclyde Council will be held on Thursday 5 December 2013 at 4 pm within the Municipal Buildings, Greenock.

ELAINE PATERSON
Head of Legal and Democratic Services

BUSINESS

**** Copy to follow**

- 1. Apologies and Declarations of Interest**

NEW BUSINESS

- 2. Annual Audit Report 2012/13**
Report by Chief Executive
- 3. Minutes of Meetings of The Inverclyde Council, Committees, Sub-Committees and Boards**

General Purposes Board	(pp 289 - 291)
Inverclyde Council	(pp 292 - 298)
Grants Sub-Committee	(pp 299 - 300)
Audit Committee	(p 301)
Appointment Panel - Corporate Director Education, Communities & Organisational Development	(p 302)
Inverclyde CHCP Sub-Committee	(pp 303 - 304)
Environment & Regeneration Committee	(pp 305 - 312)
Local Police & Fire Scrutiny Sub-Committee	(p 313)
Education & Communities Committee	(pp 314 - 319)
Planning Board	(pp 320 - 322)
Local Review Body	(p 323)
General Purposes Board	(pp 324 - 326)
Appointment Panel - Corporate Director Education, Communities & Organisational Development	(p 327)
Policy & Resources Committee	(pp 328 - 355)
** Environment & Regeneration Committee (Special)	(pp 336)
** HR Appeals Board	(pp -)
** Planning Board	(pp -)
** Local Review Body	(pp -)



Healthy
Working
Lives



NEW BUSINESS

4. **Protection from Eviction (Bedroom Tax) (Scotland) Bill: Consultation Paper - Request by Councillor McCabe**
Report by Acting Corporate Director Environment, Regeneration & Resources
5. **Welfare Champion - Motion by Councillor McEleny**
Report by Acting Corporate Director Environment, Regeneration & Resources
6. **Council Commercial Letting - Policies Motion by Councillor Campbell-Sturgess**
Report by Acting Corporate Director Environment, Regeneration & Resources
7. **The Local Government Accountability & Transparency (Scotland) Bill: Consultation - Request by Councillor McCabe**
Report by Acting Corporate Director Environment, Regeneration & Resources
8. **Review of Victoria Day Public Holiday**
Report by Acting Corporate Director Environment, Regeneration & Resources
9. **Clyde Valley Infrastructure Investment Fund (CVIIF)**
Report by Corporate Director Environment, Regeneration & Resources
10. **Update of Financial Strategy 2013/2021**
Report by Acting Corporate Director Environment, Regeneration & Resources
11. **Proposed Traffic Regulation Order - Nelson Street etc, Greenock (Traffic Management) Order 2013**
Report by Acting Corporate Director Environment, Regeneration & Resources

REMITTS FROM COMMITTEES

12. **Treasury Management - Mid-Year Review Report 2013/14 - Remit from Policy & Resources Committee**
Report by Acting Corporate Director Environment, Regeneration & Resources

TRUST BUSINESS

13. **Watt Complex Refurbishment - Project Development: Remit from Policy & Resources Committee**
Report by Acting Corporate Director Environment, Regeneration & Resources
14. **Appointment of Trustees to Peter Stanton Memorial Trust**
Report by Head of Legal & Democratic Services
15. **Accounts of Charitable Trusts and Reorganisation**
Report by Acting Corporate Director Environment, Regeneration & Resources

The documentation relative to the following items has been treated as exempt information in terms of the Local Government (Scotland) Act 1973 as amended, the nature of the exempt information in respect of the following item being that set out in Paragraph 13 of Part I of Schedule 7(A) of the Act and the nature of the exempt information in respect of the item thereafter being that set out in the paragraphs of Part I of Schedule 7(A) of the Act as are detailed in the Minute of the relevant Committee.

REMITS FROM COMMITTEES

16. **Proposed Compulsory Purchase Order - Remit from Environment & Regeneration Committee**

Report by Acting Corporate Director Environment, Regeneration & Resources requesting the Council to consider a remit from the Environment & Regeneration Committee, relative to the promotion of a Compulsory Purchase Order

NEW BUSINESS

17. **Business in the Appendix**

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

Report To: Inverclyde Council

Date: 5th December 2013

Report By: Chief Executive

Report No: FIN/96/13/JB/CM

Contact Officer: Jan Buchanan

Contact No: 01475 712223

Subject: Annual Audit Report 2012/13

1.0 PURPOSE

- 1.1 The purpose of this report is to advise Council that Grant Thornton have issued their Annual Audit Report for 2012/13 (Appendix 1).

2.0 SUMMARY

- 2.1 The Annual Audit Report is a summary of the findings arising from audit and other relevant activity undertaken during 2012/13 by Grant Thornton, the Council's External Auditors. It focuses on the financial statements and any other significant findings arising from a review of the management of strategic risks.
- 2.2 Using evidence gathered during the audit, and other activity undertaken by External Audit and other scrutiny bodies, the Report comments on the Council's position for 2012/13.
- 2.3 The Annual Report also draws on information generated from various national studies undertaken by Audit Scotland and highlights issues for Inverclyde.
- 2.4 In particular the report highlights the strong financial position of the Council, achieved through strong leadership by senior management in delivering the Council's vision and corporate priorities. It reports on the good progress made in delivering savings through efficiency workstreams but also the significant challenges and difficult decisions which lie ahead.
- 2.5 The report draws attention to the demographics of the area and that delivering the Council's economic development priority will present a key challenge going forward. The positive steps taken by the Council in light of the Consultants mid term review of the progress of Riverside Inverclyde in conjunction with Scottish Enterprise has also been acknowledged in the report.
- 2.6 The report also highlights governance arrangements recently introduced by the Council with its 3rd party organisations who support in the delivery of services on behalf of the Council is reported as being generally operating well, and Grant Thornton will continue to review the Council's performance in this area.
- 2.7 The report also acknowledges that the Council has good arrangements in respect of Community Planning. In addition the strong emphasis on robust self evaluation embedded in the recently reviewed Strategic Planning and Performance Management Framework was also positively highlighted in the report as well as the auditors analysis of progress against the Single Outcome Agreement and Statutory Performance Indicators reflecting continuing improvement within services.
- 2.8 It is important to emphasise the ongoing reduction in the number of action points and the various positive comments contained within this report.
- 2.9 The Council has completed the Action Plan in Appendix A which will be monitored via the Audit Committee and CMT.

2.10 A Representative from Grant Thornton will be in attendance to address any questions Members may have regarding this report.

3.0 RECOMMENDATIONS

3.1 It is recommended that Council:

Consider and comment on the Annual Audit Report – 2012/13.

John Mundell
Chief Executive



Inverclyde Council

Annual Report 2012-13

October 2013

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1. Executive Summary

Introduction

The Accounts Commission for Scotland appointed Grant Thornton UK LLP as auditors to Inverclyde Council (the Council) under the Local Government (Scotland) Act 1973 for the period 2011-12 to 2015-16. This is therefore the second year of our appointment. This report summarises the findings from our external audit work for the year ended 31 March 2013.

Overall conclusions

We use the table on page 3 to highlight the key findings emerging from each aspect of our work during 2012-13. Overall, the Council is in good financial health with a strong general fund position. The general fund now stands at £45.3 million, an increase in funds from the previous year of £4.5 million.

Overall, the Council performs well in delivering services and has good financial management arrangements in place. In particular, the Council has been able to build up significant reserves during a period of financial austerity. This has been achieved through disciplined financial management, strong leadership by the senior management team in delivering the Council's vision and corporate priorities to focus investment and savings decisions.

Meeting future challenges

This strong leadership may also, however, have resulted in an opportunity cost by delaying investment during a period of economic recession and part of the challenge the Council now faces is to use its reserves in a planned way to drive forward investment in the local area. I am satisfied that the Council has good plans in place to meet this challenge.

We also found that the Council has generally good internal governance arrangements in place and that they work well in most cases.

Improving the local economy is a key policy area for the Council as Inverclyde has one of the highest rates of unemployment in Scotland and suffers from lower levels of economic activity. This may in part be causing population decline as people leave the area to seek work. As council funding from government is linked mainly to population levels, this could lead to lower levels of future funding unless addressed.

One of the many ways in which the Council was seeking to take forward its economic development agenda was through the creation of Riverside Inverclyde as a joint venture with Scottish Enterprise. A recent consultant's report has identified that this organization, which has received investment of £59 million from public funds over a 5 year period, has significantly underperformed against some of its economic development targets. The Council in conjunction with Scottish Enterprise as Company Member Organisations are taking action to address the concerns raised in the consultant's report, and are reviewing its overall strategy for economic development in the process. However, delivering on the Council's economic development priorities remains a key challenge going forward.

The Council currently has 77 bodies which it procures a variety of services from and regards as 3rd party organisations, 13 of which receive funding of over £1m annually. 3rd party organisations can represent a best value way to deliver services as they can be less expensive and more effective than in-house teams. However, their arms-length nature does require effective management oversight to exercise proper stewardship over public funds, ensure achievement of best value, and to ensure key policy objectives are being met. The Council have reviewed its arrangements for governance of 3rd party organisations and ALEO's, and while it acknowledges that the process has bedded down reasonably well, there were some areas where meetings and reporting had not taken place as required. We plan to undertake a further review of the Council's strategy and arrangements for working with 3rd party organisations and ALEOs as part of our 2013-14 audit.

We are pleased to report that the Council has again made good progress in delivering savings through its programme of efficiency workstreams, but it is becoming increasingly clear that there are significant challenges and difficult decisions ahead. The collaboration and shared service agenda is a key national government strategy for improving efficiency and effectiveness in the delivery of public services. The Council has a number of shared services already in place or being developed. We also note that plans to increase shared services in a number of areas have not been progressed, often for reasons outwith the Council's control, and further savings are not factored into the 2013/16 budget. We will continue to monitor progress in this area.

Community planning arrangements as a mechanism to improve economy, efficiency and effectiveness in service delivery remain a point of focus. The Council generally has good arrangements in this area, but there is scope to do better and we note the outcomes from the recent Audit Scotland review of community planning

partnerships which identifies a number of recommendations at a local and national level to improve joint working across organisations in the public sector. We will work with the Council in the coming year to support its development of community planning partnerships.

Key Findings

Reporting Area	Our Summary
Financial Position	<ul style="list-style-type: none"> The Council had a general fund balance of £45.3 million at the year end. The General Fund increased more than budgeted in the year as a result of additional workstream savings and Service underspends. The uncommitted portion of the General Fund is £5.5 million, which is £1.5 million higher than the Council's target for reserve balances. The Council recorded an underspend of £2.8 million against service budgets in the year, representing 1.8% of net service expenditure. Mainly caused by 'one-off' items such as receipt of the Council's unbudgeted share of police and fire board reserves.
Governance	<ul style="list-style-type: none"> The Council's governance arrangements are generally operating well. The Council has arrangements in place for the governance of 3rd party organisations but there are areas where those arrangements need to be more effectively applied. Our review of internal controls found that they operate effectively, and the internal audit section performs well.
Performance	<ul style="list-style-type: none"> The Council has worked well with its partners to agree a shared vision for the area, supported by shared priorities for future improvement within the Single Outcome Agreement. The Council has revised its Strategic Planning and Performance Management Framework during 2012-13, which places a strong emphasis on robust self-evaluation. The Council has well-developed arrangements to monitor and report on performance through Inverclyde Performs. Our analysis of progress against the Single Outcome Agreement and Statutory Performance Indicators highlights continuing improvement within services.

2. Introduction

Introduction

The Accounts Commission for Scotland appointed Grant Thornton UK LLP as auditors to Inverclyde Council (the Council) under the Local Government (Scotland) Act 1973 for the period 2011-12 to 2015-16. This is therefore the second year of our appointment.

This report has been prepared for the benefit of discussion between Grant Thornton UK LLP and Inverclyde Council (the Council).

Our responsibilities

It is a condition of our appointment that we meet the requirements of the Code of Audit Practice, which is approved by the Accounts Commission and the Auditor General for Scotland. The most recent Code was published in May 2011 and applies to audits for financial years starting on or after 1 April 2011.

The Code of Audit Practice highlights the special accountabilities that are attached to the conduct of public business and the use of public money. This means that public sector audit must be planned and undertaken from a wider perspective than the private sector. We are therefore required to provide assurance, not only on the financial statements and annual governance statement, but also on Best Value, use of resources and performance.

Our Annual Report

This report summarises the findings from our 2012-13 audit of Inverclyde Council. The scope of our work was set out in our Audit Plan, which was presented to the Audit Committee on 26 February 2013.

The main elements of our audit work in 2012-13 have been:

- the audit of the financial statements, including a review of the Statement of Systems of Internal Control
- a review of corporate governance arrangements, internal financial controls and financial systems
- review of arrangements for statutory performance indicators; and
- a review of the council's response to Audit Scotland's national study reports.

The key issues arising from these outputs are summarised in this annual report.

Acknowledgements

We would like to take this opportunity to record our appreciation for the kind assistance provided by elected members and officers of the Council during our audit.

3. Financial Position

The Council has a general fund balance of £45.3m, with £5.5m available for new expenditure or to meet unforeseen costs. The Council recorded an underspend against budget for the year and is making good progress in delivering the efficiency savings required in its Budget Strategy to meet continuing financial challenges.

Financial Reporting

The Statement of Accounts is the key method that Councils use to report to elected members and the public on how effectively they use public funds. However, local authorities are large and complex organisations, and the nature of the regulatory framework means that large accounting adjustments are made to accounts that can be difficult to explain or understand.

We reviewed the Chief Finance Officer's Foreword and concluded that it provides a good summary of the Council's financial performance for the 2012-13 financial year, including performance against budget, and outcomes against the prudential indicators.

The CIPFA Directors of Finance working group approved a number of financial ratios for use within the annual accounts to enhance comparability across Scottish councils. 2012-13 is the first year that the Council has provided this analysis.

The LASAAC August meeting featured the Council's Explanatory Foreword as an example of good practice, in particular the focus on risk and the economic environment, and the 'brief and concise explanation of the main financial statements.'

The Council has invested a large amount of time and resource during 2012-13 to review the content of the financial statements. The Council has taken on board key messages from the Audit Commission report 'Cutting the Clutter' and our own report 'Clear and Concise.' As a result, the Council has made a number of changes to its financial statements compared with 2011-12, making them shorter, more concise and the disclosures more relevant.

We have worked with the Council to ensure that the amended financial statements remain compliant with

applicable accounting standards. Through early engagement we agreed the changes before production of the financial statements, which reduced the amount of work to be completed after the year end.

There are opportunities to build on this success to further enhance financial reporting and the financial statements for 2013-14, and we look forward to working with the Council to support achievement of this.

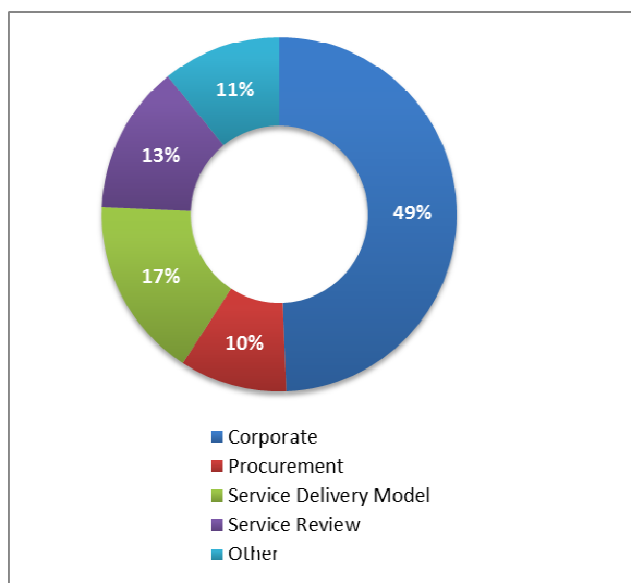
Budget Strategy

The Council has a well-established Medium Term Financial Plan to prepare for lower financial settlements from the Scottish Government in future years.

The approved 2012/13 revenue budget included a projected surplus of £4.55 million which would be transferred to reserves to offset future years projected shortfalls. The out-turn surplus transferred to reserves was £5.5 million due in part to earlier realisation of workstream savings. 2012/15 revenue gap, at the time of approving the annual budget was £15.6 million.

In 2012-13, the Council set a workstream savings target of £2.5 million for the year, by February 2013 workstream savings of £3 million had been achieved.

Figure 1: The Council delivered workstream savings of £3 million during 2012-13



Source: Inverclyde Council 2012/13 General Fund Revenue Budget as at January 2013

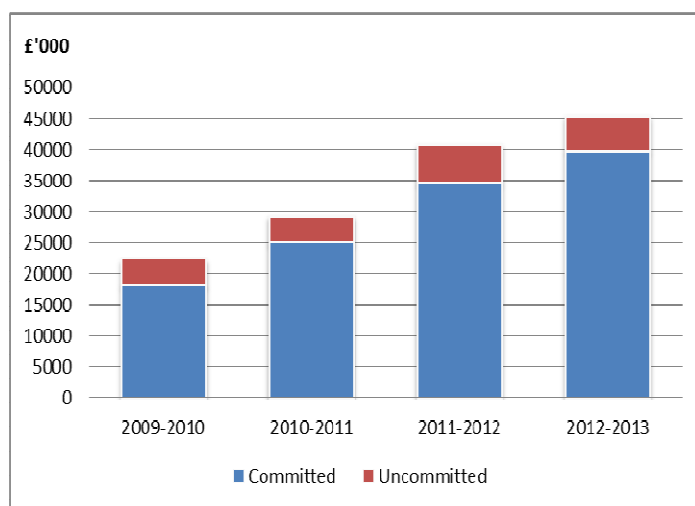
The Council has outperformed its expectations in delivering savings. By February 2013 it had achieved £20.2 million of the £23.2 million workstream savings target to be achieved by the end of 2013-14. A number of the original workstream savings have now been transferred to the service budgets. The revised target for corporate workstream savings is £2.6 million by the end of 2015/16. The Council has agreed a balanced 2013/16 Budget with a surplus of £4.7 million in 2013/14 and £1.8 million in 2014/15.

Financial Position

One of the key measures of financial health at a local authority is the level of uncommitted reserves balances. The Council has set a target to maintain reserves at 2% of budget to allow flexibility and the ability to respond to unexpected events.

At 31 March 2013, the Council reported a general fund balance of £45.3 million (2011-12: £40.7m), of which £5.5 million is uncommitted. This is £1.5 million higher than the Council's target level of reserves, of 2% of budget.

Figure 2: The Council's earmarked reserves continue to increase, and uncommitted reserves remain above target



Source: Inverclyde Council Statement of Accounts

Over the past four years the Council has contributed almost £25 million to reserves, during a period of reduced public funding, the majority of reserve contributions have been earmarked for specific policy priorities

There are a number of key contributing factors to the Council's increase in reserves:

- a successful medium term Financial Strategy
- robust financial discipline in budget monitoring and management arrangements
- early implementation of efficiency savings projects
- effective use of strategic asset management plans
- a prudent view of potential future liabilities
- one off wind fall savings.

It is anticipated that, unless the financial outlook changes considerably over the next 3 years, the level of

Useable Reserves held by the Council will reduce significantly. We will monitor the Councils reserves strategy and general fund budget to ensure that levels of reserves are regularly reviewed and the anticipated call on reserves is met.

Comprehensive Income and Expenditure Statement

The Council reported significant movement in balances between years in its Comprehensive Income and Expenditure Statement, principally as a result of revaluation of land and buildings and favourable change in actuarial assumptions.

Table 1: Financial Results for 2012 and 2013

	2013	2012
	£'000	£'000
Net Cost of Services	223,850	209,818
Other operating expenditure	(27)	(15)
Financing and investment income and expenditure	14,072	10,427
Taxation and non-specific grant income	(217,516)	(215,667)
(Surplus)/deficit on the provision of services	20,379	4,563
(Surplus)/deficit arising on revaluation of non-current assets	(49,871)	18,287
Impairment losses on non-current assets charged to the revaluation reserve	6,883	5,754
Actuarial (Gains) / Losses on Pension Assets and Liabilities	22,538	44,638
Other Comprehensive I&E	(20,450)	68,679
Total Comprehensive I&E	(71)	73,242

Source: Inverclyde Council Statement of Accounts 2012-13

As **Table 1** highlights, the Council reported total net comprehensive income in year of £(0.071) million (2011-12: expenditure of £73.2 million).

The key variances relate to the valuation of the Councils assets, last completed on 2008-09, resulting in an accounting gain.

In addition the actuarial losses were £22.1 million lower in 2012-13 than in 2011-12. This is due to annual variations in the assumptions used by actuaries.

Service expenditure

The Council underspent against budget by £2.8 million (1.6% of the revised 2012/13 revenue budget), with all services recording underspends against budget. The largest underspend was recorded in the Policy and Resources committee which recorded an underspend of 8.5%.

Performance against service budgets were reported to the Policy and Resources Committee throughout the year.

Table 2: Projected underspend 2013

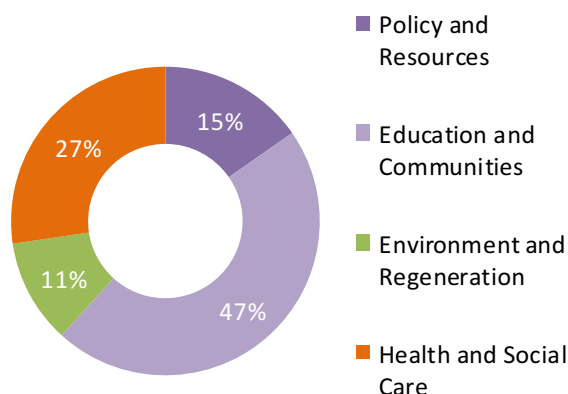
	Projected over/(under) spend £'000
Period 4	(806)
Period 8	(1,941)
Period 11	(2,787)
Out-turn	(2,835)

Whilst the underspend represents only 1.6% of the net revenue budget it does indicate potential scope for further improvements in budget setting and spending plan processes.

Key elements of the underspend against budget are highlighted below:

- additional efficiency savings of £760k
- share of police and fire reserves £967k
- the final Net Benefit Subsidy Claim produced an underspend of £152k
- additional internal resource income of £142k due to improved cashflow
- underspend in waste disposal due to decreased tonnage and delay in implementation of food waste collection scheme £233k
- additional charging order income in health and social care £221k.

Figure 3: The majority of Council expenditure is directed towards Education and Social Care



Source: Inverclyde Council 2012-13 out-turn budget report

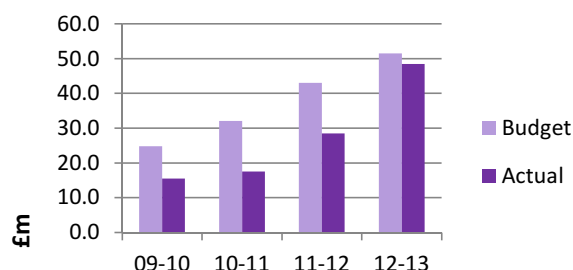
Capital Expenditure

Capital expenditure for 2012/13 was £48.5 million, representing slippage against the capital programme of 5.9%. This was a significant improvement in that experienced in 2011/12 (34%). Officers robustly reviewed phasing on all projects prior to the setting of the 2012/15 Capital Programme this has resulted in the reduced slippage levels at a time when the budget had increased by £9.3 million (22%) from 2011/12).

Slippage in the capital programme has occurred mostly in the Environment & Regeneration Committee. However, levels of slippage are significantly reduced from previous years as set out in **figure 4**.

Each committee receives capital programme monitoring reports for their area of the programme, with the Policy and Resources Committee also receiving an overall capital monitoring report each committee cycle.

Figure 4: Actual capital expenditure was £48.5 million, (5.8%) lower than the budgeted £51.5 million



Source: Inverclyde Council Capital Budget Monitoring Reports 2012-13/2011-12/2010-11/2009-10

Underspends against capital projects represent potential opportunity costs for the Council, particularly during a period of economic recession, where council expenditure on capital projects is able to support local business and employment in the Inverclyde area. It is therefore pleasing to see that the level of slippage in the capital plan has reduced significantly. However, there remains some scope to improve the forecasting and spending of planned capital expenditure even further in future years.

Current Projections for 2013-14

We have reviewed the Council’s revenue projections for 2013-14. The Council continues to seek to achieve efficiencies in 2013-14, using the approved savings and savings workstreams and it is expected that a £4.75 million surplus will be achieved and transferred to reserves.

We are satisfied that the Council is taking appropriate action to manage its financial position in the medium term and has a healthy financial position with strong levels of reserves and borrowing levels within prudential borrowing limits.

Looking Forward

From 2013-14, the Accounts Commission has extended our appointment as auditors of the Council to audit all registered charities where the Council is the sole Trustee. The Council is currently reforming the governance of these charities, working to reduce the number of charities that will be subject to audit in 2013/14.

As at 31 March 2013 the Council administered 4 Trusts and 8 charities. It is expected that there will be at least two charities subject to audit.

We will complete a full audit of the charities in line with International Auditing Standards, performing our work on the charities alongside our work on the Council's financial statements. We will have regard to the small size of the charities and the simplicity of its transactions when planning our work.

The Council's Group Accounts and group financial position in 2013/14 will be significantly different due to the change in structure of Police and Fire and Rescue service. A share of the reserves of these bodies will no longer be included in the Council's Group Accounts in 2013-14, which will significantly reduce the Group's liabilities.

We will work with the Council to ensure the changes to the Group Accounts are compliant with the Code and that the changes are clearly explained in the accompanying narrative.

4. Governance

The Council has put in place arrangements to support an Annual Governance Statement for 2013-14. Governance of Arms Length External Organisations remains a key area of focus. Arrangements for local governance of Police and Fire and Rescue services are in their infancy and will need to be responsive to change as relationships develop.

Annual Governance Statement

The Annual Governance Statement (AGS) is the key document that records the governance ethos of the Council, and assurances around the achievement of the vision and strategic objectives of the Council. The AGS summarises the local code of governance, including the internal control framework, arrangements for risk management, financial governance and accountability.

An AGS is best practice, but not yet mandatory for councils in Scotland. We recommended in our Key Issues Memorandum in September 2012, that the Council should consider moving towards an Annual Governance Statement.

The Council have made significant progress in establishing arrangements to ensure that the Annual Governance Statement will be supported by evidence and is embedded in the Council, rather than being seen as an annual paper exercise. We expect the first Annual Governance Statement of Inverclyde to be included in 2013-14 accounts.

Internal Controls

As part of our financial statements audit work, we took assurance from our internal control work on the Council's key financial systems. We assessed the following systems as part of our work throughout the year:

- Budgetary control
- Employee remuneration
- Capital accounting
- Accounts receivable
- Operating expenses
- Treasury management
- Housing and Council Tax Benefits

No significant matters were highlighted during this work.

Internal Audit

Since April 2008, Internal Audit follows a risk assessment approach and operates to an Annual Audit Plan only, with rotational coverage of the top 20-25% of the Audit Universe.

The 2012-13 planned resources were 540 days.

The audit plan covers a variety of audit types including, compliance reviews, regularity audits, limited scope financial system reviews and risk-based reviews. The risk-based reviews in 2012-13 were:

- Business Continuity management
- Performance Management
- Software Licensing
- Supply Teacher Management
- Licensing

In addition there was one Arms Length Organisation review which focused on Inverclyde Leisure Trust.

We have previously identified that a number of Internal Audit recommendations remain outstanding

As at the end of March 2013, there are 72 current actions of which 4 are classified as Red, 31 Amber and 37 Green. 31 actions (13 Amber and 18 Green) have missed the original deadline for completion out of 845 actions agreed (3.6%).

Public Sector Internal Audit Standards

A common set of Public Sector Internal Audit Standards (PSIAS) were adopted by the Relevant Internal Audit Standard Setters, for implementation as from 1 April 2013, with the aim of promoting further improvement in the professionalism, quality,

consistency and effectiveness of internal audit across the public sector.

The new standards, interpreted for the UK public sector, encompass the mandatory elements of the Institute of Internal Auditors International Professional Practices Framework and replace the existing standards. They apply to all internal audit service providers, whether in-house, shared service or outsourced.

Specific requirements of the PSIAS

■ An internal audit charter

The charter must formally define the purpose, authority and responsibility of the internal audit activity. It will also cover arrangements for avoiding conflicts of interest if the internal audit provider performs non-audit activities.

■ A quality assurance and improvement programme

The programme is designed to assess the efficiency and effectiveness of internal audit as well as identify opportunities for improvement. This should include:

- on-going internal quality monitoring and self-assessment
- a five-yearly, independent, external assessment of the internal audit function
- effective communication.

In this context effective communication refers to the engagement of the committee's membership – and of the chair, in particular – in discussions with the chief audit executive about:

- the Council's risks and assurance requirements
- the level of assurance provided
- issues of concern raised by audit work undertaken
- the implementation of agreed recommendations and the enhanced assurance arising.

The new standards came into force on 1 April 2013. The Scottish Local Authority Chief Internal Auditors Group has been leading on implementation of the Standards within Scottish Local Authorities. A self-assessment exercise will be undertaken during 2013-14 against the new Standards.

Governance of associates

The Council has interests in a number of organisations and joint committees also referred to as Arms Length External Organisations (ALEO). ALEOs are bodies, often set up as a charity or not-for-profit organisation (for example Inverclyde Leisure and Riverside

Inverclyde) which deliver services on the Council's behalf. ALEOs can represent a best value way to deliver services as they are often less expensive and more effective than in-house teams. However, their arms-length nature does require effective management oversight to exercise proper stewardship over public funds, ensure achievement of best value, and to ensure key policy objectives are being met.

One of the many ways in which the Council was seeking to take forward its economic development agenda was through the creation of Riverside Inverclyde (RI) as a joint venture with Scottish Enterprise.

During the year, Inverclyde Council and Scottish Enterprise commissioned a scheduled independent mid-term review of RI against its stated objectives and the effectiveness of RI as a delivery vehicle.

The mid-term review showed that not all of these objectives had been met or were on target.

The Council and Scottish Enterprise as Company Member Organisations are taking action to address the concerns raised in the consultant's report, and are reviewing its overall strategy for economic development in the process. However, delivering on the Council's economic development priorities remains a key challenge.

Riverside Inverclyde

Aims and objectives:

- Launched in 2006 and operate for 10 years
- To help regenerate economically depressed parts of Inverclyde
- Would create 2,600 jobs
- Would build 2,285 homes
- Attract £300m in private investment
- Secure £93m in public money

What has it done?

- 191 jobs created
- 121 new homes
- £3.6m of private investment secured
- Development of Riverside Business Park,
- Enhancements to James Watt Dock
- Improvements to parts of Greenock and Port Glasgow town centres

Since the report, the Chair and Chief Executive have resigned and a new Board is being put in place. The Corporate Director of Environment, Regeneration and Resources has been seconded to Riverside Inverclyde as interim Chief Executive and has embarked upon developing and implementing an improvement plan to address the areas of concern outlined in the Midterm Review.

The Board of RI, in consultation with the Council and Scottish Enterprise, should establish permanent arrangements as soon as practicable.

Recommendation 1

The Council have taken steps to back fill for the post of the Corporate Director of Environment Regeneration and Resources to minimise the impact on the Council's operational activities.

In addition, a separate report identified that land owned by James Watt Dock LLP, a joint venture of Riverside Inverclyde's, contained abnormalities and the value of the land should therefore be impaired. If the land were to be impaired this would impair the value of RI's investment in associates. There is no going concern risk

identified as a result. The Council have taken a prudent approach in the 2012-13 financial statements and have impaired their share of Riverside Inverclyde's investment in associates. To date, the accounts of James Watt Dock LLP and RI have not been signed.

Governance of External Organisations

The Council agreed a protocol for the Governance of External Organisations in May 2011. The process uses a simple risk matrix to identify those bodies which provide services to the Council where formal monitoring and reporting to Committee is required. In 2012 there were 77 such bodies, 13 of which received over £1 million from the Council. An update report to Policy & Resources Committee in November 2012 identified that whilst the process had bedded down reasonably well there were some areas where meetings and reporting had not taken place as required. A further update report will be presented to the November 2013 Policy & Resources Committee suggesting changes to the matrix and reporting improved adherence to the protocol.

Community Planning Arrangements

Inverclyde Alliance identified a need to build its capacity to review, design and improve itself, and agreed to use the Partnership Checklist for CPPS that has been developed by the Improvement Service, based on the Public Service Improvement Framework (PSIF).

The anticipated benefits of this self assessment of the Alliance Board include:

- Improved partnership working by strengthening the governance, scrutiny and accountability of the CPP
- Development of more outcome focused approaches to business planning and performance management and measurement within the CPP
- Improved collaboration within and across the partnership in building capacity and sharing knowledge, learning and expertise with one another in support of improvement against outcomes.

An Improvement Plan has been developed from the findings of the review. The key areas of focus are to improve the Alliance Board's approaches to:

- Communication Ownership

- Awareness Effectiveness
- Review Measurement
- Capacity Building Engagement
- Risk Performance
- Evidence Resources
- Shared Learning

Local Governance Arrangements for Police and Fire

The Council have established a Local Police and Fire Sub-Committee. To date there have been two meetings of the sub-committee which received the Interim Local Police Plan and Interim Local Fire and Rescue Plan.

A collaborative statement has been issued by COSLA, Scottish Government and the Improvement Service to provide guidance on Good Scrutiny and Engagement as a result of the Police and Fire Reform (Scotland) Act 2012.

Key principals of engagement encouraged are:

Five principles for Good Scrutiny and Engagement

The principles are based on good practice and promote the 'four pillars' of public service reform.

- Focus on outcomes
- Understand local conditions and reflect the community voice
- Promote joint working to secure better outcomes and Best Value
- Provide strategic leadership in order to influence service delivery
- Support continuous improvement by providing constructive challenge

Shared Services

The Clyde Valley Shared Support Service business case was published in August 2011. Since then a number of

councils in the original scheme have pulled out of the proposal.

Inverclyde, Renfrewshire and East Renfrewshire have agreed to pursue the opportunity for ICT Collaboration. To make progress quickly, the focus will be on sharing and collaboration rather than formally combining staff into one organisation

East Renfrewshire carried out a tendering exercise on behalf of the 3 Councils and appointed a Transformation Lead to lead and coordinate the sharing of services for a period of up to 2 years.

Over a period of 2 years, a budget of up to £100k per Council will be required. In September 2013 Stage 1 of the Commission was completed and all three Councils are now collaborating on developing detailed mandates as part of Stage 2.

It was agreed in February 2012 the Council would have no further participation in the Clyde Valley Residual Waste Project.

In addition, work on progressing collaboration across the three Councils for Roads and Transportation with a report on the findings expected in 2014.

Risk Management

During 2012/2013 the Council continued to value the importance of maintaining the momentum on risk management and progress has been made in the following areas:

- on-going review and update of strategic and operational risk registers;
- ongoing training of members in Corporate Governance arrangements, including risk management;
- maintaining a risk register for the Financial Strategy which allows management to consider the risks to the overall financial position arising from matters contained within the Financial Strategy;
- implementing risk management as a key aspect of the Strategic Planning and Performance Management Framework;

- continuing the advancement of emergency planning, crisis management and business continuity within the Council and fulfil the Council's legislative requirements under the Civil Contingencies Act 2004 in conjunction with the Joint Civil Contingencies Service; and
- recruiting a Corporate Risk Advisor to support the ongoing development of risk management.

The Council have reviewed the Audit Scotland BV toolkit relating to Risk Management and a number of initiatives will be undertaken in 2013-14 to ensure the Council meets the requirements of the guidance including:

- Raising the Profile of Risk Management
- Embedding Risk Management
- Provide Training
- Manage Residual Risks
- Monitoring Risks and Mitigation Actions
- Working With Our Partners to Manage Risk

Welfare Reform

Regular reports on the significant impacts of, and response to, the Welfare Reform agenda are provided to the Policy & Resources Committee. The Council has a senior officer Welfare Reform Group with representation from the DWP as well as Finance. and the CHCP and this approach has greatly improved collaboration, communication and a corporate response to the agenda.

Scottish Welfare Fund is currently behind budget in line with all other Scottish Councils. Priorities are being reviewed to ensure the funds are fully utilised.

Discretionary Housing Payments Policy made in respect of the Social Size Criteria will be reviewed to reflect the increased resources allocated by the Council and Scottish Government.

Various funding bids for increased Welfare and Money Advice services have been submitted by the Financial Inclusion Partnership.

Further funding pressures arising from cuts in the Benefit Administration grant have been identified.

The Council has a good collaborative approach to this challenging agenda and this will be required as the full effect of the Welfare Reform changes impacts on the local community.

Looking forward

The UK government's Welfare Reform Act received Royal Assent on 8 March 2012. This represents the largest reform of the UK welfare system for 60 years and will have a significant impact on millions of households by creating a new Universal Credit for working age claimants. The government's aim is to deliver savings of £28 billion through welfare reform by 2015-16. The Council has estimated that the impact locally could be a loss of up to £37 million from the local economy by 2015.

The Act signals a number of changes to how local authorities deliver services. Universal Credit means that housing benefit will not be administered locally by Councils. From April 2013, council tax benefit was replaced by a Scottish Council Tax Reduction scheme.

The Council has also had to meet the additional costs associated with the administration of the Scottish Welfare Fund for Community Care Grants and Crisis Grants. This effectively replaces the Social Fund, which was previously administered by the Department for Work and Pensions.

In the future, the role that Councils will play in the delivery of welfare reforms is not yet clear, although there is an expectation that they will provide additional face to face support to benefit claimants.

As we noted during our interim visit, the Council has established a working group to consider and develop strategies to address the impact of these reforms. The group has made good progress in the year to ensure that the Council has appropriate arrangements in place to mitigate against the impact of welfare reform. The Council must continue to monitor the potential impact of welfare reforms on the local population to ensure that financial plans and strategies remain realistic and up to date.

5. Performance

The Council has continued to evolve its Strategic Planning and Performance Management Framework to increase the level of focus on improvement and robust self-evaluation. The Inverclyde Alliance recorded strong performance against the targets within the Single Outcome Agreement. Inverclyde Performs provides a regular summary of Council performance for elected members and the Council's services continue to improve against Statutory Performance Indicators.

Assurance and Improvement Plan

Inverclyde Council's Assurance and Improvement Plan (AIP), was updated and developed by the Local Area Network of external scrutiny bodies, and published in May 2013. The update reflects recent work carried out by local scrutiny partners, and sets out the scrutiny activity proposed for the council for the period up to March 2016.

The Council's AIP Update 2013-16 confirms that there are no significant concerns relating to Inverclyde Council, and the LAN conclude that the Council has the capacity to achieve further service improvements.

Reflecting this conclusion, the AIP does not identify plans for any major scrutiny activity to be carried out and we did not identify any additional areas of work as a result of the Shared Risk Assessment process.

The results of the work reported here will be used to inform the next Shared Risk Assessment. The LAN is scheduled to meet in November 2013 to discuss initial assessments.

Inverclyde Alliance

The Scottish Government published new Single Outcome Agreement (SOA) Guidance in December 2012, requesting that each CPP produce a new SOA to be submitted at the start of April 2013.

Inverclyde Alliance carried out a review of its SOA in 2012 and when this was assessed against the new guidance a number of areas required to be developed.

The SOA has been updated, amended and developed, enhancing a number of areas.

However there is still a gap in information around setting out the CPP's understanding of what partners are collectively doing and spending on prevention across all services including, but not only, particular detail in relation to the six policy priorities.

In March 2013, Audit Scotland published a report on Improving Community Planning in Scotland. The report draws upon findings from initial Community Planning Partnership (CPP) audits at Aberdeen, North Ayrshire and Scottish Borders Councils. Audit Scotland found that CPPs have not yet achieved the ambitious goals set for them, although there are many examples of good joint working and delivering improvements at a local level.

As a result of the SOA Quality Assurance Process carried out by the Scottish Government many examples of good practice have been identified across all CPPs and will now be shared.

The Scottish Government and COSLA Statement of Ambition provides a renewed focus on community planning at a national level. The Statement sets out a challenging improvement agenda for community planning. Audit Scotland's report highlights five key areas for CPPs to work on, to ensure that they achieve their goals in the future:

- creating stronger shared leadership
- improving governance and accountability

- establishing clear priorities for improvement and using resources more effectively
- putting communities at the heart of community planning and public service reform
- supporting CPPs to improve their skills and performance.

A report has been presented to the Inverclyde Alliance Board setting out the key challenges locally. Which includes being able to demonstrate how the significant sums of public money available to partners are influenced by community planning and the outcomes agreed at partnership level. The Alliance Board agreed that:

- the Alliance Memorandum of Understanding be updated to further clarify what is expected of partners and elected members, particularly in regard to how partners identify the resources they contribute to the delivery of local outcomes in Inverclyde.
- each partner provide the Alliance Board with an outline of how they, as a single agency, are contributing to the delivery of the outcomes, and how the outcomes inform their decision making and governance arrangements.
- each partner provide the Alliance Board with information on what resources they are consuming on community engagement and capacity building in Inverclyde and identify ways in which this might be brought together more effectively.

Performance management arrangements

In February 2013, the Council agreed a Corporate Statement 2013-17, to replace the Corporate Plan and set out the vision and key priorities for the period. The Statement is a key phase in the Council's approach to reviewing and revising its Strategic Planning and Performance Management Framework (SPPMF) to streamline plans and ensure that each Directorate has arrangements in place to deliver the local outcomes and wellbeing indicators within the SOA.

The Council aims to be "getting it right for every child, citizen and community." Elected members were

consulted on the development of the Statement, and it was prepared following consultation with communities.

Corporate Directorate Improvement Plans were approved in April 2013 and set out the vision for each Directorate, and improvement actions for the next 3 years both corporately and within each service. The Plans also set out key performance indicators, and an assessment of risk. We have reviewed the Improvement Plans, and concluded that they provide a strong basis for monitoring improvement action across the Council. We would also highlight that in future years there is scope to make the Improvement Plans more focused and prioritised, as some of the corporate actions on self-evaluation and performance reporting are embedded.

Managing Performance

As part of its review of the Strategic Planning and Performance Management Framework, the Council has revised the approach to self-evaluation, based on Education Scotland's 'Journey to Excellence'.

Corporate Directorate Improvement Plans will continue to develop to ensure that improvements are based on a robust self-evaluation. Individual services have responded by developing their programme of self-evaluation, including the use of benchmarking. Good use has been made of SOLACE benchmarking data to identify priority areas for improvement.

The Council have recently reviewed its Strategic Planning and Performance Management Framework as part of the Internal Audit plan. The Internal Audit report concluded that:

- the revised strategic planning and performance management framework provides a solid foundation for developing and implementing improvement actions across Services;
- the degree of co-ordination between the Corporate Policy Team, Finance and Services is rightly emphasised within the performance management framework; and
- the Corporate Policy Team demonstrated a strong overall commitment to promoting and developing the Council's performance management framework.

However, isolated areas of control weakness were identified such as the need to address the managerial

capacity issues associated with implementing the strategic planning and performance management framework and the specific training needs of those managers tasked with implementing the revised performance management framework.

Performance reporting

The Council has adopted PSIF as a model for corporate self-assessment and Services incrementally are progressing with the implementation of the Framework. Each service also reports on performance using **Inverclyde Performs** electronic reporting system.

The Council reports on Corporate and Directorate performance on a quarterly basis. The Inverclyde Alliance also report quarterly on progress against the Single Outcome Agreement. The most recent progress report highlights that out of 74 relevant local outcomes there are no outcomes classified with a 'red' status, where immediate action is required to meet the target. There are 13 Amber actions which are classed as within tolerance.

Procurement Capability Assessment

The work completed on the Strategic Performance Framework (SPF) has contributed to a further significant improvement in the annual Procurement Capability Assessment from Scotland Excel. A score of 53% was achieved in the latest assessment in October 2013 meaning the Council has achieved the target of improved performance status.

Statutory Performance Indicators

In its 2012 Direction on the Statutory Performance Indicators, published in December 2012, the Accounts Commission confirmed that the 25 specified Statutory Performance Indicators have been removed from the SPI Direction 2012 and will be replaced by the SOLACE Benchmarking indicators from 2014 onwards (reporting year 2013/14). The 2011 SPI Direction remained in place for 2012-13. The Council have reported on the SPIs for 2012/13 in the usual manner.

The Accounts Commission direction requires that councils report:

- a range of sufficient information to demonstrate best value in relation to corporate management (SPI 1)

- a range of information sufficient to demonstrate best value in relation to service performance (SPI 2).

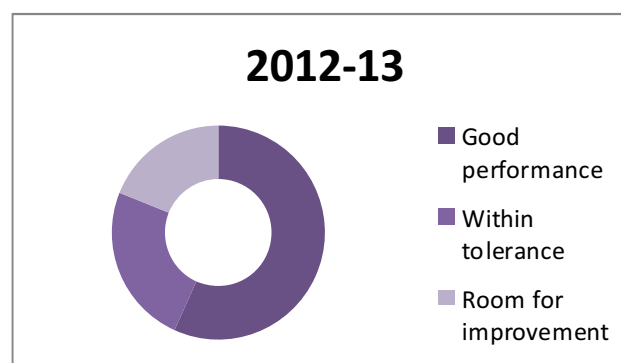
Our review of SPI data submitted to Audit Scotland found that performance was maintained or improved for the majority of the specified indicators.

Areas of improved performance included number of visits to libraries and swimming pools, and the time taken to respond to domestic noise complaints. There has been a 9% improvement in the number of public buildings with disabled access, resulting from adjustments and building work.

The Council also continued to reduce the cost of administering benefits. The total cost of providing housing benefits services fell by £63k, or 4.5%. A particular achievement was the 6.9% increase in the number of homeless people housed into permanent accommodation, reversing a recent negative trend in this risk area.

Areas where performance declined in year include the number of visits to indoor sports and leisure facilities (excluding swimming pools.) This fell by 7.5% during the year, and visits to Council-funded museums fell by 2.4%. The broad picture is that the Council are performing reasonably, and continue to make improvements despite the difficult funding position.

Figure 5: The Council demonstrated 'good' performance in 57% of specified indicators



Source: Inverclyde Council 2012-13 performance report

National Studies

Audit Scotland require us to provide core information on how the Council has responded to national performance reports.

To promote impact at a local level, one or two national performance reports are subject to more targeted follow up each year. For 2012-13, we have been asked to follow up the Scotland's Public Finances: Addressing the Challenges report, which was published in August 2011.

Scotland's Public Finances: Addressing the Challenges

The aim of the follow up work is to assess the progress that the Council has made in developing sustainable financial plans to meet the scale of budget cuts expected to be faced by the Scottish public sector in the period to 2014-15.

Scotland's public finances: Addressing the challenges was published in August 2011. The report provided an overview of the scale of budget cuts expected to be faced by the Scottish public sector in the period 2010-11 to 2014-15, and how public bodies were beginning to respond to the challenges of reducing expenditure. In particular, the report highlighted some of the main cost pressures facing public bodies and emphasised the importance of them achieving long-term financial sustainability.

Our follow up work has been based on two questions based on the key issues for councils identified within the report:

Does the Council have sustainable financial plans which reflects a strategic approach to cost reduction?

- Do senior officials, elected members and non-executive directors demonstrate ownership of financial plans and are they subject to sufficient scrutiny before approval?
- Our work was performed by interviewing officers and reviewing documentation including minutes, plans and performance reports. We also completed a questionnaire provided by Audit Scotland, to ensure consistency of approach across councils.

We conclude that the Council's financial plans, strategy and budgets are well developed. Financial plans are sustainable and there are significant reserves to support the Council in the future. The Council began their cost reduction programme as soon as the funding cuts were suspected. This early planning and a three year budget cycle gave the Council space to develop a medium and longer term strategy.

Senior staff demonstrate clear ownership of financial plans. In addition, the Corporate Management Team proactively involve the Trade Unions in the development of Budgets via the Joint Budget Group. Councillors play a key role in scrutinising the plans of senior staff. A number of Councillors active in Committees demonstrate ownership of the planning process. The Committees are effective at scrutinising the plans and decisions of management, and provide management with good challenge.

Managing Performance: Are you getting it Right

Audit Scotland's, *Managing Performance: are you getting it right?* was published in October 2012. The report stresses the critical role of self-evaluation and good quality performance information in allowing councils to demonstrate that they are delivering efficient and effective services.

The report highlights the role of elected members in setting priorities and ensuring that useful, high-level indicators are in place to help members assess performance at a corporate level.

An assessment of the Council against 7 key themes of the report was presented to the Policy and Resources Committee in March 2013. The areas against which the Council has assessed itself are as follows:

- The role of Councillors in managing performance and driving improvement
- Developing a performance management culture
- Developing an effective performance management framework
- Developing good performance measures
- Using performance information effectively
- Developing self-evaluation and improvement activity
- Partnership working

The review concluded that the Council is in a relatively strong position in regard to the key areas set out in the Audit Scotland report, but will require to continue to develop how it manages performance, particularly in regard to supporting Elected Members in their scrutiny role and developing a performance management culture across all levels of the organisation.

Major Capital Investment in Councils

Councils invest large sums of money every year on property and other assets that they will use over many years to provide public services. Councils spent £27 billion between 2000/01 and 2011/12 on capital projects. Of this figure, £4 billion of investment was procured through the use of Private Finance Initiative and Public Private Partnerships (PPP) contracts.

In March 2013, Audit Scotland published Major Capital Investments in Councils. The report reviewed a number of major capital projects over £5 million each, including the Schools PPP project within Inverclyde, and assessed how well councils direct, manage and deliver capital investments.

The report found that Councils completed only two-fifths of projects within the initial cost estimates, and less than half within the value of contract award. Inverclyde's School Project was one of six which finished at or within the original estimate, and one of only 19% which was completed on time compared to the initial estimate.

Audit Scotland found that many councils do not have established processes for developing and using business cases, which means key performance information on aims, cost, time, scope and risk may not be clearly defined.

While Councils are clear about the broad goals for their investment projects, they rarely specify benefits expected or how these will be measured. Audit Scotland also noted that councils do not often proactively seek opportunities to work with other councils or other public bodies in planning and delivering their capital programmes.

The report resulted in a series of recommendations for councils. Inverclyde Council received a report on a self-assessment against the recommendations in August 2013. This identified a number of areas for improvement including an assessment of intended and realised benefits will be reported to Committee as part of post project evaluation, and improvements to procedure notes for developing business cases.

An Overview of Local Government in Scotland 2013

In March 2013, Audit Scotland published the *Local Government Overview Report: Responding to Challenges and Change*, which is an annual report based on the findings from annual audit reports on the 2011/12 accounts, and Best Value and performance audit work. The report highlights that pressures on resources and demands on services mean that councils may now have to consider decisions, which they had previously ruled out, to balance their budgets. Most councils predict substantial funding gaps over the next three years.

Pressures on finances and changes in the workforce give greater impetus for councils to be active and ambitious in considering alternative options for services. The report points to the importance of elected members in identifying priorities and in decision making. However, fully evaluating service options can be complex and councilors therefore need good-quality evidence from officers to support decisions.

The Council received a report on the local impact of the report in May 2013. As a result of the self-assessment, the Corporate Management Team identified two areas for improvement, relating to the use of benchmarking data from Solace, and the need to review the Council's Reserves Policy.

Looking Forward

The SOLACE Benchmarking Project 'Improving Local Government' was developed in order to:

- Support SOLACE to drive improvement in local government benchmarking
- To develop a comparative performance support framework for Scottish local government
- To support councils in targeting transformational change in terms of areas of greatest impact – efficiency, costs, productivity and outcomes
- Focus on the 'big ticket' areas of spend plus corporate services

From 2013-14, the Council will have to report on 149 SPIs and KPIs (50 SOLACE Benchmarking and 99 key performance indicators). A review of the key performance indicators is planned for the autumn with the aim of streamlining this process, removing any duplication with the SOLACE indicators and to ensure

that the KPIs continue to be a meaningful measure of Best Value.

Appendix A: Action Plan

	Issue and risk	Recommendation
1	Following a review of the performance of Riverside Inverclyde (RI), there is a need for further review of the effectiveness of current governance, monitoring and reporting arrangements to ensure this body delivers best value for the public investment it receives going forward.	The Council should, working with RI, Scottish Enterprise, and other partners, revisit and refocus the economic development objectives of Riverside Inverclyde
2	In addition, the Council commissions a range of services through a large number of organisations. There is a need for continued review to ensure these historic arrangements remain fit for purpose, continue to achieve best value outcomes and exercise proper stewardship over public funds.	The Council should continued to develop it's processes undertake a full review of its current arrangements for delivering services through commissioned services, using 'following the public pound' good practice guidelines to ensure current arrangements achieve best value in the use of resources.



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Report To:	The Inverclyde Council	Date: 5 December 2013
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No: SL/LA/1114/13
Contact Officer:	Sharon Lang	Contact No: 01475 712112
Subject:	Protection from Eviction (Bedroom Tax) (Scotland) Bill: Consultation Paper - Request by Councillor McCabe	

1.0 PURPOSE

- 1.1 The purpose of this report is to ask the Council to consider a request by Councillor McCabe.

2.0 SUMMARY

- 2.1 Councillor McCabe has requested that the Council supports the principles set out in the attached consultation paper on the proposed Protection from Eviction (Bedroom Tax) (Scotland) Bill. **APPENDIX 1**
- 2.2 A draft response has been prepared for Members' consideration. **APPENDIX 2**

3.0 RECOMMENDATION

- 3.1 That the Council approve the response to the consultation paper as set out in Appendix 2.

Sharon Lang
Legal & Democratic Services

Protection from Eviction (Bedroom Tax) (Scotland)

Bill

Consultation Paper

THE BEDROOM TAX
Amend Section 16

Exclusive: 50,000 people now facing eviction over bedroom tax

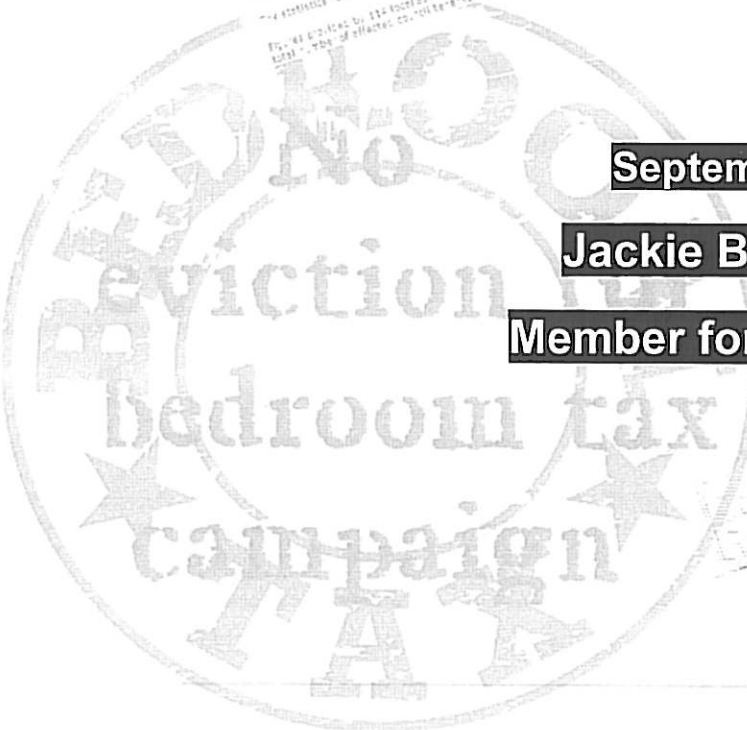


NO EVICTIONS
IN SCOTLAND

September 2013

Jackie Baillie MSP

Member for Dumbarton



Bedroom tax eviction nightmare for gran with sciatica as local council threatens to boot her out of home

Bill Proposal

The text of the draft proposal for a Member's Bill that Jackie Baillie lodged is as follows:

Protection from Eviction (Bedroom Tax) (Scotland) Bill

Proposal for a Bill to protect Scottish secure tenants from eviction as a result of rent arrears attributable to under-occupancy deductions of housing benefit.

Foreword



The bedroom tax was introduced by the UK Coalition Government for housing benefit recipients in the social rented sector in April 2013. The purpose was to deal with under-occupancy and reduce the housing benefit bill, but the policy failed to recognise the lack of smaller social housing to enable people to downsize, or that perversely, it would result in higher spending as tenants were forced to move to more expensive private rented sector properties.

In the relatively short time since it was introduced it has become increasingly clear that this policy disproportionately affects some of the most vulnerable groups in society.

We have all read the reports in the Scottish media which have shed light on the fear and anxiety experienced by tenants who are faced with the prospect of losing their home. Indeed, the UN's Special Rapporteur on housing, Ms Raquel Rolnik, suggested in her preliminary statement that vulnerable groups such as the disabled are bearing the brunt of this 'retrogressive' policy.¹

There is also a groundswell of opposition in the Scottish Parliament to this cruel and discriminatory policy. Both Scottish Labour and the Scottish National Party opposed its introduction and both parties have pledged to abolish it in the future.

However tenants should not have to wait for the votes to be counted in the referendum or the next general election. We have a responsibility to act now and that is why I am bringing forward this proposal to provide a statutory guarantee of no evictions in Scotland as a direct consequence of the bedroom tax.

The Scottish Parliament has the power to do this right now and my consultation paper will set out how this could be done by amending the Housing (Scotland) Act 2001. I am confident that, with the support of Members across the Chamber, the Scottish Parliament could remove the fear of eviction for thousands of Scots hit by the bedroom tax.

Before finalising this Bill I would like to hear a wide range of opinion. I am particularly keen to gather views on the potential implications for local authorities, housing associations and, most importantly, the tenants themselves. I would also welcome the opportunity to meet with individuals or organisations who have an interest in the proposal. Your response will assist me in formulating the best policy to take this initiative forward.

I would like to thank Govan Law Centre for their assistance in developing this consultation paper.

I look forward to hearing your views on how we can guarantee that no social housing tenant will lose their home because of the bedroom tax.

Jackie Baillie MSP

¹ <http://www.theguardian.com/world/interactive/2013/sep/11/full-statement-special-rapporteur-raquel-rolnik>

Contents

1. How the consultation process works
2. Background
3. Scottish local authority pledges and RSL proactive action
4. Govan Law Centre's 'No eviction for bedroom tax' petition
5. Scottish Government's approach
6. Bedroom tax arrears and eviction in practice
7. Consultation questions
8. How to take part

1. How the consultation process works

This consultation is being launched in connection with a draft proposal which I have lodged as the first stage in the process of introducing a Member's Bill in the Scottish Parliament. The process is governed by Chapter 9, Rule 9.14, of the Parliament's Standing Orders which can be found on the Parliament website at: <http://www.scottish.parliament.uk/parliamentarybusiness/17797.aspx>

A minimum 12 week consultation period is required, following which responses will be analysed. Thereafter, I would expect to lodge a final proposal in the Parliament along with a summary of the consultation responses. If that final proposal secures the support of at least 18 other MSPs from at least half the political parties or groups represented in the Parliamentary Bureau, and the Scottish Government does not indicate that it intends to legislate in the area in question, I will then have the right to introduce a Member's Bill. A Member's Bill follows a 3-stage scrutiny process, during which it may be amended or rejected outright. If it is passed at the end of the process, it becomes an Act.

At this stage, therefore, there is no Bill, only a draft proposal for the legislation.

The purpose of this consultation is to provide a range of views on the subject matter of the proposed Bill, highlighting potential problems, identifying equalities issues, suggesting improvements, considering financial implications and, in general, assisting in ensuring that the resulting legislation is fit for purpose.

Details on how to respond to this consultation are provided at the end of the document.

Additional copies of this paper can be requested by contacting me at:

Jackie Baillie MSP, Constituency Office, 11 Castle Street, Dumbarton, G82 1QS.
Tel: 01389-734214 e-mail: bedroomtax.bill@scottish.parliament.uk

Enquiries about obtaining the consultation document in any language other than English or in alternative formats should also be sent to me.

An on-line copy is available on the Scottish Parliament's website under Parliamentary Business/Bills/Proposals for Members' Bills/Session 4 Proposals <http://www.scottish.parliament.uk/parliamentarybusiness/Bills/12419.aspx>

2. Background

Housing benefit under-occupancy deductions for tenants in the social rented sector are introduced by section 69 of the Welfare Reform Act 2012 and the Housing Benefit (Amendment) Regulations 2012 (SI 2012/3040), with effect from April 2013. The 2012 regulations inserted a new 'Regulation B13' into the Housing Benefit Regulations 2006 (SI 2006/1213), which sets out the following criteria for the determination of a maximum rent in the social rented sector:

“The claimant is entitled to one bedroom for each of the following categories of person whom the relevant authority is satisfied occupies the claimant’s dwelling as their home (and each person shall come within the first category only which is applicable)—

- (a) a couple² (within the meaning of Part 7 of the Act);
- (b) a person who is not a child;
- (c) two children of the same sex;
- (d) two children who are less than 10 years old;
- (e) a child,

and one additional bedroom in any case where the claimant or the claimant’s partner is a person who requires overnight care (or in any case where each of them is).”³

Where a tenant is determined to have more bedrooms than they are entitled to under Regulation B13, a deduction is made to their eligible housing benefit at one of two percentages:

- “(a) 14% where the number of bedrooms in the dwelling exceeds by one the number of bedrooms to which the claimant is entitled; and
- (b) 25% where the number of bedrooms in the dwelling exceeds by two or more the number of bedrooms to which the claimant is entitled”.

Under-occupancy deductions – now commonly referred to as ‘the bedroom tax’ - do not apply to claimants who have attained state pension credit age (currently 65)⁴ or certain claimants in supported or sheltered housing. An additional room is allowed for overnight carers, but not primary carers who occupy the tenancy subjects as their home. Accordingly the bedroom tax affects:

- separated families where the parent who does not have the main caring responsibilities requires a spare room for the children to visit or stay for part of the week;
- disabled tenants – including where the property has been adapted or purpose built;
- tenants with grown up children who have left the parental home; and
- couples who use their ‘spare’ bedroom when recovering from an illness or operation.

² ‘Couple’ means (a) a man and a woman who are married to each other and are members of the same household; (b) a man and a woman who are not married to each other but are living together as husband and wife; (c) two people of the same sex who are civil partners of each other and are members of the same household; or (d) two people of the same sex who are not civil partners of each other but are living together as if they were civil partners, and for the purposes of sub-paragraph (d), two people of the same sex are to be regarded as living together as if they were civil partners if, but only if, they would be regarded as living together as husband and wife were they instead two people of the opposite sex: see Regulation 2, of the 2006 Housing Benefit Regulations (SI 2006/213).

³ Regulation 2 of the Housing Benefit Regulations 2006 defines a ‘child’ as ‘a person under the age of 16’, see: <http://www.dwp.gov.uk/docs/a8-2501.pdf>

⁴ <http://www.dwp.gov.uk/publications/specialist-guides/technical-guidance/pc10s-guide-to-pension-credit/pension-credit-qualifying-age/>

Housing benefit deductions will not be applied in the following circumstances:

- for 13 weeks in the case of anyone who could previously afford their rent (i.e. without housing benefit, and have not claimed it for the last year);
- for 52 weeks in the case of a person whose reason for under occupying is that they have suffered bereavement in the household;
- where the tenant is a pensioner;
- exempted supported accommodation;
- foster carers looking after children in certain circumstances; and
- parents of armed forces personnel who are away from home on operations.⁵

In Scotland, most tenants affected by the bedroom tax have remained in their home – with a dearth of smaller properties being available to realistically downsize to. The Department of Work and Pensions' Impact Assessment accepts there are insufficient smaller properties for tenants to downsize to, and therefore many tenants will have no realistic alternatives other than to accrue rent arrears from the bedroom tax.⁶ Annual savings to HM Treasury from the bedroom tax in Scotland are estimated at £50m-£80m, with concomitant costs for social landlords and tenants.⁷

On average, tenants of local authorities and housing associations ('Registered Social Landlords' or RSLs) in Scotland are expected to lose £12 per week, with some tenants losing as much as £22 per week in housing benefit. There is widespread concern amongst civic Scotland that these changes will cause major detriment to thousands of households.

The Department of Works and Pensions (DWP) estimates that 660,000 households will be affected across the UK, and the Scottish Government estimates that as many as 105,000 households could be affected in Scotland.⁸ The Scottish Government estimates that approximately 80% of all households affected by the bedroom tax in Scotland contain a person with a disability, with 15,500 affected households in Scotland containing children.⁹

The Bill proposal itself would not affect the law of debt in Scotland. Rent arrears is an ordinary debt and actions for recovery of heritable possession (eviction actions) in Scotland currently proceed with the landlord seeking a decree containing two separate elements: (a) decree for ejection and (b) decree for payment for a sum of money.

⁵ Housing Benefit (Amendment) Regulations 2013 (2013/665) - <http://www.legislation.gov.uk/ukxi/2013/665/contents/made>

⁶ <http://www.dwp.gov.uk/docs/social-sector-housing-under-occupation-wr2011-ia.pdf>

⁷ See: <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/62069.aspx> and also: http://www.cih.org/resources/PDF/Scotland%20Policy%20Pdfs/Bedroom%20Tax/CIH_Bedroomtax_e.pdf

⁸ <http://www.scotland.gov.uk/News/Releases/2013/03/advice-for-landlords-on-bedroom-tax18032013>

⁹ <http://news.scotland.gov.uk/News/Bedroom-tax-help-2d9.aspx>

'Bedroom tax arrears' would still be a debt and fall under a payment decree; however, the proposed Bill would ensure that a tenant could never be evicted because of bedroom tax arrears. The Bill proposal would not prevent a landlord obtaining a decree for ejection for rent arrears, except in relation to arrears that a court was satisfied directly arose from bedroom tax deductions. Accordingly, if a tenant did not pay their rent or adhere to repayment agreements for reasons unrelated to the bedroom tax, they would be liable to eviction proceedings in the usual way.

The purpose of the Bill is to provide Scottish secure tenants with unequivocal statutory protection that they would never be evicted because of the impact of the bedroom tax. The scope of the Bill is therefore extremely narrow and focused.

3. Scottish local authority pledges and RSL proactive action

Many social landlords in Scotland have already taken proactive action to mitigate the bedroom tax, in particular by providing information and advice on housing options and downsizing where possible, and promoting the availability of local authority Discretionary Housing Payments (DHP) to their tenants.

All of these proactive actions are of course subject to major limitations. For example, the ability to downsize is curtailed in terms of the scarcity of alternative smaller accommodation (especially one bedroomed properties¹⁰), while DHPs are temporary, oversubscribed, and cash limited.¹¹

While no landlord wants to evict tenants because of under-occupancy deductions both RSLs and councils are subject to public audit and have a duty to pursue rent arrears as a matter of law, and ultimately do use eviction as a form of debt recovery. Accordingly, the proposed Bill would assist social landlords, by ensuring they could only pursue bedroom tax arrears by way of ordinary debt recovery (payment decree, followed by a charge for payment and the usual forms of diligence for money).

All Scottish Labour and SNP local authorities have now pledged not to evict tenants because of bedroom tax arrears where the tenant is co-operating with the council and acting reasonably.¹² In the case of the SNP this commitment is for one year only. The pledges have been criticised by some Scottish housing association professionals for being heavily caveated and providing nothing more than the equivalent of existing best practice in rent arrears control.¹³

There have also been stories reported in the Scottish media where Scottish secure tenants have been threatened with eviction action for bedroom tax arrears despite their local authority landlord having pledged not to carry out such evictions.¹⁴

¹⁰ See: <http://www.dailyrecord.co.uk/news/politics/100000-scots-set-fall-bedroom-1873507> and <http://www.dailyrecord.co.uk/news/scottish-news/bedroom-tax-sufferers-spell-out-2264657>

¹¹ <http://news.stv.tv/scotland/228318-bedroom-tax-sees-rise-in-tenants-emergency-support-requests/>

¹² <http://www.dailyrecord.co.uk/news/politics/bedroom-tax-labour-propose-new-2250952>

¹³ <http://www.insidehousing.co.uk/regulation/to-pay-or-not-to-pay/?/6528190.article>

¹⁴ <http://www.dailyrecord.co.uk/news/scottish-news/bedroom-tax-eviction-nightmare-local-1903620>

4. Govan Law Centre's 'No eviction for bedroom tax' petition

Govan Law Centre's (GLC) 'Evictions due to under-occupancy deductions' petition was lodged and published online by the Scottish Parliament's Public Petitions Committee on 1 February 2013.¹⁵ It secured the support of 4,755 people who signed the petition online, with 712 comments on the Scottish Parliament's website.¹⁶ GLC's petition was endorsed and supported by a range of civic bodies in Scotland including the STUC, Oxfam Scotland, Shelter Scotland, Money Advice Scotland, the Edinburgh Tenants Federation and mental health charities.

The petitioner's concern was that when it came to Scottish rent arrears eviction cases in sheriff courts, often the success or failure of preventing eviction turned on a few pounds per week. For example, for most tenants on welfare benefits the standard arrears payment to landlords (known as 'third party deductions') is £3.60 per week.¹⁷ Accordingly, the prospect of £12 to £22 per week being deducted from a Scottish Secure tenant's housing benefit under the bedroom tax makes it extremely difficult to defend eviction cases in practice.

GLC had therefore suggested amending the Housing (Scotland) Act 2001 which would prevent 'bedroom tax rent arrears' being used to establish or justify a 'crave' for eviction.¹⁸ Instead, the landlord could obtain a payment decree in relation to bedroom tax arrears, and pursue them as an ordinary debt. This could be achieved by a minor amendment to section 16 of the 2001 Act to require the court to disregard rent arrears accrued due to under-occupancy deductions for the purpose of subsection (2) of section 16 and paragraph 1 of Part 1 of schedule 2. In other words, bedroom tax arrears would not be used to make out, or justify, an ejection crave.

There is an important issue of proof here in relation to establishing what proportion of rent arrears accrues due to the bedroom tax. At present, the issue is more straightforward as social landlords know which of their tenants receive housing benefit as payments are made directly to them, and most will already know which of their tenants are affected by the bedroom tax as part of their proactive work undertaken before the introduction of these changes.

However, where tenants do not co-operate or communicate with their landlord it may be much more difficult to know precise arrangements; and the introduction of Universal Credit, which is being rolled out over 2013-2017¹⁹, will undoubtedly mean that the tenant him or herself will be the key person who knows how much of their rent arrears is due to the bedroom tax, and will be in a position to provide documentary evidence to establish this.

¹⁵ Petition number PE01468: <http://www.scottish.parliament.uk/GettingInvolved/Petitions/bedroomtax>

¹⁶ Available to view here: <http://www.scottish.parliament.uk/GettingInvolved/Petitions/bedroomtax>

¹⁷ <http://data.parliament.uk/DepositedPapers/Files/DEP2012-1830/ScheduleofproposedbenefitratesfromApril2013.pdf>

¹⁸ An eviction action, known as an action for recovery of heritable possession in Scotland, is usually a summary cause action in the sheriff court and proceeds by way of a summons, which craves (asks the court) to grant a decree for ejection and payment.

¹⁹ <http://www.cpag.org.uk/content/universal-credit-update>

Accordingly, the Bill would place the onus of proof on the defender to establish to the court what arrears were due to the bedroom tax. There is already a precedent for this approach in relation of private sector tenant eviction cases where the tenant has three months of arrears or more. In such circumstances a private sector landlord can raise proceedings and found upon ground 8 of Schedule 5 to the Housing (Scotland) Act 1988.²⁰ If there are three or more months of arrears lawfully due, the landlord is entitled to a mandatory decree for ejection.

The then Scottish Executive thought this was unfair where the debt, which placed the tenant in over three months or more of rent arrears, was attributable to housing benefit errors or delay. The 1988 Act was therefore amended by the Homelessness etc. (Scotland) Act 2003 to allow the tenant to argue that arrears were due to housing benefit mistakes or delays, and if so the mandatory entitlement to decree is replaced with a duty on the court to consider whether it was reasonable to make an order for possession.²¹ The Bill would follow a similar approach, which has worked well in relation to private sector evictions in practice.

The petitioner's policy justification for amending section 16 of the 2001 Act is summarised as follows:

- Arrears accrued by tenants due to the 'bedroom tax' since April 2013 are not the 'fault' of social rented sector tenants, and therefore using such arrears to establish or make out a case for eviction must be unfair and unreasonable as a matter of principle and social policy.
- The DWP's Impact Assessment accepts there are insufficient smaller properties for tenants to downsize to, and therefore many tenants will have no realistic alternatives other than to accrue rent arrears from the bedroom tax.
- The public cost to accommodate a family made homeless is on average £24,000 per case, which would place major pressure on local authorities and the NHS in Scotland in a time of budget cuts, and therefore the need to prevent eviction from the bedroom tax is in the wider public interest.²²
- Given the imminent nature of the cuts, and the lack of practical solutions available to tenants, there is a cogent case for providing social tenants with a statutory guarantee that they will not be evicted due to these reforms.
- Ultimately, many social landlords in Scotland have taken as much proactive action to mitigate housing benefit cuts as they can. RSLs and councils are subject to public audit and have a duty to pursue rent arrears. Amending section 16 of the 2001 Act would assist social landlords by ensuring they could only pursue bedroom tax arrears by way of ordinary debt recovery methods (payment actions, followed by ordinary diligence).

²⁰ <http://www.legislation.gov.uk/ukpga/1988/43/schedule/5>

²¹ <http://www.legislation.gov.uk/asp/2003/10/section/12>

²² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7596/2200485.pdf See also: <http://www.govanlc.com/HomelessnessPR2013.pdf> at page 13.

5. Scottish Government's response

The Scottish Government provided a written response to the GLC petition on 17 May 2013.²³ The Minister for Housing, Margaret Burgess advised that the Scottish Government was seeking ways to protect tenants but did not believe the petition 'would be in the best interest of tenants or landlords'. The Minister gave four principal reasons for this view in relation to the petition:

- This Petition is calling for a blanket exemption to eviction for all tenants affected by the bedroom tax in Scotland regardless of circumstances;
- By singling out the bedroom tax, it does not take account of tenants who fall into financial difficulty for other reasons. For example, a tenant in financial difficulty as a result of changes to other welfare benefits, such as Disability Living Allowance;
- She was concerned that such legislation could encourage tenants to get into debt; and
- A change to the legislation would remove the flexibility for landlords to treat each case on an individual basis.

The petitioner responded to the Scottish Government's concerns in a written response to the Public Petitions Committee dated 17 June 2013.²⁴ The petitioner's response in relation to the Scottish Government four areas of concern can be summarised as follows:

- Amending section 16 does not create a 'blanket exemption to eviction'; if tenants failed to pay their rent or adhere to payment arrangements they would be liable to eviction in the usual way. The proposal relates solely to bedroom tax arrears being used as grounds for eviction.
- It is wrong to compare subsistence benefits with housing benefit. In the leading English Court of Appeal case of *Burnip, Trengove, Gorry v SSWP* [2012] EWCA Civ 629, there was an attempt to argue that the tenants could have used the disability benefits for the disabled children to meet under-occupancy deductions. This was rejected by the court:

²³[http://www.scottish.parliament.uk/S4_PublicPetitionsCommittee/General%20Documents/PE1468 B Scottish Government 17.05.13.pdf](http://www.scottish.parliament.uk/S4_PublicPetitionsCommittee/General%20Documents/PE1468_B_Scottish%20Government%2017.05.13.pdf)

²⁴[http://www.scottish.parliament.uk/S4_PublicPetitionsCommittee/General%20Documents/PE1468 E Petitioner 17.06.13.pdf](http://www.scottish.parliament.uk/S4_PublicPetitionsCommittee/General%20Documents/PE1468_E_Petitioner%2017.06.13.pdf)

“First, I think it is necessary to draw a clear distinction between the benefits which Mr Burnip was entitled to claim for his subsistence, and those which he was entitled to claim in respect of his housing needs. His incapacity benefit and disability living allowance were intended to meet (or help to meet) his ordinary living expenses as a severely disabled person. They were not intended to help with his housing needs ... It would therefore be wrong in principle, in my judgment, to regard Mr Burnip’s subsistence benefits as being notionally available to him to go towards meeting the shortfall between his housing- related benefits and the rent he had to pay”. (Mr Justice Henderson at para 45).

Furthermore, as 80% of Scottish households affected by the bedroom tax contain a disabled person, it is wrong to suggest amending section 16 would not benefit those affected by welfare reform changes generally.²⁵

- Amending section 16 would not alter the Scots law of debt. All rent arrears would remain a debt lawfully due, including arrears attributable to the bedroom tax, and would be subject to litigation and debt enforcement. There is no evidence to suggest that amending section 16 would encourage tenants to get into debt. On the contrary, the emerging evidence is that tenants are getting into debt because of the bedroom tax while doing their best to pay their rent.
- The proposed law reform amendment would not have any impact on a social landlord’s discretion to treat each case on an individual basis. The only impact would be that arrears accrued, as a direct consequence of the bedroom tax, could not be used to justify eviction. They would still be pursued as a debt, and tenants who failed to pay their rent generally would be liable to eviction.

In the Housing Minister’s letter to the Public Petitions Committee, the Minister explained how the Scottish Government endorsed Dundee City Council’s ‘no eviction for bedroom tax arrears’ policy. Dundee City Council’s Housing Convener has noted that the petitioner’s ‘No evictions for bedroom tax’ campaign “was very influential in the formation of Dundee City Council’s non-eviction policy”.²⁶

On 11 September 2013, the Cabinet Secretary for Finance announced an additional £20m in the current year 2013/14 for Discretionary Housing Payments (DHP) for those affected by the bedroom tax in Scotland. This has been said to enable 1 in 7 households to be helped by Scottish councils this year, rather than the 1 in 18 households at previous funding levels.²⁷ There is as yet no additional funding for 2014/15 or 2015/16.

²⁵ See footnote 6 *ibid*.

²⁶ <http://www.housingnews.co.uk/index.asp?searchTerm=&searchDate=18&searchMonth=4&searchYear=2013&CAT=news&archive=search#436676>

²⁷ <http://www.insidehousing.co.uk//6528538.article>

6. Bedroom tax arrears and eviction in practice

At any given time there are thousands of eviction actions in sheriff courts across Scotland, many sisted (frozen) or continued to monitor payment arrangements. Cases can be sisted for several years, before they are dismissed once arrears are cleared or substantially reduced.

Shelter Scotland's research report 'Evictions by social landlords in Scotland 2011-12' examines the number of evictions for rent arrears by both councils and RSLs for the period April 2011 to March 2012.²⁸ Table 1 of the Shelter Scotland report²⁹, reproduced in full below, gives the combined totals for eviction actions for all social landlords in Scotland, and the percentage change from the previous year.

	Councils	RSLs	Total	Percentage change from 2010/2011
Notice of Proceedings	52,285	20,151	72,436	-8%
Taken to court	9,624	4,347	13,971	-4%
Decree granted	3,371	1,448	4,819	-5%
Eviction occurred*	1,057	767	1,824	-0.1%
Technical evictions**	354	302	656	-11%

Source: Housing Statistics for Scotland 2012, Scottish Government (August 2012), Annual Performance & Statistical Return (APSR), Scottish Housing Regulator (September 2012).

* Including post-decree abandonments
 ** Where a new post-decree tenancy has been granted at the same property

In 2011/12 social landlords in Scotland served a total of 72,436 'Notice of Proceedings', the formal statutory notice required to be served on Scottish secure tenants before court proceedings for eviction can competently commence.

On 1 August 2012 new 'Pre-Action Requirements' (PAR) came into force, which require social landlords to help tenants with a number of things including housing benefit claims and trying to work a repayment plan.³⁰ The PAR relies on the tenant co-operating with their landlord, and must be attempted prior to service of the Notice of Proceedings.

²⁸ http://scotland.shelter.org.uk/data/assets/pdf/file/0006/635028/Evictions_Report_11_-12_FINAL_2.pdf

²⁹ Page 7 of the Shelter Scotland research report, reference *ibid*.

³⁰ <http://www.legislation.gov.uk/sdsi/2012/9780111016336/contents>

The Housing Minister has cited the PAR as a form of 'strengthened protection' for tenants affected by the bedroom tax.³¹ However, the PAR is limited to information and advice, and if a tenant is unable to secure DHP or relocate to a small property the PAR are effectively meaningless to that tenant. The PAR makes no reference to under-occupancy charges and has not been updated to take into consideration the impact of the bedroom tax. Ultimately, the PAR is irrelevant to eviction actions currently in court.

In 2011/12 there were 13,971 new eviction actions raised. It is important to appreciate that there will also be actions from earlier years still in the court system given the nature of these, for example, with small payments to arrears over a long time.

The Scottish Federation of Housing Associations (SFHA) submitted a written response to the Public Petitions Committee dated 17 May 2013.³² At paragraph 1.4 of that response the SFHA stated that 'eviction is rarely used'. Table 1, shows that RSLs raised 4,347 new eviction actions in 2011/12. Table 1 also shows that while local authorities obtained more decrees for eviction than RSLs – 3,371 as against 1,448 for RSLs, councils were less likely to implement decree and carry out a physical eviction than RSLs.

Scottish local authorities carried out actual evictions/recovery of property in 31% of cases where decree was obtained, while RSLs carried out physical evictions/recoveries in 53% of cases where they obtained decree. Evictions are still relatively commonplace in Scotland in the social rented sector. As at March 2012 in Scotland, there were 277,000 homes let by RSLs, and 319,000 homes let by councils.³³

On 19 September 2013, False Economy published its research on the impact of the bedroom tax on the arrears of council tenants across Britain.³⁴ The survey involved 114 council Freedom of Information Act requests, and the results were that one tenant in three had been pushed into rent arrears because of the bedroom tax since April 2013.³⁵ Eight Scottish councils were amongst the most affected 20 councils.³⁶

³¹[http://www.scottish.parliament.uk/S4_PublicPetitionsCommittee/General%20Documents/PE1468_B_Scottish Government 17.05.13.pdf](http://www.scottish.parliament.uk/S4_PublicPetitionsCommittee/General%20Documents/PE1468_B_Scottish%20Government%2017.05.13.pdf)

³²http://www.scottish.parliament.uk/S4_PublicPetitionsCommittee/General%20Documents/PE1468_C_SFHA_17.05.13.pdf

³³<http://www.scotland.gov.uk/Topics/Statistics/Browse/Housing-Regeneration/TrendData> See Tenure Data tables.

³⁴<http://falseeconomy.org.uk/blog/our-research-in-the-independent-bedroom-tax-50000-people-face-eviction> False Economy is an organisation led and supported by a number of trade unions across the UK.

³⁵<http://www.independent.co.uk/news/uk/politics/exclusive-50000-people-are-now-facing-eviction-after-bedroom-tax-8825074.html>

³⁶<http://www.tuc.org.uk/social/tuc-22608-f0.cfm>

Local authority	Number of tenants affected by bedroom tax	Number of tenants pushed into arrears since 1 April 2013	Proportion of tenants pushed into arrears since 1 April 2013
Barrow	289	219	76%
Clackmannanshire	720	480	67%
Tamworth	427	220	52%
South Kesteven	660	451	51%
Rotherham	3,656	1,841	50%
Dundee	2,118	1,028	49%
Brentwood	177	84	47%
Renfrewshire	1,825	859	47%
North Lanarkshire	5,503	2,515	46%
North Kesteven	471	212	45%
Redbridge	335	151	45%
South Lanarkshire	4,034	1,809	45%
Edinburgh	3,566	1,592	45%
East Ayrshire	2,421	1,069	44%
Anglesey	556	243	44%
Wrexham	1,370	607	44%
Barnsley	2,600	1,120	43%
East Renfrewshire	337	140	42%
Salford	1,371	565	41%
Wolverhampton	2,790	1,153	41%
Total	162,817	50,378	31%

There is no reason to believe the bedroom tax has not had a similar impact on rent arrears for housing association tenants. The emerging picture is that it is only a matter of time before tenants in Scotland are evicted directly because of the bedroom tax, and the need for the proposed Protection from Eviction (Bedroom Tax) (Scotland) Bill may become a matter of urgency.

7. Consultation questions

You are asked to give your written response to the following consultation questions:

[1] Do you support the aims of the proposed *Protection from Eviction (Bedroom Tax) (Scotland) Bill*? Please answer YES or NO or UNDECIDED.

You are invited to give your reasoning for your response.

[2] Do you support the principle of a statutory guarantee of no eviction solely in relation to arrears accrued from the bedroom tax? Please answer YES or NO. You are invited to give your reasoning for your response.

[3] Do you support the proposal of requiring the tenant to provide evidence to the court in relation to establishing what proportion of rent arrears were accrued as a direct result of the bedroom tax? Please answer YES or NO.

You are invited to give your reasoning for your response.

[4] Do you support amending s.16 of the Housing (Scotland) 2001 Act so that bedroom tax arrears would become an ordinary debt and not relied upon for the purpose of seeking a decree for physical eviction from a tenant's home? Please answer YES or NO. You are invited to give your reasoning for your response.

[5] What is your assessment of the likely financial implications (if any) of the proposed Bill to you or your organisation? What (if any) other significant financial implications are likely to arise?

[6] Is the proposed Bill likely to have any substantial positive or negative implications for equality? If it is likely to have a substantial negative implication, how might this be minimised or avoided?

[7] Are there any other comments you would wish to make relevant to this proposal?

7. How to take part

Please send all responses to my office. E-mailed responses are preferable, but if you have no access to e-mail then please post your response. Copies of the paper or alternative formats can be requested using the contact details below. An on-line copy is available on the Scottish Parliament's website www.scottish.parliament.uk

I am also keen to meet with interested groups to hear their thoughts on the proposed Bill, so if you are interested in doing so please do not hesitate to get in touch with my office to arrange this. Please feel free to pass this paper onto other individuals and organisations who you think might be interested in participating in the consultation process.

Responses should be submitted by **18 December 2013** and sent to:

Jackie Baillie MSP
Constituency Office
11 Castle Street
Dumbarton
G82 1QS

e-mail: bedroomtax.bill@scottish.parliament.uk
telephone: 01389 734214

Please indicate whether you are a private individual or an organisation.

Respondents are also encouraged to begin their submission with a short paragraph outlining briefly who they are, and who they represent (which may include, for example, an explanation of how the view expressed was consulted on with their members).

To help inform debate on the matters covered by this consultation and in the interests of openness, please be aware that the normal practice is to make responses public – by posting them on my website www.jackiebaillie.co.uk and in hard copy in the Scottish Parliament's Information Centre (SPICe).

Therefore, if you wish your response, or any part of it, to be treated as **anonymous**, please state this clearly along with the reasons for this. If I accept the reasons, I will publish it as "anonymous response". If I do not accept the reasons, I will let you know and give you the option of withdrawing it or submitting it on the normal attributable basis. If your response is accepted as anonymous, it is your responsibility to ensure that the content does not allow you to be identified.

If you wish your response, or any part of it, to be treated as **confidential**, please state this clearly and give reasons. If I accept the reasons, I will not publish it (or publish only the non-confidential parts). However, I am obliged to place a redacted copy of the responses to my consultation when lodging my final proposal. As the Parliament is subject to the Freedom of Information (Scotland) Act (FOISA), it is possible that requests may be made to see your response (or the confidential parts of it) and the Parliament may be legally obliged to release that information. Further details of the FOISA are provided below.

In summarising and analysing the results of this consultation we will normally aim to reflect the general content of any confidential response in that summary, but in such a way as to preserve the confidentiality involved. You should also note that members of the committee which considers the proposal and subsequent Bill may have access to the full text of your response even if it has not been published in full.

There are a few situations where not all responses will be published. This may be for practical reasons: for example, where the number of submissions we receive does not make this possible or where a large number of submissions are in very similar terms. In the latter case, only a list of the names of people and one response who have submitted such responses would normally be published.

In addition, there may be a few situations where I may not choose to publish your evidence or have to edit it before publication for legal reasons. This will include any submission which contains defamatory statements or material. If I think your response potentially contains such material, usually, this will be returned to you with an invitation to substantiate the comments or remove them. In these circumstances, if the response is returned to me and it still contains material which I consider may be defamatory, it may not be considered and it may have to be destroyed.

Data Protection Act 1998

As an MSP, I must comply with the requirements of the Data Protection Act 1998 which places certain obligations on me when I process personal data. Normally I will publish all the information you provide (including your name) in line with Parliamentary practice unless you indicate otherwise. However, I will not publish your signature or personal contact information (including, for example, your home telephone number and home address details, or any other information which could identify you and be defined as personal data).

I may also edit any information which I think could identify any third parties unless that person has provided consent for me to publish it. If you specifically wish me to publish information involving third parties you must obtain their consent first and this should be included in writing with your submission.

If you consider that your response may raise any other issues concerning the Data Protection Act and wish to discuss this further, please contact me before you submit your response.

Further information about the Data Protection Act can be found at: www.ico.gov.uk.

Freedom of Information (Scotland) Act 2002

As indicated above, once your response is placed in the Scottish Parliament Information Centre (SPICe) or is made available to committees, it is considered to be held by the Parliament and is subject to the requirements of the Freedom of Information (Scotland) Act 2002 (FOI(S)A). So if the information you send me is requested by third parties the Parliament is obliged to consider the request and provide the information unless the information falls within one of the exemptions set out in the Act, even if I have agreed to treat all or part of the information in confidence or to publish it anonymously. I cannot therefore guarantee that any other information you send me will not be made public should it be requested under FOI.

Further information about Freedom of Information can be found at: www.itspublicknowledge.info.

APPENDIX 2

Our Ref:

Your Ref:

Date: 22 November 2013

Jackie Baillie MSP
Constituency Office
11 Castle Street
DUMBARTON
G82 1QS

Dear Jackie,

Protection from Eviction (Bedroom Tax) (Scotland) Bill – Consultation on Proposals

I am writing on behalf of Inverclyde Council to confirm the Council's support for the principles outlined in your proposals for a Bill to protect individuals from evictions in relation to the 'Bedroom Tax'.

The Council recognises the matters you raise within your proposals in respect of the unfairness of the 'Bedroom Tax', the restrictions Councils face in supporting individuals impacted by the 'Bedroom Tax' and the shortage of appropriately sized housing to enable landlords to address the accommodation needs of those affected by the 'Bedroom Tax'.

In addition the Council fully recognises that the two major political parties in Scotland have both pledged to repeal the 'Bedroom Tax' legislation at the first available opportunity and therefore support for your proposal is a logical extension of those commitments.

The Council also supports the need for there to be a distinction between 'Bedroom Tax' rent arrears and other debts as it is important that landlords (Council and RSLs) are not undermined in their attempts to maximise rent collection to sustain their service delivery and housing improvements. Your proposals provide an appropriate balance on these two matters.

I hope this initial response from Inverclyde Council is helpful. The Council will be happy to provide further responses and information at the appropriate time.

Kind regards

Yours sincerely

Stephen McCabe
Council Leader

cc

John Mundell, Chief Executive

Report To:	The Inverclyde Council	Date: 5 December 2013
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No: SL/LA/1116/13
Contact Officer:	Sharon Lang	Contact No: 01475 712112
Subject:	Welfare Champion - Motion by Councillor McEleny	

1.0 PURPOSE

- 1.1 The purpose of this report is to consider the attached motion from Councillor McEleny, countersigned by Councillor Brooks, proposing the appointment of a Welfare Champion, which has been submitted in accordance with Standing Order 22.

APPENDIX

2.0 RECOMMENDATION

- 2.1 The Council is requested to consider the attached motion.

Sharon Lang
Legal & Democratic Services

SNP Motion for Council meeting 5th December 2013

The UK government's Welfare Reforms, its benefits changes and cuts, are causing much hardship for many of our citizens living in Inverclyde.

Council believes that by Inverclyde Council appointing a Welfare Champion it will display to Inverclyde citizens we are dedicated in tackling the welfare cuts that are affecting so many people in Inverclyde, particularly many hundreds of vulnerable people.

Council agrees there is a need for a champion to promote the support Inverclyde Council is providing to the victims of the current Westminster coalitions welfare reform agenda.

Council notes that Cllr Macleod has consistently campaigned for and championed the needs of our citizens who these reforms impact upon. Therefore council agrees that he shall be appointed as the Councils welfare champion.

Proposed Cllr Chris McEleny

Seconded Cllr ~~Keith~~ Brooks

Report To:	The Inverclyde Council	Date: 5 December 2013
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No: SL/LA/1115/13
Contact Officer:	Sharon Lang	Contact No: 01475 712112
Subject:	Council Commercial Letting Policies - Motion by Councillor Campbell-Sturgess	

1.0 PURPOSE

- 1.1 The purpose of this report is to consider the attached motion from Councillor Campbell-Sturgess, countersigned by Councillor Brooks, in relation to a proposed change to the Council's commercial letting policies, which has been submitted in accordance with Standing Order 22.

APPENDIX

2.0 RECOMMENDATION

- 2.1 The Council is requested to consider the attached motion.

Sharon Lang
Legal & Democratic Services

Motion for Full Council

That this Council resolves that a report be presented to the Policy & Resources Committee on introducing a change of the Council's Commercial Letting Policies, to restrict the operating of Gambling Establishments from Council-let properties."

Proposer

Cllr. Math Campbell-Sturgess, Ward 3

Secunder

Cllr. Keith Brooks, Ward 4

Report To:	The Inverclyde Council	Date: 5 December 2013
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No: SL/LA/1117/13
Contact Officer:	Sharon Lang	Contact No: 01475 712112
Subject:	The Local Government Accountability and Transparency (Scotland) Bill: Consultation - Request by Councillor McCabe	

1.0 PURPOSE

- 1.1 The purpose of this report is to ask the Council to consider a request by Councillor McCabe.

2.0 SUMMARY

- 2.1 Councillor McCabe has requested that the Council make a response as part of the consultation process on a proposed Bill to promote greater accountability and transparency in local government.

APPENDIX

3.0 RECOMMENDATION

- 3.1 The Council is asked to consider the request by Councillor McCabe and remit it to a meeting of the Policy & Resources Executive Sub-Committee to be arranged prior to the response deadline in January 2014.

Sharon Lang
Legal & Democratic Services



APPENDIX

John Finnie

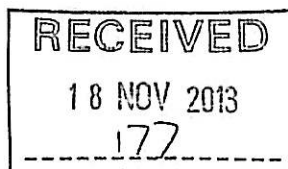
Member of the Scottish Parliament
Highlands and Islands

The Scottish Parliament
Pàrlamaid na h-Alba

Iain Finnaí

Ball Pàrlamaid na h-Alba
A' Ghàidhealtachd agus na h-Eileanan

Councillor Stephen McCabe
Leader Inverclyde Council
Municipal Buildings
Greenock
PA15 1LY



13th November 2013

Dear Councillor McCabe

**Promoting Greater Accountability and Transparency in Local Government -
Consultation**

As you may be aware, I have just launched my Member's Bill, "the Local Government Accountability and Transparency (Scotland) Bill", which is now out for consultation until 27th January 2014.

Please find enclosed a copy of the Consultation Document. I hope you will consider making a response.

Yours sincerely

John Finnie MSP

Enc.

Promoting greater accountability and transparency in local government

A proposal for a Bill to remove the obligation on local authorities to appoint religious representatives to Education Committees; to remove the right of unelected members of local authority committees to vote; to require the full results of local authority voting to be published; and to require remote access to the public proceedings of local authorities.

**Consultation by
John Finnie MSP**

4 November 2013

CONTENTS

Foreword by MSP

Aim of the proposed Bill

- **Background**
- **Detail of the proposed Bill**
- **Questions**

How to respond to this consultation

FOREWORD

A foundation stone of any democracy must be that elected representatives can be challenged by their electorate for decisions they make particularly when such decisions involve public expenditure.

At this time, unelected persons have a statutory right to participate in local authority committee meetings, including voting on decisions with significant financial implications. Local authorities are also not required to publish information about which elected members took part in particular decisions or to record who voted which way; nor are they required to provide the public with a means to view their proceedings remotely, either by live webcast or recordings. As a result, there is a distinct lack of transparency and accountability about much local government decision-making.

My proposed Bill will ensure that decisions taken by local authorities are made only by democratically elected representatives of the people. It will also ensure that the electorate will be able to know precisely whether and how their representatives cast their vote on any decision and provide technology to afford the public more ready access to council proceedings. I would welcome your views on the proposals contained herein.

John Finnie MSP

HOW THE CONSULTATION PROCESS WORKS

This consultation is being launched in connection with a draft proposal which I have lodged as the first stage in the process of introducing a Member's Bill in the Scottish Parliament. The process is governed by Chapter 9, Rule 9.14, of the Parliament's Standing Orders which can be found on the Parliament's website at: <http://www.scottish.parliament.uk/parliamentarybusiness/17797.aspx>

A minimum 12 week consultation period is required, following which responses will be analysed. Thereafter, I would expect to lodge a final proposal in the Parliament along with a summary of the consultation responses. If that final proposal secures the support of at least 18 other MSPs from three or more political parties or groups represented on the Parliamentary Bureau, and the Scottish Government does not indicate that it intends to legislate in the area in question, I will then have the right to introduce a Member's Bill. A Member's Bill follows a 3-stage scrutiny process, during which it may be amended or rejected outright. If it is passed at the end of the process, it becomes an Act.

At this stage, therefore, there is no Bill, only a draft proposal for the legislation.

The purpose of this consultation is to provide a range of views on the subject matter of the proposed Bill, highlighting potential problems, identifying equalities issues, suggesting improvements, considering financial implications and, in general, assisting in ensuring that the resulting legislation is fit for purpose.

The consultation process is being supported by the Scottish Parliament's Non-Government Bills Unit (NGBU) and will therefore comply with the Unit's good practice criteria. NGBU will also analyse and provide an impartial summary of the responses received.

Details on how to respond to this consultation are provided at the end of the document.

Additional copies of this paper can be requested by contacting me at (MSP's Parliamentary address, telephone number and email address).

Enquiries about obtaining the consultation document in any language other than English or in alternative formats should also be sent to me.

An on-line copy is available on the Scottish Parliament's website under Parliamentary Business/Bills/Proposals for Members' Bills/Session 4 Proposals
<http://www.scottish.parliament.uk/parliamentarybusiness/Bills/12419.aspx>

AIM OF THE PROPOSED BILL

Introduction

1. I firmly believe that all those taking decisions within local authorities should be accountable to their electorate. We have seen in Highland Council the preferred view of the elected representatives of the people being blocked by the appointed religious representatives. The instance in question was when the religious representatives on the Adult and Children's Services Committee managed to block the Council Administration's preferred location for a Gaelic School in Lochaber, with consequential financial implications, a decision which then had to be over-turned by a meeting of the full Council. The Edinburgh Secular Society has recently pointed out that "church representatives hold the balance of power on 19 council committees across Scotland."¹

2. It is simply an anomaly that in modern day Scotland we can have unelected representatives of religions being able to vote on local government committees. The ability of such representatives to affect decisions on a wide range of services and the resulting financial implications with absolutely no accountability to taxpayers runs counter to the very idea of democratic governance.

3. This proposal would remove the requirement that local authorities must have unelected representatives on their education committees, but would allow local authorities to continue to appoint unelected representatives to committees, albeit without voting rights.

Membership of Local Authority committees

Background

4. The Local Government (Scotland) Act 1973 ("the 1973 Act") permits delegation of council decisions to committees, but not to individual elected members.² In practice, local authorities throughout Scotland operate a range of structures to devolve responsibility and decision-making.

5. The 1973 Act permits membership of local authority committees by persons who are not elected members of the local authority. Furthermore, councils are *obliged* to appoint three unelected members, representing churches, to their Education Committees.³

6. The 1973 Act sets a minimum membership by elected members. "At least half" of the members of Education Committees must be elected to the council, while "at least

¹ BBC News, 17 July 2013, <http://www.bbc.co.uk/news/uk-scotland-23349729>

² Local Government (Scotland) Act 1973, Section 56.

³ Local Government (Scotland) Act 1973 Section 124(2)(a) (for education committees) and (b) and Section 124 (4).

two thirds" of the members of other council committees must be elected.⁴ With membership of the committee comes the right to vote. This raises a concern that unelected, unaccountable individuals are involved in decision-making, some of which has a financial consequence.

7. The arrangements for church representatives date back to when responsibility for running schools was transferred from churches to local government with the passage of the Education (Scotland) Act of 1872. Under the Act, parish and burgh schools were taken over by the state and managed by locally elected School Boards.

8. In August 1999, the Leadership Advisory Panel (LAP) was established by the then Scottish Executive as a result of recommendations made by the Commission on Local Government and the Scottish Parliament. Its report: *Moving forward: Report of the Commission on Local Government and the Scottish Parliament* is also known as "The McIntosh report."

9. The LAP found that the statutory obligation with regard to education committees presented some difficulties for local authorities which were planning, as a result of recommendations contained in the McIntosh report, to move away from traditional committee structures to more streamlined structures, for example by adopting executive structures or devolved structures involving area committees. The impact was particularly felt by smaller local authorities, where the obligation could produce an unacceptably high proportion of unelected members of small executive structures where those structures had education matters among a range of responsibilities.

10. The Report concluded "we sympathise with councils which are experiencing difficulties in creating new structures as a result of this legislation but we believe it important that all interests are properly represented in whatever new structures are adopted".⁵

11. The issue of religious representation has created controversy from time to time. In Highland Council, in 2012, religious representatives influenced a vote which defeated the coalition of SNP, Liberal Democrats and Labour members which had formed to run the Council. The Council's depute leader described the arrangement as an "historic anomaly" and argued that it "threatens democratic decision-making".⁶ This example raises the question of whether religious representatives should be in a position to influence such decisions, which involve major expenditure, when they are neither elected nor accountable.

⁴ Local Government (Scotland) Act 1973 Section 124(2)(a) (for education committees) and section 57(3).

⁵ Scottish Local Government's Self-Review of its Political Management Structures. Report of the Leadership Advisory Panel. April 2001. Page 16. Paragraph 18.
<http://www.scotland.gov.uk/Resource/Doc/158978/0043204.pdf>

⁶ <http://www.inverness-courier.co.uk/News/Clergy-embroiled-in-school-site-vote-controversy-31082012.htm>

12. In August 2011, the obligation provoked a good deal of discomfort among councillors of Shetland Islands Council, with one describing the ability of an unelected representative to vote as "offensive".⁷ The issue has recently been raised by the Edinburgh Secular Society, who described the arrangements as "profoundly undemocratic".⁸

13. I propose a legislative change in this area which would remove the obligation on councils to appoint religious representatives to Education Committees, but would not prevent local authorities from doing so if they wished to continue this practice. My proposal would be for education committees to be brought into line with other local authority committees, and so be subject to the rule that at least two-thirds of their members must be elected. A council could, therefore, continue to include three religious representatives in its education committee (so long as that committee had at least six other elected members), but could also have fewer such representatives, or none at all.

14. With regard to voting rights, I propose that unelected members who are appointed to any committees of the council will not have the right to vote but will continue to take part in all other aspects of committee work.

Q1: Do you agree that the obligation on local authorities to appoint three church representatives to Education Committees (set out in section 124 of the Local Government (Scotland) Act 1973) should be removed?

Q2: Do you agree that at least two-thirds of the members of all local authority committees should be elected councillors?

Q3: Do you agree that any unelected members of committees should no longer have a right to vote?

Recording votes

Background

15. Schedule 7 to the 1973 Act makes provisions for meetings and proceedings of local authorities. Practices of recording votes are determined by councils. Standing Orders⁹ and, as such, are subject to variation from one local authority to the next. Some decisions are taken by a show of hands and no record is taken of individuals voting a particular way. There is currently no legislation that determines how votes are taken and recorded by local authorities.

⁷ <http://www.shetlandtimes.co.uk/2011/08/25/education-committee-to-have-three-religious-representatives-despite-concerns>

⁸ Article in The Herald, 18 July 2013, "[Secular bid to halt religious influence on schools committees](#)"

⁹ Local Government (Scotland) Act 1973. Schedule 7, paragraph 8.

16. Where a vote does take place, it is common practice to record who voted "yes", "no" or "abstain". However, it is not necessarily a straightforward matter for any constituent wishing to determine whether an elected member was present for the vote but *chose* not to cast a vote as opposed to being called away on other business or unable to attend that part of the meeting for various reasons.

17. The 1973 Act states that "The names of the members present at a meeting of a council shall be recorded" and that this applies to committees and sub committees.¹⁰ In practice however, members need not be present throughout every meeting, and there have been suggestions that some members deliberately absent themselves from controversial votes, perhaps in order to avoid accounting to their constituents for voting in a particular way or abstaining. It certainly appears from examining minutes of council meetings that the number of votes cast for "yes", "no" or "abstain" does not always correspond with the numbers recorded as present at each meeting, reflecting the fact that some members choose not to participate in every vote.

18. I believe that recording at every vote the names of those who voted "yes", "no", or "abstain", and the names of those who were present at the time of voting but "did not vote", would produce greater accountability in decision-making. The inclusion of a new category of "present but did not vote" would enable constituents to identify at a glance those members who declined to take part in a vote, as opposed to those who were unable to take part in the vote for other reasons.

19. A further category of "ineligible to vote" would identify individuals who are not eligible to take part in a particular decision due to conflicts of interest.

20. For the purposes of my bill, the word "committee" applies to any structures which comprise a sub-set of the whole council regardless of whether they are named "cabinets", "executives", "sub-committees" and so on.

21. I propose that local authorities should be required to record and publish, for every vote taken by the full council and council committees and sub-committees:

Names of all members present for that vote
Names of those voting yes
Names of those voting no
Names of those abstaining
Names of those ineligible to vote and the reason (e.g. because of a conflict of interest).
Names of those present and eligible but who did not vote

22. In addition to meetings of full council and committees (and committee-like structures), I would argue that this should also apply to all other meetings at which the statutory functions of the council are pursued. Bodies which discharge some of a local authority's functions – such as arms-length external organisations, joint boards, trusts –

¹⁰ Local Government (Scotland) Act 1973. Schedule 7, paragraphs 6 and 10(1)

do not form part of local authorities' structures and, in some cases, are subject to different areas of law.

23. Audit Scotland defines arms-length external organisations as follows—

"companies, trusts and other bodies that are separate from the local authority but are subject to local authority control or influence. Control or influence can be through the council having representation on the board of the organisation, and/or through the council being a main funder or shareholder of the organisation. ALEOs can take many forms including companies limited by guarantee or shares, community enterprises, such as industrial and provident societies, trusts and Scottish Charitable Incorporated Organisations. Examples of the services they deliver include leisure, transportation, property development, and more recently, care services. ALEOs are often set up as non-profit making organisations such as charities to promote public benefit in areas such as health, education, recreation and equal opportunities".¹¹

24. Due to the range of bodies involved, and the various laws to which they are subject, I propose that an obligation should be placed on councillors to record, in the same way, any votes cast regarding the statutory functions of the council and report publicly to local authorities the details of that vote.

Consultation questions on recording of votes

Q4. Do you agree that all votes taken by councils and committees of councils should be recorded in a manner which would allow constituents to identify whether their elected member(s) had been present and able to take part in the vote?

Q5: Do you agree with the following proposed categorisations of votes and no-votes? If not, what categories would best achieve the aim of greater accountability?

Names of all members present for that vote

Names of those voting yes

Names of those voting no

Names of those abstaining

Names of those ineligible to vote and the reason (e.g. because of a conflict of interest).

Names of those present and eligible but who did not vote

Q6: Beyond meetings of the whole council and its committees, are there any other meetings which should be covered by such a provision? How should such meetings be defined so as to apply clearly to every local authority and allow for variations in structure?

¹¹ Audit Scotland. Arm's-length external organisations (ALEOs): are you getting it right?

Q7: Do you agree that councillors should be obliged to record, in the same way as set out at question 5, any votes taken regarding local authorities' statutory functions that take place in organisations and bodies out-with the local authority?

Webcasting meetings

Background

25. Many local authorities now webcast meetings of the council and its committees, allowing the public to watch and hear meetings online as they take place and, in some cases, access an archive of recordings of meetings which have taken place.

26. Practice regarding webcasting varies considerably. While some local authorities webcast some or all of their meetings, not all of them provide an archive which can be used to catch up with meetings after the event. Some councils do not webcast any meetings.

27. The 1973 Act¹² obliges councils to make meetings of the council (and committees and sub-committees of council) open to the public (barring some exceptions relating to the disclosure of confidential and other sensitive information). Sections 50B to 50D cover the provision of access to documents associated with meetings. Section 50A(7) of the 1973 Act explicitly states that councils are not required to make provision for people not present to see or hear proceedings. Councils are also subject to Freedom of Information and Environmental Information Regulations.

28. I propose to oblige LAs to webcast live all meetings and parts of meetings to which members of the public currently have access, having regard to the normal exceptions under the 1973 Act.

29. I further propose that webcasts should be archived and available on the council's website for a period after the meeting took place

Consultation questions on webcasting

Q8: Do you agree that local authorities should be obliged to webcast all meetings to which the public are currently permitted?

Q9: Should the scope of this measure go beyond meetings of the full council and its committees and sub-committees? If so, what other meetings should local authorities be required to webcast?

Q10: Do you agree that, in addition to live webcasting, local authorities should be required to make archived recordings available for a period following the meeting? What would an appropriate period be?

¹² Local Government (Scotland) Act 1973. Sections 50A and 50E.

Other issues

Financial implications

30. I do not envisage that measures on membership of local authority committees or recording of votes will have a significant financial implications. I accept that webcasting of meetings and the provision of archived webcast will involve a degree of additional expenditure for some local authorities who are not currently webcasting but do not consider that this would be of a scale that could not be managed within existing budgets.

31. A recent report to the City of Edinburgh Council¹³ recorded a total cost of £30k for the council's webcasting project in its pilot year. It was estimated that on-going annual costs would be £17k. I have obtained information from Highland Council that costs in relation to webcasting and archiving meetings are just over £27k.

Q11: What is your assessment of the likely financial implications of the proposed Bill?

Equalities implications

32. Webcasting meetings would have a beneficial impact on those with mobility issues and would also benefit those who are unable to travel to attend meetings in person, perhaps for socio-economic reasons.

33. The Equality Act 2010¹⁴ protects people who lack religious belief as well as those who have it. Certain religious groups will be directly affected by any provision to alter representation on education committees under Section 124 of the Local Government (Scotland) Act 1973. As this measure would remove a privilege which benefits particular religious groups, it is not at odds with equalities legislation.

34. Local authorities are obliged under the public sector equality duty¹⁵ and the Equality Act¹⁶ to take steps to meet the needs of pupils from particular religious backgrounds. However, this should not present a barrier to the repeal of section 124 of the 1973 Act.

Q12: Is the proposed Bill likely to have any substantial positive or negative implications for equality? If it is likely to have a substantial negative implication, how might this be minimised or avoided?

Other considerations

¹³ Report to City of Edinburgh Council, August 2012. *Council Meetings – Webcasting and ICT developments*.

¹⁴ Equality Act 2010, Section 10.

¹⁵ Public sector equality duty. <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/>

¹⁶ Equality Act 2010, section 149.

35. Finally, it would be useful to know of any other relevant considerations, not covered in the previous questions, that you think I should consider in developing this proposal.

Q13: Do you have any other comments or suggestions relevant to the final proposal?

HOW TO RESPOND TO THIS CONSULTATION

You are invited to respond to this consultation by answering the questions in the consultation and by adding any other comments that you consider appropriate.

Responses should be submitted by 27 January 2014 and sent to:

John Finnie MSP
Room M3.19
Scottish Parliament
Edinburgh EH99 1SP

Tel: 0131 348 6898

E-mail: john.finnie.msp@scottish.parliament.uk

Please indicate whether you are a private individual or an organisation

Respondents are also encouraged to begin their submission with short paragraph outlining briefly who they are, and who they represent (which may include, for example, an explanation of how the view expressed was consulted on with their members).

To help inform debate on the matters covered by this consultation and in the interests of openness, please be aware that the normal practice is to make responses public – by posting them on my [website](#) and in hard copy in the Scottish Parliament's Information Centre (SPICe).

Therefore, if you wish your response, or any part of it, to be treated as **anonymous**, please state this clearly along with the reasons for this. If I accept the reasons, I will publish it as "anonymous response". If I do not accept the reasons, I will let you know and give you the option of withdrawing it or submitting it on the normal attributable basis. If your response is accepted as anonymous, it is your responsibility to ensure that the content of does not allow you to be identified.

If you wish your response, or any part of it, to be treated as **confidential**, please state this clearly and give reasons. If I accept the reasons, I will not publish it (or publish only the non-confidential parts). However, I am obliged to provide a (full) copy of the response to the Parliament's Non-Government Bills Unit (NGBU) when lodging my final proposal. As the Parliament is subject to the Freedom of Information (Scotland) Act (FOISA), it is possible that requests may be made to see your response (or the confidential parts of it) and the Parliament may be legally obliged to release that information. Further details of the FOISA are provided below.

NGBU may be responsible for summarising and analysing the results of this consultation and will normally aim to reflect the general content of any confidential

response in that summary, but in such a way as to preserve the confidentiality involved. You should also note that members of the committee which considers the proposal and subsequent Bill may have access to the full text of your response even if it has not been published in full.

There are a few situations where not all responses will be published. This may be for practical reasons: for example, where the number of submissions we receive does not make this possible or where a large number of submissions are in very similar terms. In the latter case, only a list of the names of people and one response who have submitted such responses would normally be published.

In addition, there may be a few situations where I may not choose to publish your evidence or have to edit it before publication for legal reasons. This will include any submission which contains defamatory statements or material. If I think your response potentially contains such material, usually, this will be returned to you with an invitation to substantiate the comments or remove them. In these circumstances, if the response is returned to me and it still contains material which I consider may be defamatory, it may not be considered and it may have to be destroyed.

Data Protection Act 1998

As an MSP, I must comply with the requirements of the Data Protection Act 1998 which places certain obligations on me when I process personal data. Normally I will publish all the information you provide (including your name) in line with Parliamentary practice unless you indicate otherwise. However, I will not publish your signature or personal contact information (including, for example, your home telephone number and home address details, or any other information which could identify you and be defined as personal data).

I may also edit any information which I think could identify any third parties unless that person has provided consent for me to publish it. If you specifically wish me to publish information involving third parties you must obtain their consent first and this should be included in writing with your submission.

If you consider that your response may raise any other issues concerning the Data Protection Act and wish to discuss this further, please contact me before you submit your response.

Further information about the Data Protection Act can be found at: www.ico.gov.uk.

Freedom of Information (Scotland) Act 2002

As indicated above, once your response is received by NGBU or is placed in the Scottish Parliament Information Centre (SPICe) or is made available to committees, it is considered to be held by the Parliament and is subject to the requirements of the Freedom of Information (Scotland) Act 2002 (FOI(S)A). So if the information you send

me is requested by third parties the Parliament is obliged to consider the request and provide the information unless the information falls within one of the exemptions set out in the Act, even if I have agreed to treat all or part of the information in confidence or to publish it anonymously. I cannot therefore guarantee that any other information you send me will not be made public should it be requested under FOI.

Further information about Freedom of Information can be found at:
www.itspublicknowledge.info.

Report To:	THE INVERCLYDE COUNCIL	Date: 5 DECEMBER 2013
Report By:	ACTING CORPORATE DIRECTOR ENVIRONMENT REGENERATION & RESOURCES	Report No: LA/1104/13
Contact Officer:	HELENA COUPERWHITE	Contact No: 01475 712111
Subject:	REVIEW OF VICTORIA DAY PUBLIC HOLIDAY	

1.0 PURPOSE

- 1.1 The purpose of this report is to seek the Council's approval to amend the principle applied in setting the date of the Victoria Day public holiday, in order to enable the position to be harmonised with neighbouring authorities' local school holidays, with effect from 2015.

2.0 BACKGROUND

- 2.1 Inverclyde recognises the local Victoria Day holiday, which is normally the fourth Monday after the first Monday in May (May Day Holiday) and the Inverclyde schools normally incorporate the preceding Friday. In other neighbouring Councils, this holiday is fixed on the last Monday in May.
- 2.2 It should be noted that if the Council agrees to harmonise this public holiday in line with some neighbouring Councils, variances will continue to exist across Scotland. Furthermore, as the public holidays and school holidays have already been fixed for 2014, any changes would not take effect until 2015. Appendix 1 details the current position for 2014, however it is recommended that the practice would be harmonised for 2015 onwards.
- 2.3 The Strategic Leadership Forum has considered the report and is in agreement with the proposal.

3.0 RECOMMENDATION

- 3.1 The Council is asked to agree that the Victoria holiday be fixed as the last Monday in May and that this be implemented from 2015.

Alan Puckrin
Acting Corporate Director Environment, Regeneration & Resources

4.0 CURRENT ARRANGEMENTS

4.1 The Corporate Business Committee at its meeting on 30 October 2003, agreed to fix the public holidays in future years on the basis of the following principles, which have been applied by the Council on a historical basis:-

1. There are six holidays adopted by custom within the calendar:-

- (a) New Year holiday which is fixed as the first two working days of January;
- (b) Easter Monday, which is fixed as the day following Easter Sunday;
- (c) The May Day holiday, which is fixed as the first Monday in May; and
- (d) December 25 and 26, or two working days at Christmas where these dates fall at a weekend.

2 In addition, there are five local holidays for the Council to fix, namely:-

(a) **Good Friday**

The Friday preceding Easter Sunday.

(b) **Spring Holiday**

This is a Monday in April fixed so as to be, if possible, a fortnight distant from Easter Monday and the May Day Holiday.

(c) **Victoria Day Holiday**

This is normally the fourth Monday after the first Monday in May (May Day Holiday).

(d) **Fair Saturday**

This is the Saturday immediately preceding the first Monday in July.

(e) **Autumn Holiday**

The Monday after the first Saturday in September.

4.2 The Inverclyde local school holidays are also set in accordance with the local holidays detailed at paragraph 4.1.

5.0 CONSULTATIONS

5.1 The Corporate Director Education, Communities and Organisational Development has been consulted on the proposal.

6.0 IMPLICATIONS

6.1 Finance: There are no financial implications.

Financial Implications – One off Costs

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
n/a					

Financial Implications – Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (if Applicable)	Other Comments
n/a	-	-	-	-	

6.2 Personnel: There are no personnel implications.

6.3 Legal: There are no legal implications.

Local Authority

Victoria Day / May Weekend

Inverclyde Council	30 May and 2 June 2014
Glasgow City Council	23 and 26 May 2014
East Renfrewshire Council	23 and 26 May 2014
West Dunbartonshire Council	23 and 26 May 2014
North Ayrshire Council	26 May 2014
Renfrewshire Council	23 and 26 May 2014

Report To:	Inverclyde Council	Date:	5th December 2013
Report By:	Corporate Director – Environment, Regeneration & Resources	Report No:	IC/13/12/01/SJ/JH
Contact Officer:	Stuart Jamieson	Contact No:	01475 712401
Subject:	Clyde Valley Infrastructure Investment Fund (CVIIF)		

1.0 PURPOSE

- 1.1 The purpose of this report is to provide an update on the CVIIF and to highlight the corporate implications of the Fund during both the current development phase and should the Fund successfully progress in the future.

2.0 SUMMARY

- 2.1 The City Deal process was initiated in 2011 as part of the UK Government's broader devolution agenda. City Deals seek to empower local areas to drive economic growth by putting greater resources and financial freedom into the hands of local leaders. A report on the City Deal Process was put before Inverclyde Council on 6 June 2013 where Council agreed to Officer participation at the "Gateway One" level of the process in the knowledge that there was no financial obligation at this stage.
- 2.2 The CVIIF will target projects under the three themes of Transportation; Regeneration and Housing that generate a net increase in Gross Value Added (GVA) at the Clyde Valley regional economy level. Whilst this fund potentially complements the work currently profiled by Riverside Inverclyde, its focus is very much on the Metropolitan City Region GVA.
- 2.3 All projects must support the wider purpose of the Fund which is to target economic growth in the Clyde Valley regional economy through increased GVA. Underneath this primary objective are secondary performance criteria or "Programme Minima" which includes:
- Geographic Spread: Every Clyde Valley authority should gain an average improvement in employment accessibility no less than half the average across the Clyde Valley Region as a whole;
 - Social Outcomes: Above average increases in employment connectivity should be delivered for the 25% most deprived areas (as defined in the SIMD) or for areas of high youth unemployment.
- 2.4 The following documents have been developed by KPMG and GCC on behalf of the Officers Group:
- Memorandum of Understanding detailing the roles and relationships of participating authorities.
 - The Outline Fee proposal from KPMG indicating the rates agreed through the Consultancy One Framework and the proposed allocation of costs to each Council, noting Glasgow's payment of Fees in the initial "Gateway One" stage.
 - Proposed Governance arrangements, noting the creation of separate

workstreams and the need to resource a Project Management Office.

- Recommended use of the Strathclyde Integrated Transport and Land Use Model (SITLUM) as the basis of a new Economic Modelling tool for evaluating infrastructure investments and the approach to calibrating the model.
- Adoption of “Programme Minima” as indicated in Paragraph 2.3, based on targeting investment on GVA increase with some programme level modification to secure benefits for the most disadvantaged datazones in the region.

The documents, are contained in Appendix 1.

- 2.5 Work on establishing the operating principles of the Fund is now complete and formal agreement to move to the subsequent stages of prioritising investment opportunities and developing a financial proposal for presentation to the Scottish and UK Governments is required by each of the Authorities who wish to remain involved. Governance issues do exist in respect of the Council allocating funds for projects outwith its operational boundary. Concern has also been raised in respect of a possible weighting of projects which are further from the economic centre.
- 2.6 Officers from the constituent authorities were asked to develop a list of projects which could be considered for inclusion within the fund which could potentially affect the metropolitan city regions GVA. Inverclyde initially submitted two projects for consideration however this was increased to eight projects, which are described in Appendix 2. The cost estimates were developed in conjunction with, and support from, Riverside Inverclyde. Appendix 2 also contains a list of all other local authority projects.
- 2.7 Subsequent stages in the CVIIF Gateway decision making process will have significant internal staffing and financial resource implications for the Council. Dedicated staff input from Regeneration & Planning, Finance and Legal Services will be required to effectively engage in the development of the Fund until the planned deadline of Easter 2014. As the Fund will operate over a minimum 10 year period the staffing requirement would be over the longer term.
- 2.8 If the Council decide to support the project a budget will need to be established to cover the costs of external advisors that would directly support Inverclyde’s project proposals alongside meeting Inverclyde Council’s contribution of £38,000 to the overall cost of £800,000 of consultancy support being provided by KPMG.
- 2.9 Depending on the financial model adopted, it is anticipated that a contribution of £6m per annum over the next 10 years would be expected from Inverclyde Council. This would require setting aside approximately 60% of the Council’s approved capital funding programme to contribute to the CVIIF, potentially putting agreed capital commitments at risk. The Council may also be required to undertake additional speculative borrowing to contribute to the wider CVIIF pot.
- 2.10 The economic model (SITLUM) proposed appraises the impact of schemes upon the City Region. The key criterion for judging schemes will be their impact upon the GVA of the Clyde Valley Region and small individual schemes are unlikely to result in significant changes to the Region’s GVA. Given the uncertainty in respect of the modelling as applied to Inverclyde Council projects, the likely return on investment is low at around £45m to £65m over the next 10 years. It may be more cost effective for Inverclyde Council to undertake the projects, rather than through the CVIIF.

3.0 RECOMMENDATIONS

- 3.1 That the Council note the content of this report and the progress to date alongside anticipated timescales for further development of the CVIIF by Easter 2014.
- 3.2 That the Council give consideration to the significant financial and resource implications this Fund could have if successfully agreed with HM Treasury and Scottish Government

and if are minded to support participation in the Fund to the next stage agree to the proposals specified in paragraph 5.3 of the report.

Stuart Jamieson
Head of Service – Regeneration and Planning

4.0 BACKGROUND

- 4.1 At the end of 2012, Glasgow City Council undertook a “Scoping Study” to assess the applicability of an Infrastructure fund modelled on the “City Deal” approach of the UK Government and English Core Cities.
- 4.2 The CVIIF would see the 8 Clyde Valley local authorities working collaboratively under a City Deal type initiative which pools capital resources from its members and seeks further Government financial support to take forward regionally significant capital projects over a likely 10 year timescale. A key component of the Fund is the possibility to arrange an ‘Earn Back’ deal with HM Treasury, which would be linked to any uplift in GVA generated by the project activity of the Fund.
- 4.3 In April 2013, Glasgow City Council contracted with KPMG to begin the process of developing a Fund model. During June 2013, each of the Clyde Valley authorities agreed to participate in the first stage of the design process and to dedicate the necessary Officer time to establishing the outline principles of the Fund.
- 4.4 A ‘long list’ of project proposals were put forward by Inverclyde Council for further consideration as outlined in the table appended. A review and refinement of infrastructure areas resulted in two projects being considered for inclusion in a ‘medium list’ in November this year with a final prioritised list of projects by end of January 2014.
- 4.5 Due to the regional focus of the Fund, the Council would have to be at ease with contributing to projects that may not be located within Inverclyde, albeit a proportion of the benefits from such projects would be experienced by our residents and within the local economy. Governance issues do exist in respect of the Council allocating funds for projects out with its operational boundary however these have been addressed in the past through justification on a case by case basis.
- 4.6 If the Council decide to support the project a budget will need to be established to cover the costs of external advisors that would directly support Inverclyde’s project proposals alongside meeting Inverclyde Council’s contribution of £38,000 to the overall cost of £800,000 of consultancy support being provided by KPMG.
- 4.7 Projects which are to be considered for evaluation will require to have fully worked up options appraisals carried out on them. At this stage, given we do not know how many projects are likely to be taken to this stage it is difficult to estimate a cost for providing external support, these costs could amount to up to £50,000. At this moment in time however only two Council projects have reached the medium list, so a cost estimate for working these up would be £10,000. Both of the identified projects are within the operational geographies of Riverside Inverclyde, so further dialogue is required regarding appropriate funding of this task.
- 4.8 Depending on the financial model adopted, it is anticipated that a contribution of £6m per annum over the next 10 years would be expected from Inverclyde Council. This would require setting aside approximately 60% of the Council’s approved capital funding programme to contribute to the CVIIF, given the Council’s commitment to the SEMP model over the next 10-15 years it is unlikely that this commitment could be given. The Council may also be required to undertake additional speculative borrowing to contribute to the wider CVIIF pot.

5.0 FINANCE

- 5.1 The Financial Model is very high level and aspirational and does not appear to recognise the financial situation which Councils face. Over 50% of the Council’s current level of Capital Grant is already committed to the SEMP for the next 20 plus years with the balance (and more) being required to maintain the Council’s Asset Infrastructure. Therefore the Council’s contribution would require to be fully funded by prudential Borrowing or Reserves.

5.2 £6.0 million would require approximately £450k extra every year to be added to the Revenue Budget. The amount of funding set aside for Riverside Inverclyde from 2017/18 reduces to £900k which, if fully allocated to this initiative, could sustain 2 years funding based on figures provided.

5.3 Financial Implications – One off Costs

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
Earmarked reserves Riverside Inverclyde	Contingency	2013/14	£38,000		KPMG Costs
	Project Costs	2013/14	Up to £10,000		Project appraisal costs met by RI (Subject to further discussion)

Financial Implications – Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
Not known		2014/15	£6m		Capital funding allocation, prudential borrowing and Reserves subject to a further report

6.0 CONSULTATIONS

6.1 Legal and Finance Services have been consulted in addition to the Corporate Management Team.

7.0 REPOPULATION

7.1 The CVIIF is supportive of the Council's repopulation agenda.



Clyde Valley Infrastructure Fund

**Programme Minima:
Approach and data selection**

KPMG LLP

Draft for discussion – 5 August 2013

This report contains 5 pages

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DRAFT

1 Programme Minima

1.1 Introduction

At the start of the year, Glasgow City Council undertook a scoping study to explore the creation of an infrastructure fund (the Clyde Valley Infrastructure Fund, or CVIF) and associated “earn back” deal similar to that agreed between the UK Government and the ten authorities of Greater Manchester. In essence, the deal involves Councils identifying a programme of infrastructure investment prioritised to drive economic growth (measured in terms of GVA, or jobs and productivity). In return, the UK government agrees to give the Councils a share of the increase in net national tax revenue generated within the local geography. That funding is then re-invested in the fund to ensure a long-term rolling fund of investment that can deliver sustained economic growth.

The scoping study was shared with other Clyde Valley Councils. Leader, Chief Executive and working group sessions have taken place over April to June to explain the infrastructure fund approach and all councils have agreed to participate in developing the concept further for the Clyde Valley, with two of the Councils putting papers to their full Council in August – the remainder did so in June.

If a City Deal is to be struck, then the aim is to do so by Easter 2014.

1.2 Purpose of this paper

As stated in the introduction and laid out in the Scoping Study, there is a consensus that – given the purpose of the Fund should be to target economic growth – Gross Value Added (GVA) should be the lead objective against which all potential projects are appraised. Additionally, the fund programme will be subject to a set of minimum outcomes, building on the models developed by the English Core Cities.

This paper sets out the “programme minima”: measures that will shape the overall package of economic infrastructure schemes to be supported by the proposed Clyde Valley Infrastructure Fund. Simply put, the programme minima can be defined as the “must-have” benefits that the CVIF should be capable of delivering alongside the lead GVA economic growth objective to ensure that all participant areas benefit from being part of the Infrastructure Fund and City Deal.

This paper reviews what has been agreed to date regarding these secondary objectives or “programme minima” and outlines the next steps required to assess their impacts within the economic model.

1.3 What has been discussed to date

At the Clyde Valley workshop on 6 June 2013, Chief Executives discussed three potential programme minima for the Clyde Valley Infrastructure Fund as set out in the KPMG paper (*Programme Minima*, from 4 June 2013). The options discussed were:

- **Geographic spread:** Every Clyde Valley Region authority should gain an average improvement in employment accessibility no less than half the average across Clyde Valley Region as a whole.
- **Social outcomes:** Two separate options were discussed to target social and community objectives.
 - **Deprived communities:** Above average increases in employment connectivity should be delivered for the 25% most deprived areas as defined by the Scottish Index of Multiple Deprivation (SIMD).
 - **Youth unemployment:** Above average increases in employment connectivity should be delivered for areas with high youth unemployment.

Two possible measures were discussed for youth unemployment: (a) SIMD data on 16-19 year olds not in education, employment or training; and (b) Job Seekers Allowance (JSA) claimants aged 18-24. Both measures gave broadly similar results.

In discussing the possibility of having a youth unemployment programme minimum, the Chief Executive discussion took into account the following points:

The KPMG paper showed that there was not an exact correlation between areas with high deprivation and levels of youth unemployment and that the strength of this correlation varied significantly across local authority areas. This is further addressed below:

- Targeting solely areas with high deprivation levels could therefore neglect some areas with high youth unemployment and vice-versa.
- However, creating a separate programme minimum for each would add an additional layer of complexity and cost to achieving an investment programme that maximises GVA.
- There is also a practical constraint in that the geographic location of youth unemployment hotspots is variable over time.
- Additionally, Chief Executives recognised that there are a number of regional and national initiatives already targeting youth unemployment.

For these reasons, Chief Executives agreed to the first two programme minima, one aimed at ensuring the geographical spread of the programme and the other targeting employment connectivity for deprived communities using the SIMD's 25% most deprived data zones within the Clyde Valley Region. This measure of deprivation covers nearly one quarter (23%) of the population if all authorities participate. It is essential the proportion of the population targeted not increase above this figure, if the fund is to achieve its overall objective of maximising GVA for the region.

On youth unemployment, while recognising that youth unemployment (in addition to and distinct from deprivation) is an important issue for Councils, Chief Executives felt it should not form a minimum applied across the whole programme. Instead, they agreed that each local authority should be able to take a view on the relative priority of youth unemployment within their area and be able to substitute zones of particularly high youth unemployment to replace deprived data zones, provided the population targeted does not exceed the cap within each local authority established by the deprivation measure. This

allows councils to target youth unemployment “hot spots” with the least amount of complexity and without compromising the overall objective of the fund.

KPMG were asked to devise a methodology to give this local discretion practical effect. The following section describes the proposed approach.

1.4 Approach to targeting social outcomes

As outlined above, the correlation between high deprivation and youth unemployment is imperfect. This means that there are areas with particularly high levels of youth unemployment that lie outside of zones targeted by the deprivation programme minima.

In developing the approach, the methodology uses 2 key definitions:

- Youth unemployment is based on the SIMD data on 16-19 year olds not in education, employment or training. This measure is therefore using the same SIMD data set as for the deprivation index (as opposed to JSA claimants aged 18-24) and the target age group more accurately reflects Council’s objectives
- Youth unemployment “hot spots” are those datazones where the rate of 16-19 year olds not in education, employment or training is greater than 20%.

The following table summarises the number of youth unemployment hotspot datazones by local authority areas that are not already covered by the SIMD’s 25% most deprived zones in the Clyde Valley. For example, North Lanarkshire has 91 deprived datazones which would be covered by the programme minima, but an additional 16 zones with high youth unemployment. It would then be open to North Lanarkshire to decide to target some or all of these high youth unemployment zones by taking out a number of deprived datazones from the programme minima and replacing them with high unemployment zones.

As discussed above, the aim is to ensure that the targeted population metric of 23% does not increase otherwise there will be an unacceptably high opportunity cost in terms of what the fund can deliver against the lead economic objective of maximising GVA for the region. Datazones do not have equivalent population numbers so care will need to be taken in swapping any zones that the overall population level is not affected.

Officers should note that including all the youth unemployment hotspots without reducing the deprived zones would push the population covered up to 26%.

Working age population in deprived zones and youth unemployment hotspots						
Local authority	Deprived zones ⁽ⁱ⁾	Population in deprived zones ⁽ⁱⁱ⁾	Population targeted	Zones with high youth unemployment ⁽ⁱⁱⁱ⁾	Youth unemployment hotspots ^(iv)	Population in hotspots
Glasgow City	279	145,000	36%	114	22	60,200
North Lanarkshire	91	40,400	20%	60	16	25,500
South Lanarkshire	51	24,100	12%	42	15	19,600
East Renfrew shire	7	3,000	6%	4	2	1,600
Renfrew shire	48	21,600	20%	26	1	12,700
Inverclyde	42	16,600	34%	10	2	3,400
West Dunbartonshire	28	13,000	23%	18	2	8,600
East Dunbartonshire	3	1,500	2%	2	2	1,000
Total	549	265,200	23%	276	62	132,600

Source: KPMG analysis of SIMD 2012 data

Notes:

- (i) Number of zones that are within the 25% most deprived in the Clyde Valley
- (ii) All population figures are based on working age population (Men aged 16-64; Women aged 16-60)
- (iii) The SIMD defines youth unemployment as people aged 16-19 not in full time education, employment or training
"High" youth unemployment levels have been defined as >20% of 16-19 year olds not in education, employment or training
- (iv) Youth unemployment hotspots represent any zones not already included within the measure of deprivation

2 Next steps for local authorities

The data workbook accompanying this paper sets out the data on pockets of high youth unemployment, so that each council can determine if there are areas of youth unemployment they would like to target within the overall constraint that the level of overall population targeted should not exceed 23%.

The next steps are therefore:

- For local authority leaders to decide whether they wish to specifically target youth unemployment hotspots in their area and, if so, choose individual data zones with high levels of youth unemployment they wish to substitute for deprived datazones, ensuring the population targeted within their local authority does not increase. Final zone selections should be agreed by the end of August, allowing time for discussion and agreement within each local authority area.
- KPMG will review the data zones to ensure consistency and feasibility with the economic model.
- Final sign-off for programme minima will occur at the October workshop with Chief Executives.



Glasgow City Council

**Clyde Valley Infrastructure
Fund
Options for governance structure**

KPMG LLP

Draft – 6 September 2013

This report contains 6 pages

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Basis of preparation

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The information in this report is based upon publicly available information, information provided to us by Glasgow City Council and information provided to us on a non-attributable basis from third parties. It reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change. In preparing this report, we have relied upon and assumed, without independent verification, the accuracy and completeness of the information upon which the report is based, including that available from public sources and that provided by third parties.

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1 Purpose of paper

Glasgow City Council (GCC), together with 7 partner Local Authorities, is progressing plans to develop an Infrastructure Fund (the Clyde Valley Infrastructure Fund, or CVIF) which will enable it to fund a programme that aims to increase economic Gross Value-Added in the region, as well as supporting geographic and social outcomes. GCC and its partners are currently identifying projects that could form part of the CVIF, with a view to developing and refining this list as more detailed information on the projects and the benefits they will deliver becomes available.

GCC and its partners are targeting agreement on a CVIF deal with HM Treasury and other relevant organisations by Easter 2014. The purpose of this paper is to describe a potential governance structure that could be used to assist GCC and its partners in managing the required activities so that it can meet this objective.

2 Rationale for governance structure

Development of the CVIF will entail collating and analysing detailed economic and financial information on projects across 8 partner authorities, as well as developing funding and financing options and deciding how best to implement a fund across the Clyde Valley region. The CVIF is intended to be designed such that benefits are delivered by, *inter alia*, improving connectivity and links between its partners. There will therefore be a requirement to manage the process between GCC and its partners in an efficient manner.

There will additionally be a requirement to engage coherently and in a timely manner with external stakeholders, including but not limited to HM Treasury, Scottish Government and the Cabinet Office.

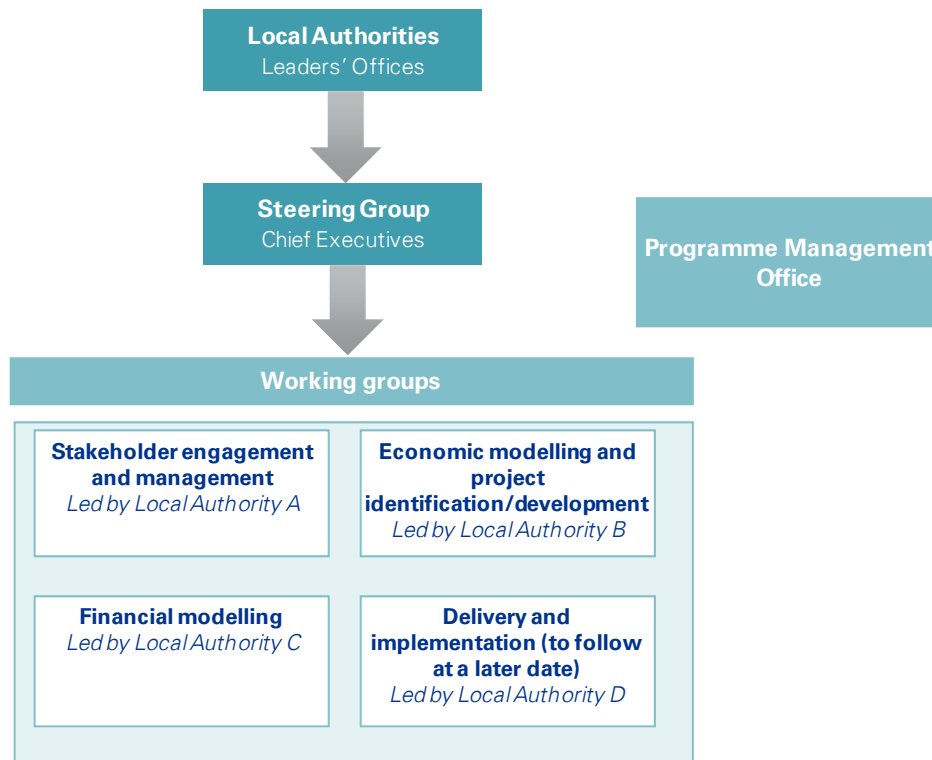
In this context, an effective and efficient governance structure is considered crucial in successfully negotiating and agreeing a deal. The rationale for establishing a governance structure includes:

- It will provide a means of defining and establishing working groups with responsibility for progressing tasks in identified technical areas. These working groups will be responsible for undertaking activities within their remit and reporting back to the wider group;
- It will be a means of fostering cohesion between and partnership across the partner authorities, and provide recognised forums in which any concerns/issues that partners may have may be raised and resolved;
- It will provide a mechanism by which working-group level sign-off can be obtained and elevated to Chief Executive/political leader level for their sign-off; and
- It will ensure that work can be identified, prioritised and undertaken to allow GCC and its partners to meet the desired timeline.

Defined governance structures have been successfully used in developing and delivering City Funds in other parts of the UK, including Greater Manchester and South and West Yorkshire. They have been a critical means of gaining momentum and ensuring cohesion between the fund partners.

3 Example governance structure for Clyde Valley Infrastructure Fund

The development of the CVIF will need to be supported by a dedicated team across the authorities within, scope and a sizeable technical work programme. An example governance structure is provided and described below.



The governance structure will be managed by a Steering Group that exercises oversight over the programme, composed of Chief Executives reporting to political leaders. This Steering Group will be supported by a number of technical working groups over the life of the gateway process.

A key factor in successful delivery of the programme will be the **Programme Management Office (PMO)**, which will be charged with ongoing administration, management and coordination of the activities undertaken by the working groups, as well as liaison with the Steering Group, Leaders' Officers and external stakeholders. An adequately resourced PMO is a crucial component in administering large, complex programmes and frequently fulfils a dual role of information hub and central management function. The PMO could be led by one authority but is likely to include resources (on at least a part-time basis) from all participating authorities. The scale of information and centralisation required mean that the PMO will be critical to the success of the fund and it is crucial that it is properly resourced.

A potential structure for the working groups (based on successful precedents from other City Deals), together with suggested areas of responsibility, is provided below. It is recommended that each working group be led by a representative from a partner authority so that the partners share responsibility for reaching their overall objective and that the process is perceived to be as inclusive as possible.

- **Steering Group:** to provide overall strategic direction and manage the input of working groups. This group would normally be constituted of Chief Executives (or delegated representatives) of partner authorities.
- **Stakeholder engagement and management:** to ensure that stakeholders are consulted and managed effectively and that as broad a coalition of support for the CVIF as possible is built. This working group will be crucial in communicating the rationale, benefit and objectives of the CVIF to stakeholders and as such its members are likely to have experience of sponsoring major projects and coalescing support from different sources. Stakeholders to be engaged and managed will include HM Treasury, Scottish Government, Cabinet Office, Scottish Enterprise, Clyde Gateway, Strathclyde Partnership for Transport (SPT) and Transport Scotland.
- **Economic modelling and project identification and development:** to oversee the development and use of the existing economic model (currently owned by SPT) in conjunction with technical consultants, in order to consistently and robustly quantify the economic impact of different projects on the fund's lead metric of increasing GVA and subsidiary geographic spread and social deprivation/youth unemployment programme-minima. This working group is likely to comprise authority representatives with an interest and background in economic development and/or regeneration.

This working group will also be responsible for development of project specifications (e.g. the design of a transport scheme, housing and regeneration option, together with utilities and related initiatives) and oversight of the inputs required for both the financial and economic modelling suites.

- **Funding and finance:** to identify funding sources in-play and their long-term baselines (including local contributions), as well as working closely alongside financial and economic advisors to robustly and transparently model the whole life costs of different schemes, in order to develop funding package scenarios. This working group is likely to consist of individuals with a leadership role in managing local government finances, for instance Section 95 officers.
- **Delivery and implementation:** focused on the practicalities of delivery of a fund programme once it is agreed, and on monitoring progress against the envisaged benefits. This working group should come after other workstreams, since it is necessary to define the strategy before deciding what is necessary to deliver it

Experience elsewhere suggests that delivering a fund programme is a major undertaking, especially if the aim is to reach agreement quickly. Experience from other funds (for instance Greater Manchester) also suggests that the working group model is an effective means of building and maintaining support for the fund amongst the participating authorities.



It is proposed that once a working group has signed off a key activity, that activity be elevated to the Steering Group for its authorisation to proceed.

GCC and its partners will also need to identify the required amount of resources and expertise for each of these technical elements, and determine the extent to which external support is required.

[DN this is a live document and will be updated as the programme develops, potentially to include allocated responsibilities and options for voting mechanisms that could be used by the partner authorities].

4 Legal form and structure

A key consideration as the programme evolves and as the governance structure develops will be the legal form that the partners adopt and how they elect to allocate voting rights. Appendix 1 is reproduced from the Scoping Study that was issued earlier this year, and contains an overview of the governance arrangements adopted by Greater Manchester, Leeds and Sheffield.

The specific structure for the Clyde Valley Infrastructure Fund will be developed once there is confirmation of constituent authorities and a clear view of which organisations will be involved.

5 **Appendix 1: Governance structures adopted in other City Funds (from Scoping Study)**

Greater Manchester

The Greater Manchester Combined Authority (GMCA) was established on 1 April 2011 and consists of ten indirectly elected members, each a directly elected Councillor from one of the ten local authorities that comprise Greater Manchester. GMCA is a strategic authority with powers over public transport, skills, housing, regeneration, waste management, carbon neutrality and planning permission. Functional executive bodies, such as Transport for Greater Manchester (TfGM), are responsible for delivery of services in these areas.

The authority derives most of its powers from the Local Government Act of 2000 and the Local Democracy, Economic Development and Construction Act of 2009. The GMCA elects a Chair and Vice-Chair from amongst its members. Each member has one vote, and all matters arising before the GMCA are decided by a simple majority vote. However, in practice any large scale funding decisions (for example the scale of local contributions to the fund) done by unanimous consent of all 10 local authority leaders.

Six commissions have been established to administer the new responsibilities of GMCA: The Commission for the New Economy (CNE); The Planning and Housing Commission; The Environment Commission; The Health Commission; The Public Protection Commission; and The Improvement and Efficiency Commission. It is intended that, with the exception of the Improvement and Efficiency Commission (which consists entirely of local authority members), each is formed of a mixture of elected members and representatives from other partners, including the private sector, other public sector agencies and the voluntary sector. Seats are shared between the local authorities as equally as possible, with no local authority having more than one seat on each commission, again with the exception of the Improvement and Efficiency Commission (which will have all authorities represented). The decisions of each commission require approval by the members of the GMCA.

Instead of a commission, Transport for Greater Manchester (TfGM) has been created as the executive body of the GMCA for the execution of transport functions. Operating with powers comparable to Transport for London, TfGM is the executive agency responsible for the running of Greater Manchester's transport services and infrastructure such as Metrolink and subsidised bus and rail services; carrying out transport and environmental planning, and is responsible for investments in improving transport services and facilities. The organisation has replaced the Greater Manchester Passenger Transport Executive (GMPTE) and also absorbed the previously separate ITA Policy Unit, the GM Joint Transport Unit, the GMTU and GMUTC.

The costs of the GMCA are met by its constituent councils and direct government grant. As a precepting authority, TfGM has powers to raise a levy from the revenue budgets of the ten constituent councils.

There are also plans to establish a Greater Manchester Housing Investment Board with government and the Homes and Communities Agency to use national funding, local investment and public land assets to boost housing development.

Greater Manchester's LEP is also a key component of its revised governance arrangements, as it provides a forum for a single conversation with business leaders. This enables then to play a more active role in securing economic growth. Political leadership is secured through the Combined Authority and decisions are cleared by the LEP. The Combined Authority is the accountable body for LEP funding, as opposed to having to nominate a local authority to take on this role as is the case in other LEP areas.

Leeds City Region

The Leeds City Region (LCR) Partnership has been working together for nearly eight years, and has an accountable decision making structure in the form of the Leaders' Board, which brings together the Leaders of eleven Local Authorities. The Leaders' Board was established as a Joint Committee in April 2007, making it the first legally constituted city region body.

Each of the councils empowers the board to discharge on their behalf the power to do anything it considers likely to achieve the promotion or improvement of the economic well being of the LCR, together with such additional functions as the respective constituent councils may determine from time to time.

The Leaders Board is governed by a set of annually agreed procedures and protocols. Voting is on the basis of one member one vote, and all matters are decided by a simple majority of those members voting and present in the room at the time the question is put. The board meets in public in order to bring transparency to decision making. Leeds City Council is the relevant accountable body.

Five sub-boards or panels have been set up by the board to advise it on specific LCR matters. The panels, which currently have no executive powers, are: the Joint LCR Homes and Communities Agency Board; the Employment and Skills Board; the Transport Panel; the Business Innovation and Growth Panel; and the Green Economy Panel. The panels are formed of a mixture of elected members and representatives from other partners, including the private sector, other public sector agencies and the voluntary sector.

Like Greater Manchester, the LCR LEP is a key component of city regional governance. It was established between local government and private sector business with a shared interest in promoting economic growth and competitiveness in the city region in April 2011. The LEP Board, in liaison with the city region Leaders' Board, oversees the preparation and implementation of the LCR Partnership's Integrated Strategy and Investment Plan. The Leaders' Board and LEP Board have jointly agreed the activities upon which, for the time being, they will lead respectively. The Leaders' Board sets the direction and oversees delivery in transport and housing, regeneration and planning and transition to the green economy, whilst the LEP Board leads on employment and skills and business innovation and growth. Work to transition to a green economy is led jointly by the Leaders' Board and the LEP Board. However, the LEP Board, until such time as

its status may change, remains accountable to the Leaders' Board. Leeds City Council is the accountable body for LEP funding.

As part of the City Deals process (and the establishment of an infrastructure fund), the LCR Partnership has committed to starting the process to establish a West Yorkshire Combined Authority covering Bradford, Calderdale, Leeds, Kirklees and Wakefield. Other local authorities could also join, so in future this could expand to cover the whole LEP area. The LCR consider a key advantage of the Combined Authority model to be its joint governance arrangements for transport, economic development and regeneration, which allow for strategic prioritisation across West Yorkshire.

Sheffield City Region (Sheffield City Region Investment Fund)

Following a governance review, the nine Sheffield City Region (SCR) local authority leaders have agreed to establish a Combined Authority which reflects the geography of the SCR. The Combined Authority, which is expected to commence in April 2014, will be known as the SCR Authority and it will begin to operate in shadow form from May 2013.

The SCR Authority will be responsible for decision making in relation to the Sheffield City Region Investment Fund (SCRIF). To satisfy the Department for Transport (DfT) that SCR is able to take responsibility for devolved major scheme transport funding, it must also establish an SCR Local Transport Body (LTB).

The SCR Authority will also establish a SCR Investment Board, which will act in an advisory capacity to the SCR Authority on the SCRIF and the LTB. The Investment Board is likely to comprise a combination of elected members, private sector representatives and technical expertise. The existing SCRIF Steering Group (comprised of senior local authority officers from across SCR) is continuing to provide advice and support on the SCRIF until the SCR Investment Board is established.

The SCR Authority will also be the Local Transport Authority (LTA) for South Yorkshire. It will establish a Joint Transport Committee, which will be called Transport for Sheffield City Region (TfSCR), and may delegate some or all of its LTA powers to this body. As a minimum, the Joint Transport Committee will operate in an advisory role to the SCR Authority in matters concerning LTA business.

The SCR Authority, in its function as the LTB, will consist of thirteen full voting members. Eleven will be elected local authority leaders or mayors, and as such elected members hold a majority on the LTB and cannot be outvoted. All full voting members will have one equally-weighted vote.

When the SCR Authority operates in LTB mode, both the SCR LEP and the D2N2 (i.e. Derby, Derbyshire, Nottingham and Nottinghamshire) LEP will have a single vote, weighted equally to the vote of each local authority member. The LEPs will not have voting rights as standard on the SCR Authority, but the authority may choose to give voting rights to the LEPs on matters it deems appropriate.

A central independent appraisal team will be located within the SCR Executive Team to assess individual business cases and make independent recommendations for decision by the SCR Authority. Investment decisions will ultimately remain the remit of the SCR Authority. Consequently, local authority or other members who represent the scheme promoter for a business case will be asked to withdraw from decisions regarding that business case or the approval of a specific scheme.

Leeds City Region LEP will be invited to attend the SCR Authority as an observer, given the close links between the two functional economies, overlap in economic geography (e.g. Barnsley MBC) and the potential impact on both city regions of major local infrastructure investments.

SCHEDULE 1**CITY DEAL INITIATIVE****CLYDE VALLEY COMMUNITY PLANNING PARTNERSHIP****JOINT ECONOMIC ACTION PLAN**

THEME - Developing project expertise in new funding programmes

CONTEXT

The Clyde Valley Community Planning Partnership faces a number of challenges in relation to securing external funding from Scottish, UK and EU sources to deliver on the economic strategy. There will be particular pressures on sources of capital funding over the foreseeable future due to:

- Constraints on conventional domestic sources of capital funding; and
- A continuing move away from support for physical works in terms of ERDF support.

This calls for a more innovative approach to be undertaken through the following proposed actions. In addition the people as well as the place based elements of the strategy should be covered in the Action Plan.

ACTION	DESCRIPTION AND PROGRESS	LEAD AGENCY	TIMESCALE
Investigate possibility of a "City Deal" for the CVCPP area	<p>"City Deals" have already been put into place in the 8 largest urban area in England outside London. The most relevant feature of this initiative is the "earnback model" through which capital projects are undertaken on the basis of the additional GVA (and hence taxes) that they will generate. Glasgow City Council commissioned a feasibility study in December 2012 which was completed in April 2013.</p> <p>To proceed agreement with both Scottish Government and UK Treasury would be required</p>	Glasgow City Council	Decision on whether and on what scale to proceed to be taken by end 2013
<p>Shape Scottish EU Funding Programmes for 2014-2020</p> <p>a) ERDF actions</p>	<p>It is likely that there will be a significant reduction in the total amount of ERDF available in Scotland in 2014-2020. The Scottish Government has not hitherto proposed any explicit spatial targeting of these monies and there will be no urban regeneration priority as is currently the case.</p> <p>There may however be an element of urban ring fencing in the EU regulations which will oblige the Scottish Government to a degree of minimum ERDF allocations for actions in urban areas. If this comes into force the task would be to</p>	Glasgow City Council/WOSEF	First formal Consultation launched May 2013 with a deadline for responses et for 30 th June 2013– new programmes expected to become operational by the end of 2014

	ensure that the CVCPP area secures an equitable share of this earmarked funding and that it should be the responsibility of local partners (perhaps through the proposed Integrated Territorial Investment instrument.) to manage such funds.		
Shape Scottish EU Funding Programmes for 2014-2020 b) Financial Engineering Instruments (FEIs)	<p>The European Commission has an expectation that there will be greater use of FEIs in the 2014-2020 especially in “more developed” parts of the EU such as Lowland Scotland.</p> <p>Regrettably the implementation of the current JESSICA (SPRUCE) programme has been so slow that it is impossible to judge at the present time whether this should be replicated or expanded in the forthcoming period.</p> <p>In terms of support for SMEs it is important that FEI support of the type currently provided via the West of Scotland Loan Fund should continue in 2014-2020</p>	Glasgow City Council/WOSEF	First formal Consultation launched May 2013 with a deadline for responses et for 30 th June 2013– new programmes expected to become operational by the end of 2014
Shape Scottish EU Funding Programmes for 2014-2020 c) ESF actions	<p>It now appears that the overall level of ESF resources for 2014-2020 may be broadly the same (or only slightly reduced) as for 2007-2013. The keys tasks are to:</p> <ul style="list-style-type: none"> • Ensure that ESF supported employability are primarily delivered through CPP structures; and • That allocations to each CPP are based on need 	Glasgow City Council/WOSEF	First formal Consultation launched May 2013 with a deadline for responses et for 30 th June 2013– new programmes expected to become operational by the end of 2014
Shape Scottish EU Funding Programmes for 2014-2020 d) Youth Employment	<p>The West of Scotland (of which the CVCPP area forms the major part) has qualified for additional EU support for Youth Employment according to data released by Eurostat on 22nd May 2013</p> <p>The task here is to make sure that these funds used to fund additional activities to those that would have been available via mainstream ESF in the first place.</p>	Glasgow City Council/WOSEF	To be aligned with the development of structural fund programmes as indicated above

CLYDE VALLEY COMMUNITY PLANNING PARTNERSHIP**JOINT ECONOMIC ACTION PLAN****THEME - Making Glasgow Airport an accessible and well connected Transport Hub****CONTEXT**

The Clyde Valley Community Planning Partnership Economic Strategy identifies Glasgow Airport as a major regional asset and driver of economic growth within the City Region. In 2012, Glasgow Airport enjoyed its busiest year since 2009 with almost 7.2 million passengers travelling through the airport, representing an annual increase of 4.2%.

Much of the growth can be attributed to the airport's success in introducing a host of news routes and services including direct flights to Amsterdam, Barcelona and Rome, which contributed to a strong demand for international travel. Domestic and international traffic for 2012 was up 2.1% and 6.4% respectively. The airport is thus the major international gateway into the region.

In addition the airport area has been identified in the structure plan as of strategic importance in terms of attracting and accommodating developments for which proximity to the airport is a key driver.

ACTION	DESCRIPTION AND PROGRESS	LEAD AGENCY	TIMESCALE
Develop options for improved surface access to the airport	STAG appraisal underway	Renfrewshire Council	Draft findings prepared – being finalised
Explore development potential of the Glasgow Airport Investment zone	Consultants appointed to identify options for Glasgow Airport Investment Zone in March 2013	Glasgow Airport Renfrewshire Council Glasgow City Council Scottish Enterprise	Options report to be completed by July 2013

CLYDE VALLEY COMMUNITY PLANNING PARTNERSHIP

JOINT ECONOMIC ACTION PLAN

THEME - Growth: Stimulating economic growth and strengthening the business base

CONTEXT

The Clyde Valley Community Planning Partnership (CV CPP) published a refreshed strategy for the city region in April 2011 with the ambitious vision of the region becoming one of the fastest growing city regions in the UK. One of the key objectives under the Economic Growth theme is to develop the City Region's strengths in key sectors. The Action Plan subsequently developed to progress delivery of the strategy identified Tourism as one of the key sectors where there could be benefits to be gained from working together at a Clyde Valley Level. The specific actions identified relate to:

- Maximising economic cross border opportunities from large scale events taking cognisance of the Scottish Government's Tourism Strategy launched in June 2012.
- Holding a facilitated workshop to identify other opportunities for collaborative working around tourism.

The output from these actions will be a Clyde Valley CPP Tourism Collaboration Framework.

ACTION	DESCRIPTION AND PROGRESS	LEAD AGENCY	TIMESCALE
<p>Develop a CV CPP Collaboration Framework on strategic tourism issues.</p>	<p>A Tourism Workshop was held on 2 May 2013 in the Lighthouse, Glasgow. The aim of the workshop was to agree the content of a tourism collaboration framework for the Clyde Valley, which will maximise tourism's contribution to the wider Clyde Valley area and the Scottish economy.</p> <p>In advance of the workshop, and to ensure maximum output on the day, a tourism asset mapping exercise was undertaken by the partners to identify those assets in Local Authority areas relating to the 4 themes of the Tourism Scotland 2020 Strategy, namely: Nature, Heritage and Activities, Destinations Towns and Cities, Events and Festivals and Business Tourism. Responses were collated and the combined map issued to participants in advance of the meeting by way of preparation.</p> <p>The workshop was well attended by partners and the background and context was set by Councillor Buchanan of East Ayrshire Council, which was really helpful in setting the tone of the event.</p> <p>The workshop was very constructive and the output from the day identified a number of potential collaboration opportunities across all themes, some of which could be quick wins and others were more longer term actions. A number of cross cutting themes also emerged e.g. skills, marketing and transport.</p> <p>The output has been issued to participants for comment and a further workshop is scheduled for June 2013 to discuss the content of the output in more detail and to ensure there is no ambiguity around the proposed actions. A prioritisation exercise will also be undertaken to identify quick wins and longer terms actions for inclusion in a CV CPP Tourism Collaboration Framework.</p>	<p>SE/CV Local Authorities</p>	<p>Sept 2013</p>

CLYDE VALLEY COMMUNITY PLANNING PARTNERSHIP

JOINT ECONOMIC ACTION PLAN

THEME - Town Centres.

CONTEXT

The Clyde Valley Community Planning Partnership faces a number of challenges in relation to sustaining our Town Centres. Communities expect their local authorities to look after their town centre and maintain them as strong centres of commercial, cultural and civic activity. Due to the internet and shopping habits our traditional town centres, many operating as shopping destinations has changed significantly. Through these actions we are seeking changes for our Town Centres across the Clyde Valley to ensure they remain sustainable community assets.

The challenges facing our Town Centres calls for a more innovative approach to be undertaken through the following proposed actions. In addition the people and financial resource elements of the strategy should addressed in the overall Action Plan.

ACTION	DESCRIPTION AND PROGRESS	LEAD AGENCY	TIMESCALE
1. Tackling Dilapidated Properties	With an ambition to improve or Town Centres an approach is required to address neglected vacant units in private ownership and our public assets. Consideration required on how we would resource tackling dilapidated properties and the approaches the Clyde Valley should adopt. Putting our Town Centres first (presumption) through Community Planning and National Planning Framework. To work with Scottish Government to determine resources and actions aligned to tackling dilapidated Town Centre properties in particular through the Regeneration Capital Investment Fund (RCIF). Implications regarding empty property relief and lessons from Carnegie Test Town as a model of short term leases.	CVCPP	CVCPP Leadership group (June 2013)
2. Scottish Government Capital Regeneration Fund	Potential funding sources focussed on Town Centre regeneration. Whilst town centres were not listed as a specific focus for the fund it was recognised that it continued to provide a potential opportunity for town centre based regeneration. Through SLAED obtain funding models and examples utilised elsewhere, sharing best practice.	CVCPP	Develop Town Centre specific RCIF application by March 2014
3. Vacant Premises Housing Grant	Recent Scottish Government £2m empty properties initiative announced in the February 2013 budget statement. Fund aimed at supporting non-residential empty properties to be converted for residential use. The timing for bids anticipated in April 2013. This was seen as an early output from the Expert Advisory Group on Town Centres. Facilitate change of use and encourage more residential on the High Streets and in Town Centres.	CVCPP	Develop 'Pilot' initiative around the £2m fund by October 2013.
4. Town Centre Asset Register-Monitoring/Assessing Change	Performance/health and comparative data on town centres requires improved economic development indicators this may be developed from the previous Town Centres Learning Network. The focus on retail vacancy levels provides a limited view of performance/health e.g. if one large store	Improvement Service/CVCP P	Work with Improvement Service to determine suitable indicators by

	becomes vacant. The Improvement Service may provide assistance in this matter in development of a register to understand and track changes in our Town Centre; this would also provide key Benchmarking information to allow comparisons and improvement tracking.		September 2013.
5. Town Centre for Enterprise	Use of BIDs and Use Classifications amendments to encourage Enterprise (private and social/community) in our Town Centres. Planning restrictions relaxed where appropriate and less of a fixation of Town Centres as retail centres- 'Social spaces, not only Shopping'. Seek support from People and Communities Fund.	CVCPP	March 2014 (ongoing)
6. Public Assets and Implications on our Town Centre	Public Asset/Place making decisions consider clearly the implications for our Town Centres as both an opportunity to increase Footfall and combine services with other Public Agencies. Place reviews and public asset expenditure spelling out the implications for decisions on our Town centres wellbeing. Connectivity, physical and digital related to NGB developments and Wi-Fi space in Town centres.	CVCPP	Place Reviews progressing across CV areas during 2013/14.

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CLYDE VALLEY COMMUNITY PLANNING PARTNERSHIP

JOINT ECONOMIC ACTION PLAN**THEME - Developing regional protocols for national policies****CONTEXT**

At the time of developing the new economic strategy partners identified that there may be opportunities for joint working and/or development of regional protocols for the implementation of national policies, so that local authorities were not providing inconsistent or competing offers to business. This related particularly to Business Gateway and Opportunities for All (an initiative launched by the Scottish Government in April 2012 which guarantees the offer of a place in learning or training to every 16-19 year old in Scotland who is not currently in employment, education or training). It also concerned EU-funded projects that operate across the CVCPP area and where there may be opportunities for improving performance and maximising impact.

Since the launch of the strategy there has been significant progress and developments in Business Gateway (with the launch of the new contracts in October 2012) and youth employment schemes (supported under the Scottish Government's "Scotland's Youth Employment Strategy"). This report provides bullet points on each of the relevant actions.

ACTION	DESCRIPTION AND PROGRESS	LEAD AGENCY	TIMESCALE
Implementation of Business Gateway contracts	Prior to the commencement of the new Business Gateway contract on 1 October 2012, the majority of CVCPP authorities tendered the new contract whereas others elected to bring the service in-house (Glasgow and East Dunbartonshire). The 'bedding in' process concerning the new delivery mechanisms and contractual arrangements is still ongoing, hence there has been a slight reduction in the numbers of businesses supported across key measures during the Apr12-Mar13 compared to Apr11-Mar12. See Appendix 1 for a summary of key Gateway performance measures in the CVCPP area. Business Gateway delivery in the CVCPP area assisted 3,025 start-ups in 2012/13, a reduction of 12.8% compared to 2011/12. Growth Pipeline companies fell by 11.6% for the same period (down from 241 to 213). In terms of governance and opportunities for further collaboration CVCPP members generally agree that this is already well-established through SLAED, BGON and the Business Gateway Management Group and that another layer of inter-Council collaboration would not add value.	Business Gateway National Unit, COSLA	Oct 2012 – Sept 2017
ERDF funding bids in support of Business Gateway provision – "Business Gateway Plus"	A further call for funding has been announced by the Scottish Government through the ERDF to support business growth services available to micro-firms and SMEs. £5m is available for local authorities to bid into to augment Business Gateway services and to provide a national framework which enables business growth services to integrate with measures to connect young people into employment, notably through the Youth Employment Scotland programme. Objectives of the support available through the new "Business Gateway Plus" programme are to: <ul style="list-style-type: none"> • Support business growth and innovation in the micro-firm and SME sectors • Generate additional jobs growth • Increase the number of employment opportunities particularly for young people 	Local lead authorities	2013-15

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	<p>The mix and scale of the specific components varies from area to area and also aligns with discretionary non-core BG actions that are already being delivered across the LUPS area. See Appendix 2 for a summary of ERDF bid values, support interventions, and projected outputs. Total value of the bids submitted by CVCPP partners to date is £7.35M.</p> <p>Future European funding (for the period 2014-2020) is the subject of negotiation and discussion at an EU, UK and Scottish level. The priorities are low carbon initiatives, social inclusion, employability and SMEs. The idea that Councils, Community Planning Partnerships and the Business Gateway should lead on a significant part of this work is widely accepted. Financial engineering measures such as JESSICA, which were introduced in the current programme, are expected to feature even more in the 2014-2020 period. A workshop to discuss the 2014-20 EU funding programme has been organised by the funding bodies and CVCPP representatives have been invited to attend.</p>		
<p>Business Support Programmes</p> <p>- West of Scotland Loan Fund - Supplier Development Prog. - Skills & Business Growth</p>	<p>A range of collaborative business support programmes are delivered by CVCPP partners including i) West of Scotland Loan Fund, ii) Supplier Development Programme, and iii) Skills & Business Growth 2010-13 Programme. Recent performance of these programmes is summarised in Appendix 3. Feedback from CVCPP members on business support provision across the area suggests:-</p> <p>i) need for better synergy between business support interventions and employability support interventions.</p> <p>ii) common frameworks should be developed around governance, compliance and eligibility issues. This includes more effective coordination of funding bids and better communication between partners – the CVCPP may be an appropriate vehicle for such strategic bids</p> <p>iii) common application paperwork and process across CVCPP partners, including common eligibility criteria, would be beneficial. iv) wider roll-out of Skills & Business Growth programme (or similar training grant programme) may be worth consideration if in collaboration with SDS and SE. Currently there is much confusion amongst businesses concerning the business support offering of various organisations – a more joined up approach is required</p> <p>iv) a small loans programme for new enterprises should be re-considered by WSLF</p> <p>v) desire for development of business support programmes on a <u>regional</u> basis which address the needs of companies within that region. Benefits would include sharing of information and pooling of resources, creating economies in scale.</p>	<p>WSLF - East Ayrshire SDP - Glasgow SBG - Glasgow</p>	<p>On-going</p>
<p>Employment initiatives</p> <p>A) LOCAL WAGE SUBSIDY PROGRAMMES</p>	<p>In April this year CVCPP commissioned a study into youth employment initiatives operating across member authorities. They include:</p> <ul style="list-style-type: none"> - jobs access and recruitment services 	<p>Local authority</p>	<p>On-going</p>

<p>ii) YOUTH EMPLOYMENT SCOTLAND FUND</p>	<p style="text-align: center; font-size: 2em; opacity: 0.5;">DRAFT FOR</p> <ul style="list-style-type: none"> - wage subsidies and other employer incentives - formal and informal learning programmes - vocational training programmes - pre-vocational programmes - temporary employment programmes - specialist employment programmes - work placement, work experience, internship initiatives - careers advice, information and guidance services <p>These interventions in the CVCPP area alone total £660m. See Appendix 4 for a summary of local wage subsidy programmes operated locally by CVCPP members. The report recommended that areas and agencies should give consideration to how they can work more collaboratively across organisational and geographic boundaries to affect economies and positive change, rather than pursue a specific focus on development of “shared services”. The report sets out a potential “framework for action” based on 5 key actions :-</p> <ol style="list-style-type: none"> 1. Developing an innovative employer engagement pilot to support a new partnership framework approach with larger and regionally significant employers - incorporating a different approach to increasing the involvement of smaller businesses 2. Assisting the implementation and further development of key national developments now underway 3. Developing cross area Memorandums of Understanding on key issues 4. Providing a forum to utilise new forthcoming labour market intelligence, and supporting partners to develop revised approaches based on its messages 5. Sharing good practice on further cross area collaboration opportunities <p>The Youth Employment Scotland (YES) strategy launched by the Scottish Government in early 2013 is a £25M programme national support which aims to address youth unemployment. Its aims include :-</p> <ul style="list-style-type: none"> - the development of a cohesive all-Government effort to increase youth employment - a clear, targeted approach to support young people on the journey to employment - the development of progression opportunities with the apprenticeship programme - targeted support to help young people take advantage of job opportunities in growth areas such as energy and the low carbon economy - intensive support for those furthest from the labour market - specific financial support to employers to encourage them to employ young people from disadvantaged groups such as care leavers and young carers - intensive support services for disengaged young people 	<p>Scottish Government</p>	<p>Timescale?</p>
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	CVCPP members have all submitted Stage 1 bids for YES funding, totalling 2,217 beneficiaries across all CVCPP areas. This accounts for 42% of beneficiaries across Scotland as a whole (approximately £10.5M of YES budget).		
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Appendix 1. Implementation of Business Gateway contracts – performance summary

BUSINESS GATEWAY AREA & CONTRACT VALUE	APR 2012 – MAR 2013			APR 2011 – MAR 2012		
	START-UPS	GROWTH PIPELINE	ACCOUNT MANAGEMENT	START-UPS	GROWTH PIPELINE	ACCOUNT MANAGEMENT
GLASGOW	937	93	8	1048	117	13
DUNBARTONSHIRE EAST DUNBARTONSHIRE WEST DUNBARTONSHIRE	407	13	0	510	10	4
RENFREWSHIRE RENFREWSHIRE EAST RENFREWSHIRE INVERCLYDE	622	33	6	703	24	6
LANARKSHIRE NORTH LANARKSHIRE SOUTH LANARKSHIRE	1059	74	23	1208	90	22

TOTALS	3025	213	37	3469	241	45
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Appendix 2. ERDF funding bids in support of Business Gateway provision – “Business Gateway Plus”

BUSINESS GATEWAY AREA	ERDF BID VALUE	LOCAL SUPPORT PROGRAMMES
GLASGOW	£790,000	<p>Project will tackle the market gap in support for businesses including:</p> <ul style="list-style-type: none"> - Entrepreneurial support - Early stage growth - Advisory support to existing SMEs - Innovation and Growth funding - HR Support and capacity building <p>It will :-</p> <ul style="list-style-type: none"> - Address the digital agenda and social media for new & established SMEs - Propose new approach to business survival via Business Transfer option - Deliver a grant subsidy to aid growth to established businesses - Embed ongoing business support and advice to new/existing businesses - Provide support to microbusinesses owned by young people.
DUNBARTONSHIRE EAST DUNBARTONSHIRE WEST DUNBARTONSHIRE	£540,733	<ul style="list-style-type: none"> - Advisory Support New Employee - HR Support Programme - Business Growth Planning - Business Development Reviews - Business Process Improvement Support - 1-2-1 support for disadvantaged groups - New Enterprise Fund - Marketing Grant - Capital Purchases Grant - Property Improvement Grant - ICT/E-commerce Grant

		<ul style="list-style-type: none"> - Energy Saving/Resource Efficiency Grant - Business Plan Grant - Business Growth Grant - First Employee Grant <p><u>OUTPUTS</u></p> <ul style="list-style-type: none"> - Number of individuals/enterprises receiving advice – 280 - Number of enterprises receiving financial support – 235 - Increase in turnover in supported enterprises – 2% - Number of gross jobs created – 163
<p>RENFREWSHIRE</p> <p>RENFREWSHIRE EAST RENFREWSHIRE INVERCLYDE</p>	£395,000	<ul style="list-style-type: none"> - New Start Growth Fund - Young Company Development Fund - Investment Fund - <i>Business Support Hub for start-ups (£603K – outwith ERDF bid)</i> <p><u>OUTPUTS</u></p> <ul style="list-style-type: none"> - Number of enterprises receiving support – 110 - Number of individuals/enterprises receiving advice – 200 - Number of new business starts – 65 - Number of enterprises receiving support for ecommerce – 40 - Number of e-commerce strategies developed – 20 - Number of gross jobs created – 20
BUSINESS GATEWAY AREA	ERDF BID VALUE	LOCAL SUPPORT PROGRAMMES
<p>LANARKSHIRE</p> <p>NORTH LANARKSHIRE SOUTH LANARKSHIRE</p>	£5.628M	<ul style="list-style-type: none"> - Pre-start support to disadvantaged groups - Advisory support to new and established social enterprises - Specialist support for early stage life science businesses - Retail Support in town centres - Access to Finance <p><u>OUTPUTS</u></p> <ul style="list-style-type: none"> - No of businesses receiving advice/consultancy/support – 1040 - No of businesses receiving financial support – 480 - No of jobs created – 1100 - No of new starts resulting from support – 400 - Increase in Turnover - £39m

TOTALS	£7.35M	
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Appendix 3. Cross-boundary Business Support Programmes

CVCPP local authority	SUPPLIER DEVELOPMENT PROGRAMME	WEST OF SCOTLAND LOAN FUND	SKILLS & BUSINESS GROWTH 2010-13
	Number of businesses registered (at 02/05/2013)	Number of loans issued & Total increase in turnover (Apr09 – Mar12)	Number of businesses assisted & value of grants awarded (Apr10-Feb13)
GLASGOW	949	98 / £11.91M	374 / £538K
EAST DUNBARTONSHIRE	104	3 / £1.11M	119 / £46K
WEST DUNBARTONSHIRE	83	12 / £2.20M	136 / £137K
RENFREWSHIRE	273	18 / £5.18M	175 / £163K
EAST RENFREWSHIRE	4	4 / £47K	27 / £28K
INVERCLYDE	47	11 / £285K	23 / £33K
NORTH LANARKSHIRE	320	35 / £9.52M	132 / £238K
SOUTH LANARKSHIRE	40	45 / £9.22M	178 / £118K
TOTALS	1911	226 / £39.47M	1164 / £1.30M

Appendix 4. Wage subsidy programmes – survey findings

LOCAL AUTHORITY	Local wage subsidy/ recruitment incentive scheme?	How many wage subsidies will be delivered this year?	What is the projected spend on wage subsidies this year?	Scheme details
GLASGOW	YES	1350	£6.6M	COMMONWEALTH APPRENTICESHIP INITIATIVE – targets school leavers. 50% wage subsidy capped at £4k for 12 months or £8k for 24

				months. COMMONWEALTH JOBS FUND - target groups include: 18-24 benefit claimants 13+ weeks unemployed; 50+ unemployed with day 1 eligibility; clients engaged in P5 pipeline - no age restriction; ex service personnel engaged with Glasgow's Helping Heroes. Targets Glasgow Living Wage vacancies i.e. jobs paying at least £7.20 per hour. COMMONWEALTH GRADUATE FUND - targets those who have graduated since May 2009 and currently reside in Glasgow - no age restriction. Targets graduate level jobs and offers 50% wage subsidy for 12 months min - £6552 - max £10000. COMMONWEALTH YOUTH FUND - currently being rolled out, target group <20 year olds not eligible for CAI.
EAST DUNBARTONSHIRE	NO	0	0	None
WEST DUNBARTONSHIRE	YES	55	£120K	New Employment Wage Subsidy supports local businesses up to 50% of the gross wage up to a maximum of £7.00 per hour and 40 hours per week. Candidates must be unemployed, resident within West Dunbartonshire and a registered client of our European Funded Employability Programme.
RENFREWSHIRE	YES	184	£720k	The current Wage Subsidy programme aims to assist Renfrewshire businesses to expand and to help unemployed Renfrewshire residents aged between 16-24 years of age into permanent jobs by offering wage subsidies. To qualify for the financial incentive jobs must be additional and permanent. <ul style="list-style-type: none"> · Have basic hours between 24 and 45 hours per week · Pay above the minimum hourly wage. Grant award <ul style="list-style-type: none"> · £75 per week for one year up to a maximum of £3,900
EAST RENFREWSHIRE	YES	100	£120K	Payment of up to £2,000, £500 on taking up the job, £1,000 at week 13 and £500 at week 26
INVERCLYDE	YES	50	£60K	Discretionary, targeted at local SMEs, grants between 1k for entry level posts to 3k for full apprenticeships.
NORTH	YES	1200	£3.6M	Youth Investment Programme

LANARKSHIRE				
SOUTH LANARKSHIRE	YES	926	£3.9M	Youth Jobs Fund for 16/ 17 years olds. SL Jobs Fund for 18-24 year olds.
TOTALS		3,865	£15.12m	

CLYDE VALLEY COMMUNITY PLANNING PARTNERSHIP

JOINT ECONOMIC ACTION PLAN

THEME 2 - Improving intraregional transport initiatives

CONTEXT

Ensuring that sustainable transport options continue and grow to be as attractive as possible is a prerequisite of a modern, 21st century European city region.

The availability of smartcard ticketing is a key part of that, and working within Transport Scotland's national policy framework for smart / integrated ticketing, SPT is developing a smartcard for the west of Scotland, initially on the Subway (as part of the Subway Modernisation programme) and in future to be rolled out across other modes.

ACTION	DESCRIPTION AND PROGRESS	LEAD AGENCY	TIMESCALE
Develop and implement smartcard ticketing in the region.	Develop and deliver Smartcard on the Subway Develop and delivery Smartcard across other modes.	SPT SPT	2013/14 2013/14 onwards

SCHEDULE 2

FEE ESTIMATE

Breakdown by Gateway (KPMG)		
Gateway 1	72,730	9%
Gateway 2	340,344	41%
Gateway 3	179,634	22%
Gateway 4	239,190	29%
Total	831,898	

DSC time		
Gateway 1	11,060	12%
Gateway 2	27,650	29%
Gateway 3	44,240	47%
Gateway 4	11,060	12%
Total	94,010	

Total		
Gateway 1	83,790	9%
Gateway 2	367,994	40%
Gateway 3	223,874	24%
Gateway 4	250,250	27%
Sub-total	925,908	
Less: Gateway 1	(83,790)	
Total shared cost	842,118	

Key Assumptions
Timetable - deal by Easter 2014
Geography - all Clyde Valley authorities
Agreement - tri-partite with Scottish Government
Scheme development - support on guiding principles (not business case preparation)
Economic modelling - 1 run of model per project evaluated

Populations	Fee share by population
Glasgow CC area	595,080 33% 280,030
Inverclyde	80,680 5% 37,966
Renfrewshire	174,310 10% 82,026
East Renfrewshire	91,030 5% 42,836
East Dunbartonshire	105,880 6% 49,825
West Dunbartonshire	90,340 5% 42,512
NLC	337,870 19% 158,993
SLC	314,360 18% 147,930
Total	1,789,550 842,118

MEMORANDUM OF UNDERSTANDING

between

GLASGOW CITY COUNCIL, having its main office at City Chambers, George Square, Glasgow G2 1DU (hereinafter referred to as “GCC” or the “Lead Authority”)

and

EAST RENFREWSHIRE COUNCIL, having its main office at Eastwood Park, Rouken Glen Road, Giffnock G64 (hereinafter referred to as “ERC”)

WEST DUNBARTONSHIRE COUNCIL having its main office at Garshake Road, Dumbarton G82 3PU (hereinafter referred to as “WDC”)

RENFREWSHIRE COUNCIL having its main office at Renfrewshire House, Cotton Street, Paisley PA1 1UJ (hereinafter referred to as “RC”)

INVERCLYDE COUNCIL having its main office at Municipal Buildings, Greenock PA15 1LY (hereinafter referred to as “IC”)

NORTH LANARKSHIRE COUNCIL having its main office at Civic Centre, Windmillhill Street, Motherwell ML1 1AB (hereinafter referred to as “NLC”)

SOUTH LANARKSHIRE COUNCIL having its main office at Almada Street, Hamilton, South Lanarkshire ML3 0AA (hereinafter referred to as “SLC”)

EAST DUNBARTONSHIRE COUNCIL, having its main office at Broomhill Industrial Estate, Kilsyth Road, Kirkintilloch G66 1QF (hereinafter referred to as “EDC”)

(Collectively known as the “Consortium” or the “Parties”)

WHEREAS

1. The Consortium are committed as a part of their role in the Clyde Valley Community Partnership to delivering the aims and objectives of the City Deal Initiative (hereinafter referred to as the “Initiative”) all as more particularly described in Schedule 1 hereof.
2. The Lead Authority has procured the services of KPMG to give expert advice in relation to the delivery of the Initiative.

3. The Consortium all wish to utilise the advice given by KPMG to the Lead Authority in relation to the delivery of the Initiative.

NOW THEREFORE IT IS AGREED

1. Definitions and Interpretation

- 1.1 In this Agreement the following words shall have the meanings respectively set against them:

The “**Clyde Valley Community Partnership**” means the partnership set up by the Consortium to advance economic development in the Glasgow City region whose current aims and objectives are more particularly described in Appendix 1 hereof ;

The “**Clyde Valley Area**” means the Glasgow City region all as more particularly described in Appendix 1 hereof;

“**Consortium**” means the Parties to this Memorandum consisting of Glasgow City Council, East Renfrewshire Council, West Dunbartonshire Council, Renfrewshire Council, Inverclyde Council, North Lanarkshire Council, South Lanarkshire Council, East Dunbartonshire Council;

“**Fees**” means the fee payable by each member of the Consortium to KPMG in accordance with the agreed fee scale attached at schedule 2;

“**Initiative**” means the City Deal Initiative developed by the Consortium for the Clyde Valley Area utilising the advice of KPMG;

“**KPMG**” means KPMG LLP a limited liability partnership (no: OC301540) having its principal office at 15 Canada Square, London, United Kingdom, E14 5GL being the corporate body procured by Glasgow City Council to assist in the development and delivery of the Initiative;

“**Memorandum**” means this Memorandum of Understanding made between the Parties;

“**Parties**” means the parties hereto;

“**Working Group**” means the working group set up by the Consortium to assist in the development and delivery of the Initiative

- 1.2 The Schedule following the operative part of this Agreement shall be deemed to be incorporated in this Agreement.

- 1.3 In this Agreement:

- 1.3.1 the index and clause headings are inserted for convenience only and shall not affect the construction of this Agreement;
 - 1.3.2 words denoting the singular shall include the plural and *vice versa*;
 - 1.3.3 words denoting one gender shall include each gender and all genders; and
 - 1.3.4 references to persons shall be deemed to include references to natural persons, to firms, to partnerships, to bodies corporate, to associations, and to trusts (in each case whether or not having separate legal personality).
- 1.4 References in this Agreement to “Clauses” and “Schedule” are references to clauses of this Agreement and the Schedule to this Agreement and references to “Parties” or “Party” are references to the parties or a party to this Agreement.
- 1.5 Words and phrases defined for the purposes of or in connection with any statutory provision shall, where the context so requires, be construed as having the same respective meanings in this Agreement.

2. **TERM**

Notwithstanding the dates herein this Agreement shall subsist from the last date of execution hereof until [PLEASE ADVISE OF DURATION].

3. **THE OBLIGATIONS OF THE LEAD AUTHORITY**

- 3.1 The Lead Authority shall be responsible for forming and implementing a working group (the “Working Group”) which shall consist of all of the members of the Consortium, the Working Group shall provide the opportunity for discussion and implementation of the aims and objections of the Initiative.
- 3.2 The Lead Authority shall be responsible for relaying the outcomes of the Working Group to KPMG, to further enhance KPMG’s understanding of the Consortium’s aims and objectives in relation to the Initiative.
- 3.3 The Lead Authority shall be responsible for:
- i) Managing the relationship between the Consortium and KPMG;
 - ii) Instructing KPMG on behalf of the Consortium or any member thereof;
 - iii) Taking instructions from the Consortium or any member thereof to relay to KPMG;

- iv) Reporting back to the Consortium in relation to KPMG's advice about the implementation of the aims and objectives of the Initiative.

4. USE OF INFORMATION BY THE CONSORTIUM

- 4.1 Any information, advice and assistance give by KPMG to the Lead Authority and to any or all the members of the Consortium in relation to the Initiative can be relied upon by the Consortium members as though it were given directly to that member of the Consortium.
- 4.2 Any member of the Consortium is entitled to utilise the information supplied by KPMG in development and delivery of the Initiative.

5. PAYMENT TO KPMG

- 5.1 Each Member of the Consortium shall be responsible for paying KPMG its proportion of Fees for any advice given. Such proportion shall be calculated in accordance with the agreed scale at Schedule 2 hereof.
- 5.2 It shall be for each member of the Consortium to arrange payment of its proportion of the Fees to KPMG and it is recognised by all Consortium members that a failure on their part to pay any outstanding Fees may have a direct effect on the other Consortium members.

6. THE WORKING GROUP

- 6.1 The Working Group shall meet at the offices of the Lead Authority at least once per calendar month.
- 6.2 The Working Group shall consist of one officer of each member of the Consortium.
- 6.3 KPMG shall not be a member of the Working Group but shall be entitled to attend in an advisory capacity when invited to do by the Lead Authority or any other member of the Consortium.
- 6.4 The Working Group shall be a forum to allow the Consortium to discuss all aspects of the Initiative and its delivery.
- 6.5 The Working Group shall provide the opportunity for all members of the Consortium to have an equal say in relation to the delivery of the Initiative.
- 6.6 The Working Group shall be quorate only where all members of the Consortium are in attendance.

- 6.7 All decisions taken by the Working Group will be by a show of hands.
- 6.8 In the event of an equal number of votes the Lead Authority shall have the casting vote.
- 6.9 In the event of a dispute between members of the Consortium the Working Group shall in the first instance take a view on the dispute, by a show of hands.
- 6.10 Where there is an equal number of votes then the matter will be escalated to the dispute resolution process stipulated in Clause 8 below.

7 LIABILITY

- 7.1 In the event that any advice and assistance given to the Consortium by KPMG leads to any action for compensation, delictual or otherwise, the Consortium undertake to co-operate to secure a settlement for the Consortium.
- 7.2 The Consortium recognise that any cost arising from such an action should be borne equally between the Parties.

8 DISPUTE RESOLUTION

- 8.1 The Parties shall attempt in good faith to negotiate a settlement to any dispute between them arising out of or in connection with this Memorandum at the Working Group in accordance with Clause 5 where no agreement is reached with twenty (20) days of the Working Group at which the disagreement arose the Party or Parties who initiated the dispute (the "Aggrieved Party") shall notify the other members of the Consortium (the "Other Party") of the dispute and the dispute shall be escalated to the Chief Executive Officer of every member of the Consortium.
- 7.2 In the event that the Chief Executives of the Parties fail to resolve the dispute within twenty (20) days of the date of referral then the matter shall be referred to arbitration.
- 7.4 The obligations of the Parties under this Memorandum shall not cease, or be suspended or delayed by the reference of a dispute to arbitration.
- 7.5 In the event that any arbitration proceedings are commenced pursuant to Clause 7.5:
- 7.5.1 the arbitration shall be deemed to be an agreement to refer to arbitration within the meaning of the Arbitration (Scotland) Act 1894;
- 7.5.2 the Aggrieved Party shall give a Notice of Arbitration to the other Parties (the "Arbitration Notice") stating:-

- (i) that the dispute is referred to arbitration; and
- (ii) providing details of the issues to be resolved.

7.5.3 the tribunal shall consist of a sole arbitrator to be agreed by the Parties; and

7.5.4 if the Parties fail to agree the appointment of the arbitrator within ten (10) Working days of the Arbitration Notice being issued under Clause 7.5.2 or if the person appointed is unable or unwilling to act, the arbitrator shall be nominated by the President of the Law Society of Scotland for the time being on the application of either Party.

8. COSTS

8.1 Save as specifically provided to the contrary in this Agreement, each Party shall pay its own costs and expenses (including legal fees) incurred by it in connection with the negotiation, preparation and execution of this Agreement and the documents referred to herein.

9. LAW

9.1 This Agreement shall be governed by and construed in accordance with the Law of Scotland and subject to the exclusive jurisdiction of the Scottish Courts.

10 SUCCESSORS

10.1 This Agreement shall be binding on and ensure to the benefit of each Party and each party's personal representatives and/or other lawful successors and permitted assignees.

11 ASSIGNATION

11.1 The Parties shall be entitled to assign or otherwise transfer their rights under this Agreement to their statutory successors and shall inform the other Parties in the event of such an assignation .

12. NO PARTNERSHIP

12.1 Nothing in this Agreement shall be deemed to constitute or imply any partnership, joint venture, agency, fiduciary relationship or other relationship between the parties other than the relationship expressly provided for in this Memorandum.

12.2 No Party shall (save as expressly provided herein) have any authority to bind any other Party in any way.

13. ENTIRE AGREEMENT

13.1 This Memorandum is the entire agreement between the Parties and supersedes all prior arrangements, understandings, agreements, statements, representations or warranties (whether written or oral) relating thereto.

In witness whereof these presents consisting of this and the 7 preceding pages together with the Schedule and Annex annexed hereto are subscribed for and on behalf of each party respectively by persons duly authorised in that regard on the dates and before the witnesses hereto appending their signature as follows:

Executed for and on behalf of the said Glasgow City Council

at _____ on the _____ day of _____ 2013 by

Authorised Signatory

Full Name in Capitals

Witness

Full Name in Capitals

Executed for and on behalf of the said East Renfrewshire Council

at _____ on the _____ day of _____ 2013 by

Authorised Signatory

Full Name in Capitals

Witness

Full Name in Capitals

Executed for and on behalf of the said West Dunbartonshire Council

at _____ on the _____ day of _____ 2013 by

Authorised Signatory

Full Name in Capitals

CLYDE VALLEY INFRASTRUCTURE FUND

DSC PROJECT NOTE 1

Version 2.01
ACD
Review DCS
18th July 2013

Project reference c80_1

REVIEW OF MODELLING OPTIONS

1 INTRODUCTION

- 1.01 The Clyde Valley local authorities propose to set up a City Deal Partnership along the lines of similar Partnerships that have been established in England. The scheme would involve the creation of an infrastructure fund for financing transport, land use and regeneration schemes.
- 1.02 As part of the initial work, there is a task to identify a preferred approach for appraising and prioritising infrastructure projects. It is envisaged that this will involve the application of a forecasting model that is capable of forecasting the impact of a scheme upon the economy.
- 1.03 This note reviews the modelling options that are available to support the appraisal and prioritisation. The following sections describe:
- the requirements of a modelling approach (Section 2);
 - our appreciation of the implications of these requirements (Section 3);
 - the modelling options (Section 4);
 - a review of these options (Section 5); and
 - the recommendation of a preferred approach (Section 6).

2 MODEL REQUIREMENT

- 2.01 The model will be used to appraise the impact of schemes (and packages of schemes) upon the City Region. These may include proposals for highway or public transport, the development of buildings, remedial works to prepare land for development, public realm improvements and other regeneration initiatives. It must be capable of measuring the benefit of these different types of scheme in a consistent manner.
- 2.02 The key criterion for judging schemes will be their impact upon the Gross Value Added (GVA) of the Clyde Valley Region. The model must therefore be capable of calculating this.

2.03 Secondary criteria relate to:

- the geographical spread of benefit of the scheme across the Clyde Valley Region; and
- the impact upon areas with concentrations of vulnerable groups (specifically datazones that currently score highest upon the Scottish Index of Multiple Deprivation (SIMD) and/or datazones with currently high levels of youth unemployment.

2.04 Again the model must be capable of measuring the performance of schemes on the measures which are to be chosen for against these secondary criteria. It is assumed that these will relate to a measure of accessibility to jobs from areas with high levels of deprivation and/or high levels of youth unemployment.

2.05 On a practical level, this work represents one strand of a wider (time-constrained) work programme. Any preparatory work required to enhance an existing model (that is currently not suitable for this task) must be complete by late October. The appraisal of individual and packages of schemes, using the model, will then take place over the three months to the end of January 2014. This is necessary if the wider programme and delivery of a City Deal Partnership is to be complete by Easter 2014.

3 UNDERSTANDING OF THE REQUIREMENT

3.01 The previous section has identified some key requirements. Before considering the modelling options, available for the Clyde Valley Region, it is worth expanding upon these and highlighting some key issues.

3.02 *The range of schemes:* it is envisaged that a broad range of schemes will be appraised by the modelling suite. All of the modelling options considered in the following section have limitations as to the scale of scheme that they can model. Whilst they can all model large developments or major transport schemes, they may not be capable of modelling the impact of small schemes, for example junction improvements or the construction of small units (for example a 25 m² industrial unit). Given the primary objective concerns the impact upon the GVA of the Clyde Valley Region this is not seen as being a limitation; small individual schemes are unlikely to result in significant changes to the Region's GVA. Indeed it is not expected that small-scale schemes will be promoted by stakeholders given the primary objective.

3.03 *The Level of Geographical Output:* all of the modelling options forecast change across the Region. All can provide estimates of GVA at this level. There are differences in the level at which they model change and hence generate output, but none of the models have the fine detail that would permit the impact of a scheme upon the residents of an individual datazone to be quantified (as would be required to measure the impact upon the most deprived areas). Some post-model run processing would be required to take the impact of a scheme upon a model zone and break this down to the impact upon those datazones within that zone which feature within the list of most deprived areas.

3.04 *State of Readiness:* in considering the merits of different options it is important to understand both the functionality of the model (and whether it can represent

the full range of schemes that are likely to be appraised) and whether the model is sufficiently up-to-date. A work programme to get the preferred model ‘fit for purpose’ will need to be prepared and delivered within the agreed time constraints.

3.05 *Model Run Times:* a period of intensive work on scheme and package appraisal will need to be accommodated within the timetable. It is envisaged that the model will be run multiple times to test schemes and packages of schemes. To achieve this it will be important that:

- schemes can be readily coded and
- the model run times are not excessive.

3.06 In the following sections we evaluate the alternative modelling options against these requirements.

4 MODEL OPTIONS

4.01 There are several options available for modelling and appraising the impact of schemes. They all use a combination of a:

- Land Use and Economic Model which forecasts the changes in land use and the households and employment that live and work in that same land use; and a
- Transport Model which models the levels of traffic on the highway and public transport networks.

4.02 Where the two models are run in tandem they are usually referred to as a Land Use and Transport Interactive model (LUTI model). The land use model provides information on the number and distribution of households and employment to the transport model, where they form the basis of that model’s modelling of trip origins and destinations. The transport model, in turn, passes information on the generalised cost of travel between different areas back to the land-use model. This informs the land use model’s modelling of household and business location choices and hence the distribution of households and employment.

4.07 There are four transport model options. These are:

- the Strathclyde Integrated Transport Model (SITM) with around 840 zones within the Clyde Valley Region;
- the Central Scotland Transport Model (CSTM) which again has around 840 zones within the Clyde Valley Region;
- the Transport Model for Scotland (TMfS) which has 246 zones within the same area; and
- the Strategic Transport Model (STM) which has 112 zones.

4.08 There are two land-use models that are available which could be used to appraise development and regeneration schemes. These are:

- the Transport Economic and Land-use Model of Scotland (TELMoS) with 246 zones within the Clyde Valley Region; and

- the Strathclyde Integrated Transport Model (SITLUM) with 112 zones.
- 4.03 Both these models have the functionality to allow their main output to be disaggregated to a finer level if required.
- 4.09 In all the options being considered the land-use model forecasts forward in one-year steps, with the distribution of population, households, employment and land use in one year forming the starting point for modelling change over the next twelve months. The transport model is run every second or fifth year.
- 4.10 SITLUM is linked with the SPT’s Strategic Transport Model (STM). In addition, an interface has been developed to pass land-use data from SITLUM to the more detailed Strathclyde Integrated Transport Model (SITM), and a corresponding interface to pass SITM outputs back to SITLUM could also be implemented.
- 4.11 TELMoS is integrated with Transport Scotland’s Transport Model for Scotland (TMfS). It would also be technically possible to link it with either SITM or with Transport Scotland’s new Central Scotland Transport Model (CSTM¹).
- 4.12 The combination of four transport models and two land use models implies a potential eight different combinations of transport and land use model. The merits of these are considered below.

5 TECHNICAL REVIEW

- 5.01 We consider first the two land use model options, then the four transport model options and finally the main options for integrating land use and transport models.
- 5.02 Table 5-1 summarises the position for TELMoS and the SITLUM land use models.

Table 5-1 The two land-use model options

Issue	Position
Ownership	TELMoS is owned by Transport Scotland. SITLUM is jointly owned by SPT The owners of both models have indicated that they would be available for use within this work programme
Overview	Both models are applications of DSC’s DELTA software and share many similar definitions. The key differences are in the number of zones and the extent of their coverage; TELMoS is a nationwide model whilst SITLUM was developed for modelling change within the Glasgow, Clyde Valley and Ayrshire region. TELMoS have been recently updated to include the early results from the 2011 Census. SITLUM has not been updated since 2008/9

¹ This is a new model currently being completed and not directly related to the previous CSTM models developed for the Scottish Office and Scottish Executive in the late 1990s and early 2000s.

Issue	Position
Level of geographical output	<p>Within TELMoS there are 78 zones covering Glasgow and 168 covering the rest of the Clyde Valley Region. Standard output (on numbers of households and changes in employment) and accessibility could be generated at this level.</p> <p>Within SITLUM there are 27.5 zones covering Glasgow and 88.5 covering the rest of the Clyde Valley Region. Standard land use model output could be generated at both this level and, through an interface to SITM, at SITM zone level (ie 840 zones). However measures of zone-level accessibility are only output at SITLUM zone level (ie 116 zones).</p> <p>Further disaggregation of accessibility calculations would be required, with both models, in order to measure the impact upon the 25% most deprived Datazones. We would look to add an additional post-processing step for this that made use of a methodology for calculating accessibility developed by Derek Halden Consultancy.</p>
Is the combined functionality capable of appraising the expect range of schemes?	<p>Land Use developments could be modelled in both models. Additional functionality would be required to better model site preparation costs and the take up of key sites.</p> <p>Public Realm improvements could be modelled in both models, they have previously been represented within SITLUM</p> <p>The calculation of GVA and the secondary objectives (geographical spread and impact upon the most deprived areas) will require additional functionality to that currently available in the SITLUM/STM model. This functionality has been developed for previous DELTA applications; its implementation in SITLUM should not cause technical problems.</p>
State of Readiness	<p>TELMoS has been recently revised with new information from the 2011 Census incorporated</p> <p>SITLUM It has not been revised since 2008/9. There is a need to review the model and identify where updating is required</p> <p>Both models would be available for use as part of the Clyde Valley Investment Fund project.</p>
<p>Scheme preparation</p> <p>Model run time</p> <p>Analysis</p>	<p>Land use and regeneration schemes would need to be programmed within the land use model. There is extensive experience of this programming. The approach would be similar for the two models</p> <p>SITLUM is a smaller, and hence faster model to run. However the run times for both models is relatively insignificant compared to the run times of the transport models discussed below.</p> <p>There is no significant difference between the two model's suitability for analysis for appraisal. The post processing for accessibility described above will generate the key outputs.</p>
Conclusion: Risks	<p>Both models would require some additional functionality in order to appraise regeneration schemes. These enhancements have been introduced to other DELTA applications and should have low risk associated with them.</p> <p>SITLUM would require some updating and revision to reflect new data sources that have been released since 2009. There is experience of both updating SITLUM and of the available datasets that could be used to update the model this time around. Again there is a low risk associated with this.</p>

5.03 Table 5-2 summarises the position for the four transport model options.

Table 5-2 The transport model options

Issue	Position
Ownership	<p>TMfS and CSTM are owned by Transport Scotland.</p> <p>STM is jointly owned by SPT and the Glasgow and Clyde Valley Strategic Planning Authority.</p> <p>SITM is owned by SPT</p> <p>The owners of the models have indicated that they would be available for use within this work programme</p>
Overview	<p>TMfS is a strategic transport model covering all of Scotland. It forecasts highway traffic and public transport flows on the major networks. The latest version of the model, TMfS12, includes recent information on traffic flows and public transport loadings. It will be available from August 2012.</p> <p>CSTM is a newly developed strategic transport model covering Glasgow and Clyde Valley, Central Belt and Edinburgh. It forecasts highway traffic and public transport flows on the major networks. Again, it includes recent information on traffic flows and public transport loadings and will be available from August 2012.</p> <p>STM is a strategic transport model. It is designed to enable the fast assessment of transport options. It was first developed in the 1990s since when it has been reviewed and updated, most recently in 2008</p> <p>SITM is SPT's more detailed transport model. It forecasts highway traffic and public transport. There are over 830 zones covering the Clyde Valley Region</p>
Level of geographical output	<p>Within TMfS there are 78 zones covering Glasgow and 168 covering the rest of the Clyde Valley Region.</p> <p>CSTM and SITM both have around 830 zones covering the Glasgow and Clyde Valley Region</p> <p>STM has 27.5 zones covering Glasgow and 88.5 covering the rest of the Clyde Valley Region</p>
Is the combined functionality capable of appraising the expect range of schemes?	<p>Major Highway Schemes could be modelled in considerable detail in TMfS. Also, Public Transport schemes could be modelled in TMfS, though the focus of the model's public transport representation is inter-city public transport rather than intra-city</p> <p>Highway and Public Transport Schemes could be modelled in considerable detail in CSTM</p> <p>Highway and Public Transport schemes can be modelled within STM. In some instances this may require tests to be run in SITM as well in order to help calibrate STM.</p> <p>Highway and Public Transport Schemes can be modelled in considerable detail in SITM</p>
State of Readiness	<p>TMfS and CSTM have both been recently updated</p> <p>STM and SITM have not been revised since 2008/9</p>
<p>Scheme preparation</p> <p>Model run time</p> <p>Analysis</p>	<p>Transport schemes would be coded up within all four transport models. There is widespread experience of this work amongst the transport consultancies who have undertaken work with these models</p> <p>TMfS, CSTM and SITM all take around 12-16 hours for a single transport model year run. STM takes an hour or less. This reflects the more strategic nature of the model; there being less detail compared to the other three.</p> <p>All the transport models can generate the output required to support the measurement of the Fund objectives.</p>
Conclusion: Risks	<p>The key risk for TMfS, CSTM and SITM would relate to the time/resource required to test schemes</p> <p>For STM and SITM there would be a risk associated with the task of updating the model so as to reflect the most recent data.</p>

- 5.04 The two ‘tried and tested’ combinations of LUTI models are TELMoS with TMfS and SITLUM with STM. These have been in use since about 2005 and 2003 respectively
- 5.05 TELMoS and TMfS would, with minor enhancements and additions to the land use model (largely to the calculation of GVA and Accessibility), provide a tool that would be fit for purpose. The main reservation would relate to the time taken to run the model when testing schemes. Good practice would require modelling the impact of a land-use, transport or regeneration scheme for ten years after its completion. This is to reflect the responses of businesses, households etc to the change. To run the TELMoS/TMfS for ten years would involve two or three runs of the transport model. This could take two or three days. Whilst some schemes may only require the land use model to be run, and can be appraised in 1-2 days, those that need a transport model input may require a week or more when programming of the scheme, model run time and analysis are factored in. The current work programme does not allow for this length of time.
- 5.06 SITLUM and STM could provide a tool fit for purpose. The models would require review and revision to ensure they are up-to-date. Also, as with TELMoS, the land use model would require some minor enhancements and additions so as to have the functionality to test all the range of schemes. Some of the transport schemes may require testing within SITM. This in turn would mean that an initial review of that model would be necessary. The run times of SITLUM and STM are relatively quick; model runs would be completed within a day. This would allow more schemes to be tested, compared to TELMoS/TMfS in the same amount of time.
- 5.07 The two other main options would be to link SITLUM to SITM (without using STM) or TELMoS to CSTM. Both of these would involve an element of risk (notably the fact that not all the necessary interfaces between the models not currently exist). The same concern over the time taken to appraise schemes that was expressed above for TMfS would also apply; these transport models are relatively slow to run.

6 RECOMMENDATIONS

- 6.01 In making a recommendation, we have drawn upon discussions with model owners (ie clients), modelling practitioners who are familiar with the various models and our own experience both of the two land use models and of similar appraisal exercised elsewhere.
- 6.02 The requirement is for a modelling suite that will be capable of appraising a range of transport, land-use and regeneration schemes in a consistent manner. A land-use and transport interactive model is capable of this. There are a number of possible options available for appraising schemes in the Glasgow and Clyde Valley Region. All of these would be capable of meeting the requirement; all would require some initial development to bring them up to a state of readiness. The amount of pre-appraisal enhancement required does vary but in most cases there should be sufficient time, within the work programme, to make the models ready.

- 6.03 The time taken to run the models and hence to appraise schemes is critical. The overall programme for the drawing up with a prioritised list of schemes is tight. Whilst the number of schemes and packages of schemes to be tested is currently an unknown, if we assume that there will be at least twenty-seven (ie at least three schemes from each authority and SPT) then we need a modelling solution that allows the programming of schemes within the model, the running of the model and the analysis to take 2-3 days maximum per scheme. We feel that the only option that really allows for this would be to test schemes using a combination of SITLUM and STM (with some transport scheme calibration within SITM).
- 6.04 Our recommendation is therefore to review and revise SITLUM, STM and SITM in the period to Gateway 2 and then to apply these models during the following period to the scheme appraisal.

[end]

APPENDIX 2
PROPOSED LONG LIST OF INVERCLYDE COUNCIL PROJECTS TO
CLYDE VALLEY INFRASTRUCTURE INVESTMENT FUND (CVIIF)

PROJECT TITLE	PROJECT DESCRIPTION	PROPOSED COSTS
Port Glasgow Town Centre	A new community empowered and public sector intervention that re-models the strategic functionality of place, driving new uses and activities based on a residential renewal and integrated community/ health / social services with modern communications and 'smart' community infrastructure.	£19.5m
Inverclyde Town Centres	Greenock, Gourock and secondary smaller centres offer significant opportunity to enhance quality of place and the appeal of local centres for commerce, services, leisure and retail through public realm improvements alongside measures to improve access by sustainable modes that support town centre vitality and vibrancy.	£9m
East India and Victoria Dock	The project will be the catalyst for area renewal and place transformation redeveloping the Clyde Waterfront for commercial / marine tourism & leisure / residential and heritage developments that need public enabling investment to unlock the development opportunity.	£8.25m

Strategic Transport Corridors	The project focuses on three strategic movement corridors in Inverclyde formed by: A8 - Junction improvements along its length improving access to existing and allocated/zoned commercial /development sites. A78 - Junction and alignment improvements from Greenock to Inverkip B7054 - Bakers Brae and Drumfrochar Road alignment / upgrade	£18 - £22m
Inverkip	The development of the site requires a public-private partnership to unlock the potential and ensure this extensive brownfield site can be developed and a successful new place quality established around a mixed use settlement create a new waterfront hub for Greenock and the lower Clyde.A public-private partnership can release new investment and create a vibrant new mixed use waterfront location.	£2.5m
Inchgreen/James Watt Dock	Re-development of Inchgreen port into a renewable energy hub. The Inchgreen Masterplan promotes the re-development of the area for a mixed use port/ manufacturing/ marine leisure development.	£6.5m

Ocean Terminal	Re-development of cruise liner tourism facilities. The Development Strategy for Inchgreen & wider area promotes the quay as a specialist engineering and deployment base securing advantage from its location; deepwater facilities; quays and supply chain links in marine engineering.	£9.8m
James Watt Dock	Strategic Mixed use brownfield site, including dock operations, housing and marina	£18.9m

Clyde Valley Infrastructure Projects: Long List

Ref #	Round	Lead authority	Project name	Description	Sector	Status	Start date	Completion date	Capex (avg) £m	Third party contributions	Price base	Optimism bias	Medium List?	Notes
CG01	1	Clyde Gateway	Rutherglen	Historic town centre regeneration (incl commercial space) in South Lanarkshire	Public realm	Planning consent	2013	2014	£76.3					
CG02	1	Clyde Gateway	Dalmarnock / Bridgeton	Commercial and residential developments opened up by the Commonwealth Games	Site remediation	Planning consent	2014	2015	£163.9					Planning consent granted for 3 of 11 projects
CG03	1	Clyde Gateway	National Business District, Shawfield	Opportunity for large scale business park 3 mi from Glasgow City Centre	Site remediation	Planning consent	2014	2016	£37.8					
ED01	2	East Dunbartonshire	Sustainable Tourism	Enhancing environmental assets as sustainable tourism destinations	Tourism	Concept	Underway	10 years	£20.0	Potentially from SPT and Sustrans		No		
ED02	2	East Dunbartonshire	Westerhill Business Park	Redevelopment of brownfield sites and road infrastructure	Site remediation	Appraisal	2015		£28.0	Potential funding from SPT and Transport Scotland for public transport elements				
ER01	1	East Renfrewshire	M77 Strategic Corridor	Joint work by GCC / East Renfrewshire Council to develop the M77 Corridor	Transport: Roads	Concept								There are a variety of feasibility studies, stags and economic appraisal work completed at individual site level
ER02	1	East Renfrewshire	Glasgow Southern Orbital (GSO) Expansion	Developing wider connections across City Region	Transport: Roads	Concept								Some aspects are included within the SDP and LDP but a joined up approach has not been taken forward before and Ayrshire not included previously
ER03	1	East Renfrewshire	Glasgow Road and Darnley & Nitshill Road Corridor	Better Bus / Road Connections	Transport: Roads	Concept								There are a variety of feasibility studies, stags and economic appraisal work completed at individual site level
ER04	1	East Renfrewshire	Junction 5 Gateway	New proposal that combines components of the M77 Study with intelligent transport measures	Transport: Public	Concept	2015	6 years						Appraisal work varies across project components. JLL M77 Study including Economic Impact Study has been the basis for much of the project.
G01	2	Glasgow City	Metropolitan Glasgow Drainage Strategic Partnership	Surface water management interventions to reduce flooding	Site remediation	Design		20 years	£50.0					Package of interventions by the Metropolitan Glasgow Strategic Drainage Partnership (MGSDP) for a total of £100m (£50m within City Deal time frame)
G02	2	Glasgow City	Glasgow on the Move Strategy (cycling infrastructure)	Enhancements to existing network especially from city centre, along key routes to regeneration areas and to South side inc Tradeston M77 corridor/ West End to increase segregation and conflict points with traffic	Transport: Roads	Design		5 years	£25.0	£5m from Sustrans	2012			
G03	2	Glasgow City	Stalled Spaces	Protecting and enhancing stalled spaces to improve market conditions for delivery of developments	Site remediation	Concept	2014	2019	£5.0					
G04	2	Glasgow City	Neighbourhoods Town Centre Renewal	Reinvigorating Neighbourhoods network of Town Centres inc public realm works, cosmetic improvements and grants to create employment space	Public realm	Committed/ Concept	2014	6 years	£12.6		4.8			Includes improvements to: Shawlands Town Centre, Parkhead Cross & Public Realm, Duke/High Street/Alexandra Parade, Battlefield, Yorkhill/Finnieston, and Woodlands/GOW
G05	2	Glasgow City	City Centre Public Realm	Substantial public realm improvements throughout the city centre and a strategy for public realm including implementation of traffic management, bus priority and cycle infrastructure	Public realm	Concept	2015	2020	£100.0					
G06	2	Glasgow City	High Speed Rail Terminus	GCC preference to site terminus at Collegelands, but yet to be agreed with TS. Funding could be sought to develop/ protect a site.	Transport: Public	Concept	2022	2025	£100.0					
G07	2	Glasgow City	City Union Regeneration (including Garngad Chord)	Links the northern and southern rail network, as well as accommodating cross conurbation travel (e.g. Lanarkshire to Renfrewshire)	Transport: Public	Design	0	0	£70.0					TS not supportive
G08	2	Glasgow City	M8 J15 Townhead Interchange	Rationalising the existing junction layout to accommodate the absence of the East Flank motorway scheme and facilitate development around a simplified junction complex to inc new bus halt and environmental improvements to key gateway	Transport: Roads	Concept			£6.0					
G09	2	Glasgow City	Govan and Clyde Waterfront Regeneration	Quay wall works to prevent flooding and enable mixed use developments / transport imporments	Site remediation	Design	2015	2022	£84.8	3.3m in developer contributions and Heritage Lottery Fund		0.0825		

IN08	2	Inverclyde	James Watt Dock	Strategic Mixed Use Brownfield Regeneration	Site remediation	Implementation	2008	2018		£18.9		2011	10-20%		A Limited Liability Partnership (LLP) has been established as a Special Purpose Vehicle to support the delivery
NL01	3	North Lanarkshire	A71 By-passes	Road corridor improvement project	Transport: Roads	Unknown	Unknown	5 years		£8.1					Sponsor is North Lanarkshire Roads Authority
NL02	1	North Lanarkshire	Cumbernauld South road improvements	Roads infrastructure serving the Community Growth Area (CGA)	Transport: Roads	Unknown	Unknown	10 years		£9.8					
NL03	1	North Lanarkshire	Gartcosh Community Growth Area	Roads infrastructure serving the Community Growth Area (CGA)	Transport: Roads	Unknown	Unknown	10 years		£30.5					
NL04	1	North Lanarkshire	A8/M8 Corridor Access Improvements	improved road/ cycling/ public transport access to businesses along the A8/M8 corridor	Transport: Roads	Unknown	Unknown	3 years		£2.0					
NL05	1	North Lanarkshire	Pan Lanarkshire Orbital Transport Corridor	Road capacity and bus improvements (M80, M74 and M77)	Transport: Roads	Concept	Unknown	4-10 years		£165.0		2013	0.5		NLC is committed to the Ravenscraig TIF (M74 and A723) components
NL06	1	North Lanarkshire	Commercial Property Development	Development of 7 new sites and refurbishment of 1 existing industrial provision	Site remediation	Appraisal	Unknown	Unknown		£37.0			0.1		Planning permission / land ownership has been secured for 5 of the projects by Fusion Assets Ltd (North Lanarkshire Council's Regeneration Company)
NL07	3	North Lanarkshire	Rail Investment Portfolio	Construction of 4 new stations, refurbishment of Motherwell station	Transport: Public	Feasibility	2015	2020		£16.0	NL capital programme: £2m; SPT funding	2013	0.44		Stations would become part of Network Rail franchise (and therefore be maintained with Scottish Government funding)
R1	3	Renfrewshire	M8 Upgrade between Junctions 26 - 29	Improvements to the M8 between Junctions 26 & 29 on the M8 at Glasgow Airport	Transport: Roads	Concept	2018	10 years		£60.0			No		
R2	3	Renfrewshire	M77/M8 Westbound Link	Create new motorway junction from the M77 to the M8 creating a fast direct route to Glasgow Airport	Transport: Roads	Concept	2018	5 years		£100.0			No		
R3	3	Renfrewshire	Glasgow Airport Rail Link	Improvements and construction of a rail link onwards to the airport	Transport: Public	Design	2014	2017		£180.0		2002			This project was cancelled by Scottish Government in 2009 but has STAG appraisal available.
R4	3	Renfrewshire	Paisley Town Centre North and Airport Surface Access	This project seeks to improve connectivity between Paisley Town Centre and Glasgow Airport	Public realm	Masterplan		30 years		£160.0					
R5	3	Renfrewshire	Paisley Heritage Assets Investment Programme	Delivering strategic investment in Paisley town centre heritage and tourism led regeneration	Tourism	Business case	2014	10 years		£52.5		2013	No		
R6	3	Renfrewshire	Glasgow Airport Economic Investment Areas	This project seeks to open up and improve access for economic development locations adjacent to the airport	Site remediation	Masterplan	2016	10 years		£26.1		2011	No		
R7	3	Renfrewshire	M8 J26 Deanside/Hillington Park	Road improvements plus industrial and business development opportunities exist	Transport: Roads	Concept	2014	2024		£20.0					Joint proposal Renfrewshire Council/Glasgow City Council
R8	3	Renfrewshire	Sustainable Urban Drainage	This project involves investment in sustainable urban drainage and green infrastructure to enable development of the Johnstone Community Growth Area (CGA).	Site remediation	Masterplan									Strategic project at this stage. Will require detailed engineering investigation to establish costs.
R9	3	Renfrewshire	Clyde Waterfront & Renfrew Riverside	The development of transport infrastructure, would improve connectivity and increase linkages, unlocking development potential along the river corridor.	Transport: Roads	Feasibility	2014			£24.2	Funding of £150k granted by SPT; Developer contributions of £220k	2008	Varies		Sponsored by Renfrewshire Council /SPT/ Glasgow City Council. The Fastlink element of the Northern Development Road has been subject to full STAG appraisal and business case.
R10	3	Renfrewshire	Johnstone Station Multi-Modal Interchange	Provision of additional parking spaces at the Johnstone Train Station Park and Ride facility through the construction of a decked car park.	Transport: Roads	Concept		3 years		£4.0	Potential for SPT/Scotrail contribution.				Sponsored by: Renfrewshire Council, Scotrail and SPT
SL01	1 / 2	South Lanarkshire	A71 Strategic Improvements	Increasing capacity at the existing A71/B7011 junction to alleviate congestion	Transport: Roads	Land acquisition	2014/15	1 year		£1.6	£740,000 from SPT further £50,000 committed by the council	2014	0.2		The project is being managed by both North and South Lanarkshire Councils.
SL02	1	South Lanarkshire	Greenhills Road/A726 Dual Carriageway	Improvements to A726 dual carriageway	Transport: Roads	Concept	2015	2 years		£15.0		2013			
SL03	1 / 2	South Lanarkshire	Bus corridors and intelligent transport systems	Installation of intelligent transport systems to improve journey times	Transport: Roads	Design	2015	2 years		£6.0	Match funding sought from SPT	2013			Traffic modelling has been undertaken using Paramics Microsimulation
SL04	1 / 2	South Lanarkshire	Cathkin Bypass	New relief road and bus measures through Cathkin	Transport: Roads	Business case	2015	12-18 months		£21.0		2013	0.44		It is assumed that costs to construct the scheme at 2013 prices are approximately £4.5 million
SL05	1	South Lanarkshire	Community Growth Areas (CGAs)	Three Community Growth Areas (CGA) located at Newton, East Kilbride and Hamilton	Housing	Planning consent	Unknown	10-15 years		£54.55m estimated developer package		2012			The total costs of the CGA has not been quantified at this stage, however on the basis of the scale of the development it is reasonable to assume that the overall cost would be measured in £100 millions.
SL06	1	South Lanarkshire	East Kilbride Rail Station Park and Ride Car Park	Provide increased park and ride capacity at Hairmyres Hospital and East Kilbride Rail Station	Transport: Roads	Feasibility	2015	1 year		£1.5	Potential funding of £500,000 from East Kilbride CGA developers	2013			

SL07	1	South Lanarkshire	Lanark Gyrotary	New gyrotary traffic management scheme for Lanark town centre	Transport: Roads	Design	2015	1 year	£10.0		2001			NB Previous estimate based upon rates at that time has been factored up to take account of inflation and construction price indices. Modelling has been undertaken using Paramics Microsimulation and positive benefits demonstrated
SL08	1 / 2	South Lanarkshire	Stewartfield Way	Upgrade of Stewartfield Way to full dual carriageway	Transport: Roads	Business case	2015	2 years	£60.0		2013	0.44		Objectives of the scheme include a reduction of journey times by 10% from a 2010 baseline.
SL09	1	South Lanarkshire	Strategic Investment Sites	Site and infrastructure improvements to key sites near East Kilbride	Site remediation	Planning	2015	2025	£60.0		Unknown	No		Project components include: road improvements, drainage, refurbishment of industrial and office units
SL10	1	South Lanarkshire	Strategic Town Centres	Redevelopment / refurbishment programmes for commercial space	Public realm	Feasibility	2015	2025	£20.0			No		
WD01	1	West Dunbartonshire	Queens Quay	Regen of 98 acres of derelict land along the Clyde	Site remediation	Concept	2015	10-15 years	£50.0	Private sector land owner				
WD02	1	West Dunbartonshire	Exxon Site	Regen of 81 acres of derelict land along the Clyde	Site remediation	Concept	2015	2023	£10.0					
WD03	1	West Dunbartonshire	Lomond Canal	Navigable canal link from Dumbarton Harbour to Lock Lomond	Transport: Active	Concept	2016	2020	£70.0	Scottish Canals	2006			
WD04	1	West Dunbartonshire	Dumbarton Waterfront	Repairs to quay walls and the creation of a riverside walkway	Public realm	Concept	2014	10-15 years	£55.8					
WD05	1	West Dunbartonshire	Bowling Basin	New canal bridge, residential development, and public realm	Public realm	Concept	Underway	10 years	£25.0	Bid to SG RCGF fund for £1.6M plus £1.45m of Scottish Government shovel ready spend, £250K from Scottish Canals, £500K from the Coastal Communities Fund, £150K from SUSTRANS, £100K from the Forestry Commission				The first phase of the project is currently underway however subsequent phases are subject to obtaining funding.
WD06	1	West Dunbartonshire	Clydebank Interchange	Reconfiguration of Kilbowie Roundabout junction	Transport: Roads	Concept	2014	2 years	£4.5	SPT	2011			
WD07	2	West Dunbartonshire	Strategic Disposal Sites	Redevelopment of 9 strategic disposal sites	Site remediation	Appraisal	2014	2020	£20.0					Planning consent has to be gained.
WD08	2	West Dunbartonshire	Lomondgate Strategic Economic Investment Location	Regeneration response to a major closure (mixed use development)	Site remediation	Implementation	2014	6-10 years	£150.0	Bid of £1M to the Scottish Government's RCGF				50% complete
WD09	2	West Dunbartonshire	Chalmers Street	Improvement to public transport interchange at Clydebank Rail Station	Transport: Public	Design	2014	2 years	£4.1		2009			Assests owned by WDC/SPT/Network Rail
WD10	2	West Dunbartonshire	Fastlink – North Clyde Route	Fastlink route from the City Centre to the Golden Jubilee National Hospital north of Glasgow	Transport: Public	Feasibility	2014	2 years	£4.2					
WD11	2	West Dunbartonshire	Dumbarton Town Centre	Upgrades between the existing public transport offer and retail/employment/leisure opportunities	Transport: Public	Feasibility	2014		£4.6		2013	No		
SPT01	3	SPT	Strathclyde Smart & Integrated Ticketing	This project seeks to develop and implement smart & integrated ticketing across all public transport modes throughout Strathclyde.	Transport: Public	Design		5 years	£40.0	SPT has committed £100k for project development 2013/14	2013	No		
SPT02	3	SPT	Strathclyde Bus Investment Programme	Bus investment programme along strategic transport corridors	Transport: Public	Feasibility	2015	2025	£225.0		2013	No		Investments include: Super QBCs (Quality Bus Corridors); Fastlink BRT; capacity enhancements; bus priority techniques; vehicle investment; etc
SPT03	3	SPT	Strathclyde Bus Network Management Systems	Upgrade of existing and wider deployment of high quality real-time passenger information (RTPI) systems	Transport: Public	Concept	2014	2025	£175.0		2013	No		

Report To:	The Inverclyde Council	Date: 5 th December 2013
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No: FIN/95/13/AP/CM
Contact Officer:	Alan Puckrin	Contact No: 01475 712223
Subject:	Update of Financial Strategy 2013/2021	

1.0 PURPOSE

- 1.1 The purpose of this report is to present the revised Financial Strategy to the Council for review and approval.

2.0 SUMMARY

- 2.1 The six monthly review of the Financial Strategy has been undertaken and takes into account the February 2013 Council budget, a review of all funding models included in the Appendix and the latest information following the closure of the 2012/13 accounts.
- 2.2 It can be seen from table 3 in paragraph 8.8 that the latest projection is that the Council addressed a revenue funding gap over 2013/16 of £12.0 million. Indications are that the rate of savings required post 2015 will increase further.
- 2.3 It can be seen from table 4 in paragraph 8.13 that overall the Council has a funding shortfall of £1.7 million on its 3 year capital programme. This shortfall is in context of an investment of £108 million over the 3 year period and should give no cause for concern at this point in time.
- 2.5 All the other appendices and tables have been updated as follows;

Appendix 4 - Riverside Inverclyde - This has been updated to reflect 2013/16 budget decisions.

Appendix 5 - School Estate Management Plan - This reflects the latest phasings and decisions and remains affordable based on the assumptions made.

Appendix 6 - Leisure Strategy - This reflects the latest reported position.

Appendix 7 - General Fund Reserves – This reflects the decisions taken as part of the budget and the 2012/13 out-turn.

Appendix 8 - Capital Fund – This reflects the last review of receipts which has both reduced values and delayed timing of receipts partly offset by delaying contributions to loan charges.

Appendix 9 - Repairs and Renewals Fund - This reflects the position following the 2012/13 year end accounts closure.

Appendix 10 - AMP - This reflects the latest projected figures taken into account latest information and decisions including a review of the timing of loan charges.

Appendix 11 - Vehicle Replacement Programme - Reflects latest information and budget savings including savings from Vehicle Trading.

Appendix 12 - RAMP - shows three year approved and five year planned investment.

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- 2.6 Section 12 reflects the identified risks to the Financial Strategy and mitigating actions whilst Appendices 1 to 3 highlights the major short/medium/long term issues the Council needs to be aware of which could materially impact on the figures presented.
 - 2.7 Overall the Financial Strategy confirms the significant challenges facing the Council in coming years and is in line with the Council's 2013/16 Revenue Budget.
 - 2.8 The Corporate Management Team have contributed to and approved the content of the revised Financial Strategy.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Council approve the latest revision of the Financial Strategy.

Alan Puckrin
Acting Corporate Director Environment
Regeneration & Resources



Financial Strategy

2013/14 – 2020/21

December 2013

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Appendices

Appendix 1 - Short-Term Issues

Appendix 2 - Medium-Term Issues

Appendix 3 - Long-Term Issues

Appendix 4 - Riverside Inverclyde Funding Details

Appendix 5 – School Estate Management Plan Funding Details

Appendix 6 – Leisure Strategy Funding Details

Appendix 7 – General Fund Reserves

Appendix 8 – Capital Fund

Appendix 9 – Repairs & Renewals Fund

Appendix 10 – Office & Depot AMP Funding Details

Appendix 11 – Vehicle Replacement Programme

Appendix 12 – Roads AMP

1.0 Foreword

This latest revision of the Council's Financial Strategy has been undertaken at a time of continued economic turbulence and constitutional uncertainty.

Given the challenging economic situation, and the significant financial issues we will face over future years, it is essential that the Council updates its Financial Strategy regularly to ensure it provides a practical framework within which policy choices can be identified, debated and approved.

The approval of this revised Financial Strategy demonstrates that we are clear both about the outcomes we want to achieve for our communities and the financial challenges that need to be addressed if we are to successfully deliver on these outcomes.

To provide a clear, consistent strategic direction for the Council the following outcomes were agreed for the Financial Strategy – it will ensure that:

- **the Council has a comprehensive, coherent, balanced budget;**
- **the Council reviews the level of Council Tax annually in the context of the Financial Strategy, to determine an appropriate level in the best interests of the people of Inverclyde;**
- **resources are allocated and deployed to facilitate delivery of the outcomes in the Corporate Statement and Single Outcome Agreement and Corporate Directorate Improvement Plans;**
- **all key strategic decisions on the allocation and deployment of resources are made within the appropriate financial context;**
- **Members can take full account of the impact of decisions on the overall financial resources of the Council in the short, medium and long term;**
- **there is a high level of confidence in the financial management of the Council;**
- **the Council has flexibility to address new policy requirements, or significant changes to existing policies, within overall available financial resources;**
- **resources are invested effectively, efficiently and on a sustainable basis;**
- **there is continued improvement in the delivery of major projects;**
- **there remains a focus on securing efficiencies across the organisation;**
- **a significant proportion of efficiencies secured are invested in improving service quality, delivering new infrastructure, enhancing service levels and upgrading existing assets;**
- **there is an increased level of understanding on behalf of the wider community with regard to the finances of the Council.**

The primary financial challenge facing the Council over the 2013/16 period, given the impact of the economic downturn on public sector expenditure, 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.

There is no doubt that setting the 2013/16 budget generated options that required difficult decisions. One of the main challenges for the Council is therefore forward planning, preparatory investment and a sufficient lead in period prior to implementation of both savings and investment.

Given the difficult position the Council faces on capital expenditure, it is essential that future capital expenditure proposals are largely self-financing through the release of other capital assets, as well as delivering efficiencies which will secure ongoing revenue savings.

The Council will also develop a coherent, corporate approach to charging and income generation – this will include maximising external funding from sources such as the various Lottery Funds to supplement existing resources and support service delivery.

The Financial Strategy also ensures that strategic initiatives which require long term revenue and capital commitments such as Riverside Inverclyde, Leisure Strategy, Asset Management Strategy and the School Estates Management Plan are locked down.

We also need to ensure that the Financial Strategy continues to support the Corporate Statement directly, the Single Outcome Agreement for Inverclyde, and effectively link this Strategy to our Corporate Directorate Improvement Plans.

The Financial Strategy is a dynamic document and will be monitored on an ongoing basis by the Corporate Management Team and the Policy & Resources Committee. It will continue to be formally reviewed by the Council twice yearly, in June and in December.

This Financial Strategy is key to the future success of the Council – it is about making sure we have sufficient resources in place when required to deliver the outcomes we realistically can achieve for the communities of Inverclyde.

Councillor Stephen McCabe
Leader of the Council

John W Mundell
Chief Executive

2.0 What is the point of a Financial Strategy?

- 2.1 The purpose of our Financial Strategy is to provide clear direction, supported by a practical framework and explicitly defined parameters, on how the Council will structure and manage financial resources in the medium to long term to ensure they are deployed effectively to achieve corporate objectives.
- 2.2 This is not just another financial process – the Financial Strategy is integral to our Strategic Planning and Performance Management Framework which underpins the achievement of the outcomes identified in the Single Outcome Agreement, Corporate Statement, and is an integral part of the Corporate Directorate Improvement Plans.
- 2.3 The requirement to develop a medium to long term financial strategy covering the next five to ten years (and in some areas up to twenty years) had been recognised by the Council for some time.
- 2.4 The Council has taken into account guidance from CIPFA when developing the Financial Strategy as well as best practice from other local authorities.
- 2.5 Our ambition is to maintain a single, coherent Financial Strategy that brings together the corporate objectives of the Council along with all the relevant financial information in a clear, accessible document covering a five to ten year period (and beyond where appropriate).
- 2.6 The value of such a Strategy is that it enables the Council to develop a better understanding of the wider policy and financial environment within which it operates, identify and respond flexibly to opportunities and threats, manage and mitigate risks and ensure that financial resources are contributing to achieving corporate objectives.
- 2.7 The Strategy will also provide information to a range of stakeholders:

Table 1 – Stakeholder Information

For the Council and Elected Members	to decide how available financial resources will be used
For Chief Officers, managers and employees	To help optimise the available resources and reinforce their roles in financial management arrangements
For residents	to show how the Council's Financial Strategy impacts upon service provision
For Council Tax payers	to demonstrate how the Council looks after public resources
For partners	to share the Council's vision and help identify opportunities for joint working and resourced deployment.

- 2.8 The Strategy covers the period 2013/16 in detail and also identifies issues that will impact in the longer term, so that the Council can plan ahead. It includes expenditure forecasts and projected funding, where known for key priorities.
- 2.9 Inevitably some of the information of the Financial Strategy will be based on forecasts and these will change over time - the Strategy will be reviewed regularly so that the Council can respond proactively to any such changes.
- 2.10 The inclusion of information in the Financial Strategy does not infer approval and all financial projections and issues will have to be subject to approval through the budget process.
- 2.11 The Strategic Planning and Performance Management Framework continues to develop links between the strategic planning and budgeting processes. This allows services to plan ahead, taking into account the resources available and proactively identify opportunities to achieve efficiencies or secure alternative funding sources.

3.0 Financial Summary

- 3.1 On 14 February 2013 the Council agreed the 2013/14 Revenue Budget.
- 3.2 The same meeting also approved the 2013/16 Capital Programme which took into account the reductions in Government Grant.

Table 2 – Short Term Summary – Approved Revenue and Capital Budgets

	2013/14 £million
<u>General Fund Revenue Budget</u>	193.365
<u>Financed by</u>	
Government Grant (Including NDR)	(164.728)
Council Tax	(33.014)
Approved Contribution to General Reserve	(4.377)
<u>Capital Programme (2013/14)</u>	
Approved Spend	40.87
<u>Financed by</u>	
Government Grants	7.22
Capital Receipts	0.57
Other Grants/CFCR etc	9.41
Prudential Borrowing	26.06
Resources Carried Forward from prior year	3.25
Surplus Resources	5.64

4.0 National Context

UK Context

- 4.1 The Comprehensive Spending Review (CSR) announced by the Westminster Coalition in October 2010 provided information on Public Sector expenditure over the period 2011/15. These figures have been revised on a number of occasions and the Autumn 2012 Statement projected figures to 2017/18. The undernoted table shows the high level Revenue and Capital figures indicated for the Scottish Block over this period.
- 4.2 From the table below it can be seen that the largest funding reduction was due to occur in 2011/12. However it can be seen that in each year over the 2011/18 period the Scottish Block is reducing in real terms ie Grant is not keeping up with estimated inflation pressures.

Real Terms Funding Changes – Scottish Budget

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>Overall Change</u>
Revenue	26.2	25.9	25.6	25.1	24.7	23.9	23.0	(12.2%)
Capital	2.8	2.7	2.5	2.6	2.4	2.4	2.4	(14.3%)
Total	29.0	28.6	28.1	27.7	27.1	26.3	25.4	(12.4%)
Movement £billion		(0.4)	(0.5)	(0.4)	(0.6)	(0.8)	(0.9)	
Movement %		(1.4%)	(1.7%)	(1.4%)	(2.2%)	(2.9%)	(3.4%)	

- 4.3 Concerns remain that these figures are optimistic and that inflation remains stubbornly high with forecasts indicating that it will be a further two years before rates drop to the 2% target.
- 4.4 In addition growth forecasts have been reduced from 11.6% to 7.5% for the period 2012/16. This has a knock on impact to tax revenue and employment levels.
- 4.5 Continued protection of Health and Schools at a UK level mitigates some of the impact on the Scottish Block but there is an increasing view that the continued protection of these areas is not sustainable post 2015.

The Scottish Government

- 4.6 The Scottish Government has confirmed that Council Tax will be frozen for the period of the Parliament, this allied to the already announced Westminster block grant position makes it all but certain that the Council's available funding will be cut in real and cash terms for the period to 2017.
- 4.7 The Scottish Government announced 3 year Local Government grant figures in December 2011 based on a 3 Year revenue cash freeze and confirmed the 2013/14 grant figures in late November 2012. In September, 2013 the Scottish Government confirmed the 2014/15 budget and detailed Council figures are expected in December.
- 4.8 Cosla Leaders have agreed that the 2015/16 settlement should represent a "flat cash" when compared to 2014/15. If confirmed by the Government this will represent an improved settlement for the Council.
- 4.9 A recent paper from the CPPR for Directors of Finance gives the following assessment of the position for Scottish Local Government:
- The total Scottish Budget is projected to experience real term cuts of over 18% over the period 2009-18.
 - About half the cuts required will have been achieved by the end of 2012/13 but the majority of the revenue cuts remain to be made.

- Deepest cuts will occur over 2016/18.
- Options at a Scottish level to relieve pressure on cuts are:
 - Extend/Deepen Wage restraint.
 - End Protection for the NHS.
 - Increase Taxes or Borrowing (within limits available).
- At some point the perceived advantages of protecting the NHS & Higher Education are likely to be outweighed by the negative implications of increasingly large cuts elsewhere.

4.10 The Government has emphasised that for the current Spending Review, Local Authority funding is guaranteed and any NDR shortfall will be funded by the Government however, it is not clear how this would be dealt with post 2014/15.

4.11 Based on the above it is clear that Local Government faces a continued squeeze on resources for the foreseeable future which will require clear prioritisation and inevitably a review of some of the universal service provision policies at both a national and local level.

4.12 The Scottish Bill received Royal Assent on 1st May 2012 and has been described as the largest transfer of financial powers to Scotland since the creation of the UK. The main provisions are:

Income Tax – A new Scottish Rate of income tax to be in place from April 2016. Income Tax to be reduced by 10% and thereafter the Scottish Parliament will set a rate of income tax.

Capital Borrowing – A new £2.2 Billion capital borrowing power to be in place by April 2015.

Short Term Borrowing – A limit of £0.5 Billion for short term borrowing to be in place to help manage volatility in tax receipts.

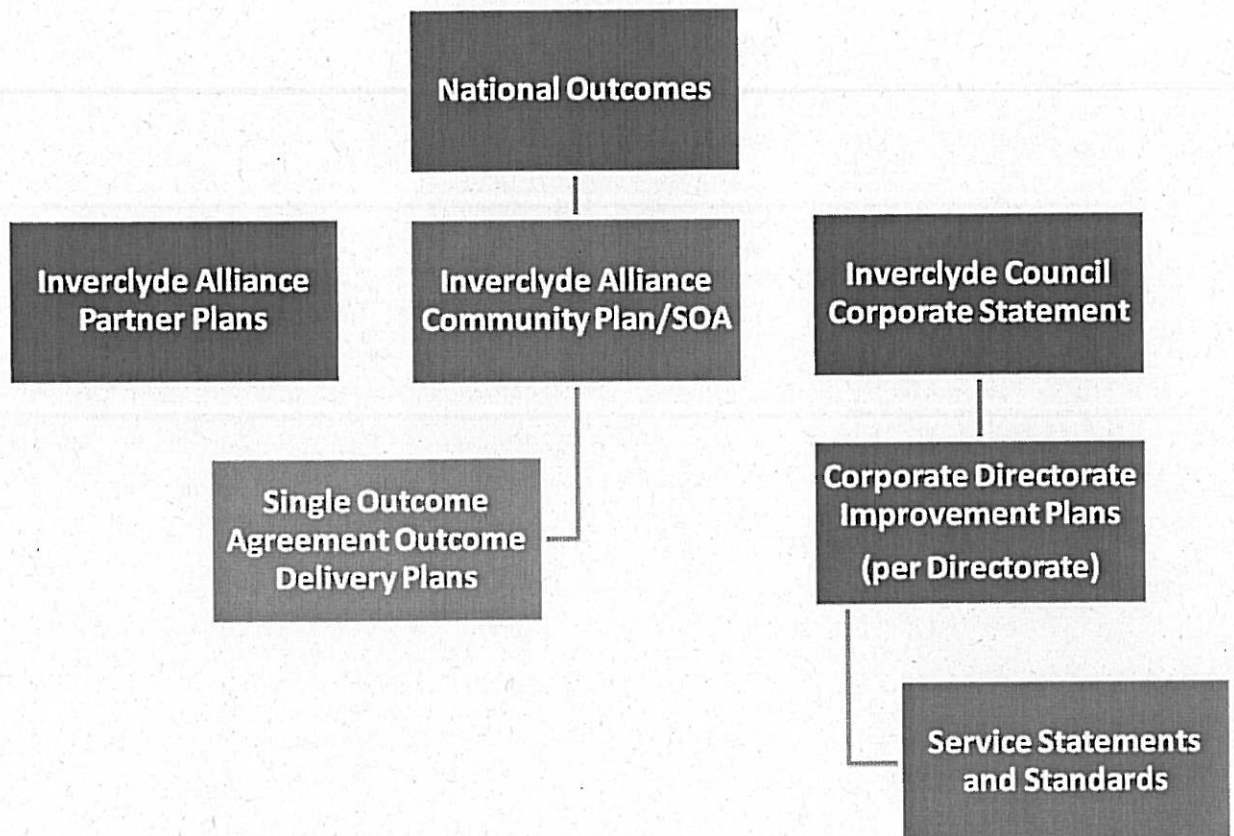
Stamp Duty/Land Tax/Landfill Tax – These taxes will be fully devolved and will be levied and collected in Scotland effective from April 2015 (and administered by Revenues Scotland).

New Taxes – A wider power to introduce new taxes (subject to agreement with the UK Government).

4.13 The Referendum due in September 2014 will dominate Scottish Politics over the next 12 months. It is encouraging that the Government have announced indicative 2015/16 figures for Local Government which if confirmed are in line with the assumptions built into the Councils budget. However, irrespective of the Referendum result there is every possibility that the figures announced will be reviewed by December, 2015..

5.0 Local Context

- 5.1 The local environment within which the Council operates has changed significantly in recent years and will alter further in future years due to the impact of national legislation and policy, further economic turbulence, societal changes and developing customer expectations.
- 5.2 The overall strategic framework within which the Council operates is outlined in the Strategic Planning and Performance Management Framework which has recently been reviewed and streamlined. The Framework includes the Single Outcome Agreement, the Corporate Statement, Corporate Directorate Improvement Plans and the Financial Strategy.
- 5.3 The revised Strategic Planning and Performance Management Framework is shown in Diagram 1.



- The **National Outcomes** are set by the Scottish Government and sit within a National Performance Framework. These outcomes are an overarching guide for the local community planning partnership document, the Single Outcome Agreement.

The Council has agreed that the **Single Outcome Agreement** will act as the **Community Plan** for the Inverclyde area. The current SOA will run from 2012 to 2017 and was subject to a minor review in 2013 to match guidance released by the Scottish Government, following the Review of Community Planning and SOAs. The SOA is the high level strategic partnership document setting out the vision and direction for the Inverclyde area, as agreed by all the Inverclyde Alliance partner organisations. The outcomes are based on evidence of the key issues and challenges for the Inverclyde area and through community engagement. They set out what we want to achieve for all the communities of Inverclyde.

- The **SOA Outcome Delivery Plans** set out the Partnership actions and projects which will contribute to the achievement of the SOA outcomes and are expressed through the wellbeing indicators (as set out in the SOA, see below in 5.5) to help better understand their impact on a crosscutting basis.
- The **Corporate Statement** is a public facing, focused statement setting out the Council's vision. The Corporate Statement also reflects the eight local outcomes and the wellbeing indicators from the SOA and sets out, at a high level, what the Council will do to deliver on the eight local outcomes. It also sets out the high level budget by key services.
- **Corporate Directorate Improvement Plans** set out the vision for each Directorate. The Plan covers two broad areas, the first being corporate cross cutting improvement actions and the second Directorate Improvement actions. These improvement actions are based on robust self evaluation and referenced to community outcomes and wellbeing indicators.
- **Service Statement and Standards** set out what services do on a day to day basis and will not change significantly year on year, but will be refreshed to reflect any structural or legislative changes. It is a public facing document which also sets out a summary of the financial and employee resources allocated to run the service. Service standards are also reflected in the Service Statements, setting out what quality standards the service follows and what customers can expect.

Outcomes for Inverclyde

- 5.4 The focus of the Strategic Planning and Performance Management Framework is on addressing the main challenges facing the area, and the eight outcomes set out in the SOA are the agreed priority areas for all partners to work together on, covering the areas of:
- Repopulation
 - Successful Communities
 - Economic Regeneration and Employability
 - Health Inequalities
 - Alcohol Misuse
 - Best Start in Life for children and young people
 - Environment
 - Continuously improving, best value services
- 5.5 There are also a series of **wellbeing outcomes**, which the Inverclyde Alliance, including the Council, has adopted, which have been adapted and expanded from 'Getting it Right for Every Child', to help us work towards 'Getting it Right for Every Child, Citizen and Community'. The wellbeing outcomes cover the core areas of Safe, Healthy, Achieving, Nurtured, Active, Respected, Responsible and Included.
- 5.6 A key challenge for the Inverclyde Alliance, and the public agencies, operating in Inverclyde, over the next five years will be to ensure better alignment between available resources, across all agencies, and the outcomes identified in the SOA.
- 5.7 There are a number of improvement actions which have been developed from the Quality Assurance of the SOA including the need to develop a process to identify how partners are shifting planning and resources to early intervention and measuring success on reducing demand, costs and releasing savings. The Council is working to establish a picture of resource deployment in the context of the SOA and will work with partners to try to capture the picture across all involved agencies.

Demographics and Population

- 5.8 The most significant challenge facing Inverclyde is depopulation and associated demographic change – this has been recognised by the Council and our Partners as a priority and is reflected in the Corporate Statement and Single Outcome Agreement.

- 5.9 The fundamental issue for the Council is that at some point if the decline in population continues at the current pace then the area could become no longer sustainable as a unit of administration which would have an associated impact on other services such as health, police and fire.
- 5.10 In 2011 Census the population for Inverclyde was 81,485, a decrease of 3.2% from 84,200 in the 2001 census. In Inverclyde 14,800 (18.2%) of the population are aged 15 to 29 years. This is smaller than Scotland where 19.6% are aged 15 to 29 years. Persons aged 60 and over make up 24.7% of Inverclyde. This is slightly larger than Scotland where 23.1% are aged 60 and over.
- 5.12 Since 1985, Inverclyde's total population has fallen overall, Scotland's population has risen over this period.
- 5.13 The most recent population projections¹ (based on 2010 data) estimate that Inverclyde's population will drop to 66,488 by 2035, a decrease of 16.7% compared to the population in 2010, the largest projected rate of depopulation of any Council area in Scotland. In comparison, the population of Scotland as a whole is expected to increase by 10.2% between 2010 and 2035.
- 5.14 Over the 25 year period the age group that is projected to increase the most in size in Inverclyde is the 75+ age group. This is the same for Scotland as a whole.
- 5.15 The population aged under 16 in Inverclyde is projected to decline by 27% over the 25 year period. The under 16 population of Scotland as a whole is expected to increase slightly. The working age population is expected to decrease by 23.5% by 2035.
- 5.16 In the SIMD 2004, Inverclyde, locally, had 32.7% of data zones in the most deprived 15% of all data zones, however by 2006, this had increased to 38.2%. In 2009, the percentage of datazones in the most deprived 15% remained static at 38.2%, but increased in the 2012 SIMD release to 40.0%. Inverclyde's national share of the 5% most deprived data zones has increased from 1.8% in 2004 to 5.2% in 2009, but reduced to 4.3% in 2012. Locally Inverclyde has the second highest concentration of employment deprivation and health deprivation in Scotland and the third highest income deprivation.
- 5.17 Public service delivery is particularly challenging in the context of deprivation and depopulation which adds to the uniqueness of Inverclyde as an area.
- 5.18 Demographic change will have significant impact on services as funding allocated from the Scottish Government is partly based on the population of an area. Even with additional allocations to take account of deprivation the budget is likely to reduce in real terms over the next five years.
- 5.19 In terms of indicators of deprivation² the profile for Inverclyde differs significantly from the national picture, these include:
- Of the 11,650 working age key benefit claimants in Inverclyde 6020 (11.36% of the working age population) are claiming Employment Support Allowance and Incapacity Benefits.
 - 5.26% (2790) of working age benefit claimants are claiming Job Seekers Allowance. Of this, a higher proportion of 18 – 24 year olds (8.66%) are claiming than 25 – 49 year olds (4.75 %) or 50 – 64 year olds (2.32%).
 - Approximately 22% of the population of Inverclyde are working age (16-64 yrs) out-of-work benefit claimants.
 - Approximately 13.3% of working age adults in Inverclyde have no formal qualifications.
 - Medium earnings for full time workers in 2012 in Inverclyde were £451.500 which has increased from the 2007 rate of £383 per week. This is still approximately 9.4% lower than those for Scotland as a whole, but the gap has decreased from 13%.
 - Working age people account for 65% of all people in Inverclyde. This is 0.8% lower than for Scotland as a whole.¹

¹ These figures are still to be updated from the 2011 census results

- 5.20 The projected population changes will have an impact on all service areas, particularly Education and Social Care, where there will be a need to actively manage the transition from current service delivery arrangements to new models that are built around the needs of the future population.
- 5.21 The deprivation profile will have major implications for services as research indicates that those most vulnerable to poverty are more likely to require greater interventions and a targeted focus to move out of poverty and this will come at a significant cost to public agencies.
- 5.22 The predicted demographic changes also have other implications. A decline in younger economically active people and a growth in the older, more vulnerable age group can mean there will be fewer informal carers which could result in a higher dependency on the services provided by the Community Health and Care Partnership.

The changing public sector landscape in Inverclyde

- 5.23 The public sector landscape has changed significantly in recent years in Inverclyde with the creation of Riverside Inverclyde, River Clyde Homes and the Community Health & Care Partnership – these new organisations join Inverclyde Leisure and the wider voluntary sector as part of a mixed economy of public service provision.
- 5.24 The development of this mixed economy of public service provision presents new challenges for the Council as it seeks to ensure that outcomes are achieved and that resources are being deployed effectively and efficiently.
- 5.25 This is particularly relevant in the context of the SOA where there will need to be a robust appraisal of whether existing service delivery arrangements across all partner agencies can effectively deliver on the agreed outcomes.
- 5.26 The Christie commission report sets out the future of public service reform, with a major emphasis on preventative spend and early intervention. Whilst the Council has to tackle the problems associated with poverty and deprivation now, it also has to look to the future, and ensure that effective intervention is put into place now, to prevent further problems from developing, which will ultimately require expensive interventions. Investment in the lives of our children and young people early on in their lives will result in a better outcomes and quality of life for them as they grow up in the Inverclyde area.

5.27 *Riverside Inverclyde*

Riverside Inverclyde is a joint initiative between the Council and Scottish Enterprise to regenerate 330 acres of the Clyde Waterfront scheduled to run from 2006/7 until 2017/18.

The development had an estimated potential and value of £342 million and will take ten years to complete, with the end result a successful living, recreational and business environment in a quality location.

The Council's contribution towards Riverside Inverclyde is £24 million over the ten year period. In addition the Council has made contributions in kind by transferring specific assets to the Urban Regeneration Company which will count towards the £24 million contribution and a further £3.1 million financial support to specific major Regeneration projects led by Riverside Inverclyde. It has been confirmed that the Council's partners (Scottish Government/Scottish Enterprise) will not meet their originally envisaged contributions.

Following mid term review an interim Chief Executive has been appointed and is producing an Improvement Plan to strengthen Governance in the organisation.

5.28 *River Clyde Homes*

River Clyde Homes is a not-for-profit housing organisation, which is run by a Board of Tenants, Council nominees and community members. It is regulated by the Government to ensure that it manages housing in the best interests of the tenants of Inverclyde, and the community as a whole.

The transfer to River Clyde Homes of all the Council housing stock was based on significantly more money being available to invest in homes and neighbourhoods and give tenants a real say in the decisions that are made about their housing, with tenants on the Board influencing policies and investment decisions.

River Clyde Homes prepared a Business Plan which gives tenants a clear understanding of what they can expect from the new organisation on key issues like improvements, repairs and rent levels. Progress against the Business Plan is reported to the Council annually in addition to which six monthly briefings are given to Members.

Government cuts have impacted on progress against the original Business Plan.

5.29 *Inverclyde Leisure*

Inverclyde Leisure is a 'company limited by guarantee', not having share capital and recognised by HMRC as having charitable status. In October 2001, the Trust was asked to take responsibility for the management and delivery of Inverclyde Council's sport and recreational services.

The Leisure Trust works in close partnership with Inverclyde Council and other internal and external agencies in order to develop the highest possible service for residents and visitors to Inverclyde and so to ensure the Trust's Mission Statement is implemented.

The Council's Community Facilities transferred to Inverclyde Leisure in April 2010 and discussions are ongoing regarding the transfer Outdoor Leisure Facilities to Inverclyde Leisure by April, 2014.

5.30 *Inverclyde Community Health Care Partnership (CHCP)*

The Council approved the move towards the establishment of an integrated Community Health and Care Partnership as part of the Management Restructure report in November 2009 which came into existence in October 2010. This latest development is leading to greater partnership working and efficiencies in line with the Government's stated objective of integrating aspects of Health & Social Care.

The CHCP has a combined budget of over £120 million.

6.0 Key Organisational Issues

- 6.1 The Council has 3 specific Corporate Improvement Groups (CIGs) two of which are chaired by the Corporate Director, Environment, Regeneration & Resources and one by the Corporate Director Education, Communities & Organisational Development.
- 6.2 The first Corporate Improvement Group is the Modernisation CIG. This group coordinates the main Modernisation projects including Mobile/Home Working, Electronic Document Management, Customer Services Development and Back Office Shared Services.
- 6.3 The second CIG is the Asset Management Planning CIG. In addition to reviewing progress in respect of the Office Rationalisation AMP, Depot AMP and Roads AMP, it reviews overall progress in respect of the School Estate Management Plan and Capital Programme. This group is supported by the Capital and Asset Management Sub Group which is chaired by the Head of Property Assets and Facilities Management.
- 6.4 The third CIG is the Performance CIG which meets on a regular basis to develop and deliver the Strategic Planning and Performance Management Framework as well as Equality and Diversity for the Council.

7.0 Financial Management

Corporate Governance

- 7.1 The Council positively promotes the principles of sound corporate governance within all aspects of its activities.
- 7.2 Corporate governance is about the structures and processes for decision-making, accountability, controls and behaviour throughout the Council. It is based around key principles of openness, equality, integrity and accountability.
- 7.3 The fundamental principles of corporate governance should be reflected in the various dimensions of Council business, including;
- Ensuring a community focus underpins the Council's vision and priorities;
 - Ensuring the effective delivery of local services on a sustainable basis;
 - Establishing effective management structures and processes which include clearly defined roles and responsibilities for officers;
 - Developing and maintaining effective risk management systems that form part of the Council's strategic decision making process;
 - Ensuring high standards of propriety and probity in the stewardship of the Council's funds and the management of the Council's affairs;
 - A commitment to openness in the Council's affairs and the provision of full, accurate and clear information to all stakeholders.
- 7.4 The Chief Financial Officer has been designated as "the proper officer" and is responsible for advising the Council on all financial matters.
- 7.5 The Financial Regulations approved in September 2012 are an essential component of the corporate governance of the Council.
- 7.6 The Financial Regulations are designed to facilitate the smooth running of the Council, protect its interests and the interests of members and officers, and ensure the proper administration of all the Council's financial affairs, including, Partnerships, Trading Accounts, The Common Good and Sundry Accounts.
- 7.7 Head Teachers must also comply with the Financial Regulations, with the exception of virement which is defined in the Devolved Management of Resources Scheme.

Roles and Responsibilities

- 7.8 It is important to set out clearly the roles and responsibilities of the key parties involved in the Financial Strategy and the management of overall financial resources of the Council.

Elected Members

- 7.9 Elected Members, through Full Council and Committees are responsible for considering and approving budgets and the Financial Strategy for the Council. Approved budgets must be financially balanced and demonstrate value for money and sustainability.

- 7.10 Throughout the year Committees receive reports which allow progress against approved budgets to be scrutinised. All members should receive appropriate training in the areas of Financial Strategy, Local Government Finance and key specialist areas such as Treasury and Risk Management.

Corporate Management Team

- 7.11 The Chief Executive and Corporate Directors form the CMT, chaired by the Chief Executive, who are responsible, individually and collectively, for ensuring effective financial management across the organisation.
- 7.12 As Budget Holders the CMT are responsible for the budgets delegated to deliver the services within their Directorate in line with the priorities of the Council. Whilst they may delegate this responsibility within their Directorate they remain accountable in exercising overall financial control.
- 7.13 The CMT have a specific meeting each month to consider corporate financial matters including employee costs, key budget lines earmarked reserves and work stream savings progress.

Chief Financial Officer

- 7.14 The Chief Financial Officer has a statutory role to ensure appropriate arrangements are in place for the proper administration of the financial affairs of the Council. He has the authority to comment and advise CMT, Chief Executive and Elected Members on all financial matters.

Heads of Service

- 7.15 Heads of Service are individually responsible for ensuring that the services within their remit are delivered in line with the agreed policy, and support the strategic direction of the Council. As Budget Holders they are responsible for the budgets delegated to them to deliver their service in a manner which demonstrates value for money in line with the priorities in the Corporate Directorate Improvement Plans.

Budget Managers

- 7.16 Responsibility for budgetary control lies with the Corporate Directors and as delegated budget holders, their Heads of Service and Service Managers. In recognition of the need to ensure budget holders are appropriately supported and trained, Finance Services has recently delivered training to all Heads of Service and Managers on Financial Governance and budgetary control issues.

Financial Support to Services

- 7.17 The Council agreed in November 2009 to a fundamental change in the way financial support and advice is delivered to Directorates. The approved "Hub and Spoke" model means each Directorate has a dedicated Finance Manager and Principal Accountant who, assisted by a team of Finance Officers, prepares and monitors the Directorate budget as well as providing a full range of financial advice to the Directorate.

Internal Audit

- 7.18 Internal Audit provide assurance to Elected Members, the Chief Executive and management that the internal processes of the Council are being managed appropriately in line with the overarching policies and outcomes are being delivered in an efficient and effective manner.

External Audit

- 7.19 The role of External Audit is to provide assurance to the Auditor General and the Accounts Commission that the Council has spent public money properly to deliver outcomes in an efficient and effective manner. They also provide assurance to the Elected Members, the CMT and general public that the Council's performance is reported in accordance with the financial standards and presents a fair account of the Council's activities.

Managing the Budget

- 7.20 Committees receive five budget monitoring reports throughout the year. These are jointly prepared by the Chief Financial Officer and the relevant Corporate Director.
- 7.21 The Corporate Management Team receive and discuss a budget overview every month covering key budget lines, employee costs, earmarked reserves, progress on the approved saving workstreams and key projects with financial implications.
- 7.22 All Services receive detailed budget information five times per year and in addition are sent FMS budget reports in intervening months plus having access to real time information held on the Council's Finance Management System.

8.0 Financial Outlook

- 8.1 Key financial issues are known or anticipated events and activities that have to be addressed within overall financial resources in the short-term (within 3 years), medium-term (within 5 years) or long-term (over 5 years).
- 8.2 Events and activities include efficiencies, planned savings, changes to service priorities and delivery, and known potential pressures. The financial impact of an event or activity may be one-off, recurring or time-limited.
- 8.3 The Council is due to receive Revenue Grant/Non-Domestic Rates Income of £164.728m in 2013/14.
- 8.4 When the Council's own projection of Council Tax Income based on 96.5% collection rate is added (£33.014m) then the income for the Council in 2013/14 is projected to be £197.742m.
- 8.5 The Financial Strategy runs up to 2020/21 and beyond in terms of identifying potential issues, but the revenue forecasts are limited to the period which can be reasonably forecast, 2013/14-2015/16.
- 8.6 The level of resources available to the authority to fund its revenue expenditure is also dependent on Council Tax and the approval budget shows no increase over 2013/16.
- 8.7 The Council has agreed a Reserve Strategy which requires a minimum unallocated General Fund Reserve of 2% of turnover. This equates to £4.0 million. The overall position of the Reserves shown in Appendix 7 and has been updated to reflect the latest projections. The Reserve Strategy was reviewed and approved by the Policy & Resources Committee in August 2013.
- 8.8 The projected budget position in the short to medium term, is set out in the following tables and notes for both revenue and capital. Details of the short, medium and long-term issues identified in consultation with Services are contained at Appendices 1, 2 and 3.

Table 3

Finance Strategy - November 2013

	<u>2013/14</u> <u>£m</u>	<u>2014/15</u> <u>£m</u>	<u>2015/16</u> <u>£m</u>
Base Budget for Prior Year	206.100	197.742	190.282
<u>UPLIFTS FROM PRIOR YEAR</u>			
<u>Inflation (Note 1)</u>			
Pay Inflation	1.410	1.710	2.110
Other Inflation	1.760	1.900	1.900
Income	-0.143	-0.147	-0.151
	3.027	3.463	3.859
<u>Budget Increases (Note 2)</u>			
Corporate Pressures (movement)	1.250	0.650	1.000
Unavoidable Pressures	0.720	0.420	0.020
Loan Charges	-	0.150	0.300
Capital Programme Impact	-	-	0.100
RAMP Prudential Borrowing	0.300	-	-
	2.270	1.220	1.420
<u>Adjustments (Note 3)</u>			
Removal of Police/Fire Funding	-13.776	-	-
Council Tax Reduction Scheme	5.437	-5.437	-
Loan Charges Savings/Adjustments Applied	-0.750	-	-
Other Adjustments Applied	-0.681	-0.922	0.013
Contribution to Reserves - 2012/13	-4.053	-	-
	197.574	196.066	195.574
<u>Funded by: (Note 4)</u>			
Revenue Grant/NDR Income	164.728	157.268	156.168
Council Tax Income	33.014	33.014	33.014
	197.742	190.282	189.182
Annual Budget Before Savings (Surplus)/Deficit	-0.168	5.784	6.392
Cumulative Budget Gap before Savings	-0.168	5.616	12.008
<u>Savings Applied (Cumulative)</u>			
1% Savings November 2012	-1.137	-1.675	-1.763
Savings Applied February 2013	-0.436	-2.091	-4.772
Former Workstream Savings	-2.551	-2.857	-3.433
New Workstreams	-0.085	-0.470	-2.040
Approved Budget (Surplus)/Deficit	-4.377	-1.477	0.000
Projected Underspend 31 October 2013 (Note 5)	-1.531	-0.400	-0.300

Finance Strategy Notes – November 2013

Note 1 Inflation

- a) Pay – The allowance for pay inflation is the maximum available over the 3 year period to fund all pay related pressures including the annual pay award, impacts of equal pay etc, increases in employers national insurance/pension costs and movement in service bottom up employee budgets.

A 1% increase in teachers pay will cost approximately £360,000 (2013/14) whilst a 1% increase in non-teaching pay will cost approximately £690,000 (2013/14). The non teachers' inflation has been applied for 2013/14 and will be allocated to Service budgets.

- b) Other Inflation

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
Utilities	400	400	400
Landfill Tax	260	260	260
Contracts/Other	1100	1240	1240
	<u>1760</u>	<u>1900</u>	<u>1900</u>

- c) Income – based on (2.5%) resulting in £143k 2013/14, £147k for 2014/15 and £151k for 2015/2016

Note 2 Budget Increases

- a) Corporate Pressures - Figures reflect approvals from November 2012.
- b) Unavoidable Pressures – Reflects approvals for Living Wage, Auto Enrolment and Incremental Drift.
- c) Loan Charges Movement – 2013/16 figures reflect anticipated increase due to capital investment.
- d) Capital Programme Impact – A review of the Capital Programme Impact has resulted in no additional recurring revenue requirement for years 2013/14 & 2014/5, however, an increase is projected for 2015/16 for increased running costs arising from the Council's Capital Programme.
- e) RAMP Prudential Borrowing – Agreed to invest £300,000 per year to support increased roads infrastructure works. Initially this will be put into an earmarked reserve and the accumulated balance will also be reinvested in the RAMP.

Note 3 Adjustments

- a) Removal of Police/Fire Funding – Due to the Police and Fire reform, the Council no longer contributes to these Joint Boards. The Council also received a commensurate reduction in General Revenue Grant.
- b) Council Tax Reduction Scheme – Reflects Government contribution to Council Tax Reduction Scheme. At present there is no confirmation for years 2014/15 and onwards.

- c) Loan Charges Movement – Figures reflect latest figures resulting from October 2013 review.
- d) Other Adjustments – Figure reflects receipt of funding from Scottish Government for Scottish Welfare Fund offset by removal of Landfill Penalties budget, residential care pressure and release of general contingency budget, plus sundry minor adjustments.
- e) Contribution to Reserves – Reflects approved one-off contribution to Reserves February 2012.

Note 4 Funded By

- a) Reflects 2013/15 Finance Settlement included in Scottish Government Circular 5/2012 and 2/2013. 2015/16 figure reflects an estimate based on 2012/15 trend. However, please note, COSLA have agreed that 2015/16 settlement will be a flat cash settlement. If this is confirmed then it could result in a surplus of £1.07m in 2015/16.

Note 5 Projected Underspend

- a) Reflects projected surplus reported to Policy & Resources Committee in September 2013 of £1.061m. In addition to this, a further £0.470m for 2013/14 and £0.400 for 2015/16 has been identified as not required for Auto Enrolment.

8.10 *Other Short Term Revenue Issues*

The main risks associated with the approved 2013/16 budget will be around Pay Awards, general inflation and the 2015/16 grant settlement. Regular review of the allowances and reporting to Committee will ensure officers become aware of any significant variances and report these at the earliest opportunity.

8.11 *Medium to Long Term Revenue Issues*

Looking beyond 2015/16 becomes increasingly difficult with uncertainty around the level of funding likely to be available and is covered in more detail in Section 4 of the Strategy.

By 2015/16 the incremental impact of most current major initiatives including Riverside Inverclyde, Leisure Strategy and the Schools Estate Strategy will have been fully incorporated the overall Budget.

Post 2015/16 the main issues impacting on the revenue budget will be:

- **Funding will be impacted by future population change/demographic shifts and any changes to the way local government in Scotland is funded.**
- **Welfare Reform changes will impact on DWP/Government grants to the Council, Service demands on the Council and employee numbers in certain Council Services.**
- **Health/Social Care integration will be implemented over this period and whilst debate is on going regarding delivery models and governance the fundamental fact is that there is not enough money to meet increasing demand.**
- **Pension costs influenced by the impact of auto-enrolment, the changes to LGPS and Teachers Pensions, plus costs associated with the Council resizing its workforce in order to balance its budgets over the period 2013/16.**
- **The impact on Councils and employees National Insurance contributions arising from the ending of contracting out is expected to be significant.**
- **Costs associated with sustainability including waste disposal and recycling, energy and fuel costs and general procurement inflation due to increased global demand for raw materials.**
- **As Loans Charges become a larger proportion of the Revenue Budget due to funding reductions and the Council's ambitious Capital Investment Programme then the impact of increases in interest rates will become greater.**
- **Overall global economic situation resulting in uncertainty around investment returns, inflation levels and further reductions in public sector funding.**

The fundamental issue for the Council is that at some point if the squeeze on public sector finances and the decline in population continues then the area could become unviable as a unit of administration and this will have an associated impact on other local services such as health, police and fire.

8.12 *Short to Medium Term Capital Projections*

The Council agreed a 3 year Capital Programme 2013/16 in February 2013 which included significant extra investment in roads infrastructure.

In addition, the Council has already approved a significant level of Prudentially Funded capital projects including investment in schools, leisure, a new depot, rationalisation of offices and vehicles.

The Council has agreed an asset disposal strategy on the premise that assets are not sold whilst the market continues to be depressed unless the Council is clear it can demonstrate Best Value is being achieved.

8.13 *Long-Term Capital Projections*

There is greater certainty around capital spend for the post 2015/16 period due to the fact that the School Estate Strategy will use well over 60% of projected capital grant for at least the next 15 years.

This will leave a relatively small amount for other projects which will be required to maintain the Council's existing infrastructure asset base i.e. Operational Properties, Roads, Lighting, Open Spaces and ICT.

Given the difficult position the Council faces on capital expenditure, it is essential that future capital expenditure proposals are largely self – financing through the release of other capital assets, as well as delivering efficiencies which will secure ongoing revenue savings.

Unless there is a substantial increase in resources from the Government or alternative funding sources are identified then the Council will face significant challenges to have sufficient capital resources to maintain it's existing asset base in the medium to long term.

9.0 Treasury Management

- 9.1 Inverclyde Council has adopted the CIPFA "Treasury Management in the Public Services – Code of Practice" which sets out good practice for treasury management governance. The Council complies with legal and regulatory requirements in relation to its Treasury Management activities and has appointed consultants to provide advice on Treasury Management issues, including technical issues and the formulation of views on interest rates.
- 9.2 In complying with the Code of Practice, the Council produces a Treasury Management Practices document which sets out how the Council will manage and control its Treasury Management activities. This document is submitted to Committee for approval every three years with approval also being sought for any amendments in the intervening period.
- 9.3 Some significant changes were made to the requirements for Treasury Management reporting following the implementation of the revised CIPFA Treasury Management Code of Practice in April 2010. This has resulted in the following:
- (a) An annual Treasury Management Strategy submitted at the start of the financial year and which includes the Council's Prudential Indicators and covers issues such as the economic situation, the prospects for interest rates, and the Council's borrowing and investment strategy for the coming year.
 - (b) A mid-year review of the Strategy which include details of the Council's debt and investment position, activity undertaken during the quarter, and performance to date against the Council's Prudential Indicators and agreed policy limits.
 - (c) An Annual Report for Treasury Management which is submitted to Members before the end of September each year and which advises Members of the Treasury Management activities during the previous financial year.

It should be noted that whilst all the above reports will go to the Policy & Resources Committee for initial scrutiny, all now require to go before the Full Council for approval.

- 9.4 The table on the next page shows the Council's debt and investments position as at 30/9/13.

Table 5 – Council's Debt and Investment Position – 30/9/13

The Council's treasury portfolio position at 30/9/13 comprised:

		Principal		Average Rate
		£000	£000	
Fixed rate funding	PWLB	121,356		3.88%
	Market	40,000	161,356	
Variable rate funding	PWLB	0		4.98%
	Market	62,943	62,943	
TOTAL DEBT			224,299	4.19%
TOTAL INVESTMENTS			61,858	0.87%

10.0 Reserves

10.1 A key aspect of the consideration of the Financial Strategy is the position of the General Fund Reserves. A Reserves Strategy was agreed by Council as part of the 2008/09 Budget and is in the process of being reviewed.

10.2 Reserves can be held for three main purposes:-

- A working balance to help cushion the impact of uneven cash flows - this forms part of General Reserves.
- A contingency to cushion the impact of unexpected events or emergencies which also forms part of General Reserves.
- A means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.

10.3 The Reserves Strategy is based on the "free" General Fund Reserve being maintained at a level of 2% of turnover. A turnover of approximately £200 million results in a "free" General Fund Reserve of £4.0 million. In the event that the Reserves are projected to fall below this level then Members must have a clear route for bringing Reserves back up to the level over the subsequent three financial years.

10.4 The Reserves Strategy also assumes the continued use of earmarked reserves. In this way, earmarked reserves can be separated from the "free" General Fund Reserve which should allow Members to more transparently track the underlying reserves position.

10.5 Within Inverclyde Council the main Reserves/Funds comprise; General Fund Reserve, Insurance Fund, Capital Fund and Repairs & Renewals Fund. The latest projected position is shown below.

10.6 (a) General Fund "Free" Reserves – This Reserve represents the Council's contingency for unforeseen/unquantifiable events. The level of the Reserve is determined by the Reserve Strategy whilst the projected balance is reported to each Policy and Resources Committee. See Appendix 7.

Balance 31/3/16 = £6.153 million

(b) Insurance Fund – The Insurance Fund balance is required to meet Insurance Liabilities not covered by external Insurance Policies. The balance on the Fund is reviewed every 3 years by an independent actuary who comments upon not only the balance of the Fund but also the on-going internal contributions to the Fund.

Balance 30/9/13 = £4.97 million

(c) Capital Fund – The Capital Fund is a Fund into which Capital Receipt income can be paid and used to fund either capital investment or repay the Principal element of debt repayments. The balance and planned usage of the Capital Fund is incorporated into the Financial Strategy. See Appendix 8.

Balance 31/3/13 = £1.74 million

- (d) Repairs & Renewals Fund – The Repairs & Renewals Fund consists of sums received from external parties or allocated directly from Council resources which are thereafter released on a phased basis to maintain specific assets. Use of specific allocations to the Fund are agreed by Policy & Resources Committee and the overall position will be reported as part of the Financial Strategy. See Appendix 9.

Balance 31/3/13 = £0.89 million

11.0 Monitoring, Reporting and Review Processes

- 11.1 The Financial Strategy should be a dynamic, relevant document and will be monitored on an ongoing basis by Finance - it will also be formally reviewed twice yearly, in May and then in November.
- 11.2 The formal review of the Financial Strategy will be reported to CMT and Full Council on a six monthly basis – there will also be capacity to review the Strategy as and when required, particularly when a new issue arises or the impact of major policy or initiative becomes clearer.
- 11.3 The Financial Strategy will only be revised if there are material changes to estimates, projections or policy which will have a financial impact however issues which may impact will be flagged up in the regular General Fund Budget reports to Policy & Resources Committee.
- 11.4 The deminimus level for a major impact requiring immediate review is 50% of the planned General Fund reserves, £2.0 million, subject to the opinion of the Chief Financial Officer.
- 11.5 The financial management principles and expectations have been communicated and are understood by all Chief Officers and budget holders.
- 11.6 The Financial Strategy has been drawn up with the full involvement of the CMT and, will be communicated throughout the organisation.

12.0 Risk Management

- 12.1 The Council has developed a Corporate Risk Register, Directorate Risk Registers and individual service risk registers where appropriate.
- 12.2 Further work has also been undertaken to develop a Risk Register for the Financial Strategy and the required actions to mitigate risks – these are set out in the table below.
- 12.3 The risk assessment below considers the risks to our financial position arising out of matters considered in this Financial Strategy and utilises the same methodology used for the Corporate, Directorate and Service Risk Registers.

Risk	Management of Risk
<p>The Financial Strategy does not reflect in financial terms the objectives set out in other strategic plans of the Council.</p>	<p>The Financial Strategy provides a high level overview of the various strategic plans the Council has signed up to – it acknowledges that there will inevitably be financial implications arising from the SOA and Corporate Statement but it is not possible to quantify all of these at present.</p> <p>The Financial Strategy will be updated as further information becomes available regarding these strategic plans.</p>
<p>The directorate planning process will identify a range of additional budget pressures over and above those currently considered in this Financial Strategy.</p>	<p>The Directorate Planning Guidance identifies that Corporate Directorate Improvement Plans (CDIP) should reflect the resources allocated – the need for additional resources to achieve a particular priority should be specifically identified via the Financial Strategy prior to the preparation of the CDIP.</p>
<p>Forecasts within the Financial Strategy are not accurately determined or reviewed on a regular basis.</p>	<p>The Budget and Financial Strategy set out the expected levels of expenditure and income for the future. The forecasts are arrived at through careful consideration of historic trends and actual expenditure levels and any factors which may have an impact in the future.</p> <p>It also requires a degree of estimation and assumption, such as to calculate the impact of a perceived increase or decrease in future demand as a result of demographic changes or patterns of behaviour that have a socio-economic impact.</p> <p>Throughout the financial year, the Council regularly monitors its financial performance against its budgets and will revise them where necessary, subject to remaining within the agreed overall budget for the Council.</p>

Risk	Management of Risk
<p>The savings workstream target over 2013/16 may not be achieved leading to more savings requiring to be taken from front line Services.</p>	<p>Individual workstreams are reviewed by lead officers on a monthly basis and reported to the CMT. In addition progress is reported to each Policy & Resources Committee.</p> <p>Specific targets for new workstreams will be agreed and included in the February 14 budget update..</p>
<p>Income budgets not achieved or become unsustainable.</p>	<p>Chief Officers are consulted on proposed increases in income budgets/fees and charges and have the opportunity determine the levels of individual charges to achieve the budgeted income target.</p> <p>Equally, income budgets are monitored throughout the financial year and where a shortfall in income is anticipated, this is highlighted in reports to Committee.</p> <p>Income forms one of the new workstreams and will under go a full review during 2013/15.</p>
<p>The Council has insufficient capital resources to sustain capital commitments.</p>	<p>The Council has already identified through the Financial Strategy a reduced reliance on capital receipts and Government Grants in the medium term.</p> <p>The combination of a poor settlement and economic instability mean that the Council has to focus on maintaining key infrastructure whilst utilising prudential borrowing for specific capital projects.</p> <p>The Council has identified the need to complete Asset Management Plans for all it's assets with the Open Space AMP due for completion in 2014.</p>
<p>Bankruptcy of a major supplier or customer which could result in the Council having to pay twice for the same service or see artificially inflated prices if a replacement service needs to be obtained at very short notice.</p>	<p>The Council has reviewed its procurement process and a procurement manual has been developed which includes supplier financial appraisal at PQQ stage. This will ensure that the financial position of new contractors is vetted prior to ITT stage and entering into any large contracts.</p> <p>Regular reviews of financial position are undertaken for key suppliers on an ongoing basis.</p>
<p>Legislative changes are not anticipated and the financial impact is not addressed through the budget process of Financial Strategy.</p>	<p>Chief Officers are required to highlight the impact of legislative changes through the strategic planning and budgeting process and the likely resource requirement.</p> <p>In addition COSLA has a key role in assessing the financial impact of changes in legislation and lobbying for Councils to be funded appropriately.</p>
<p>Interest rates on borrowing may be higher than forecast.</p>	<p>Regular review of treasury management decisions. Prudent assumptions on likely interest rates have been incorporated into Financial Strategy. Borrowing is spread to reduce impact of short-term changes.</p>

Reserves are required to cash flow unanticipated budget shortfalls and fall below minimum recommended level.	Reserve Strategy is in place which clearly states that these must be a clear route to bring reserves back up to the minimum level over the subsequent 3 financial years.
Large contracts are due to be re-tendered where costs are likely to be higher due to the current economic climate.	Assumptions have been built into the budget for increase in price of goods and services.
Revenue implications of capital programme/projects are not fully anticipated.	All capital projects identify revenue implications and link into Council priorities. All capital projects are subject to a robust approval process which includes a review of revenue implications.

Appendix 1

Short-Term Issues (2013/16)

The tables in Appendices 1, 2 and 3 have been developed through ongoing consultation with Directorates by the Chief Financial Officer to develop detailed knowledge of the issues to inform the Financial Strategy and future budget setting.

<u>Service</u>	<u>Issues Identified</u>	<u>Issues & Potential Impacts</u>	<u>Action Taken</u>	<u>Responsible Officer</u>	<u>Timescale to report back</u>
Corporate	Equal Pay Inflation Welfare Reform	Provision for outstanding claims may not be sufficient and new groups may claim. Uncertainty over pay awards and other inflation pressures were not fully clear when settling 2013/16 budgets. Impact and increase in demand for Services can only be estimated. Longer term funding for Council Tax reduction scheme to be clarified.	1st Group claims settled with the majority of payments made December 2012. 2 nd Group claims identified and to be progressed. Inflation allowances to be viewed over the 3 years time frame. Regular monitoring and reporting to CMT/Members. £1.3 million recurring budget agreed as part of 2013/16 budget. Update reports going to Committee each cycle.	Alasdair Moore Jan Buchanan Alan Puckrin	March 2014 June 2014 On Going
CHCP	Loan Charges Health/Social Care Integration	Greater analysis is needed of the timing of debt repayment to fully inform future investment decisions. Likely implementation for, as a minimum, Elderly Care. Impacts on Governance/Funding could be significant	Analysis of loan charge projections over the next 10 years to be undertaken and a policy drafted thereafter.	Jan Buchanan	February 2014 Ongoing but anticipated introduction in 2014/15.

Self Directed Support	Implement robust Resource Allocation System, possible pressure from new clients, who may otherwise not engage with Service.	As above	As above	Anticipated start date April 2014
Relationship with Service Providers.	Managing provider expectations whilst in a period of uncertainty over the future of the National Care Home Contract along with expectations from those providers out with this contract to fund inflation/impact of pensions/living wage.	As above	Brian Moore	Ongoing
CHCP Asset Management Plan	Develop a comprehensive CHCP Asset Management Plan with a longer term property strategy, ensuring capital and revenue funding can be identified to meet ongoing maintenance, improvement and replacement costs.	Project Team established across both partners. Funding model to follow SEMP approach. Update report to CHCP sub-committee April 2014.	Brian Moore	Draft Strategy by 31 March 2014.

Appendix 2

Medium-Term Issues (2016/18)

<u>Service</u>	<u>Issues Identified</u>	<u>Issues & Potential Impacts</u>	<u>Action to be Taken</u>	<u>Responsible Officer</u>	<u>Timescale to report back</u>
Corporate	<p>Reductions in other public sector partner's funding streams</p> <p>Reduction in Council Funding</p> <p>Government needs to reduce Public Sector Borrowing</p> <p>Removal of key services from Council control.</p> <p>Increased Payroll costs due to end of contracted out pensions and Auto-enrolment.</p>	<p>As Public Sector funding reductions continue, partners are reducing their contributions to key Council priorities such as Riverside Inverclyde, CHCP, River Clyde Homes etc.</p> <p>Government Funding over 2015/20 likely to be further reduced as recovery is delayed.</p> <p>Prudential Borrowing Capping and cuts to Government Capital Grant will require revision of capital plans.</p> <p>Government could review Public Sector landscape which could result in loss of large parts of the Council remit and resultant impact on corporate viability.</p> <p>The Government has indicated that it intends to introduce both these changes from 2017 at an estimated annual cost of £3 million to Inverclyde Council.</p>	<p>Continue dialogue with partners.</p> <p>Await next Scottish Government Spending Review figures and factor into revised Financial Strategy.</p> <p>Rolling 3 Year Capital Programme developed annually. SEMP already reduced funding requirement from 2015/16.</p> <p>Keep track of developments and report to Committee as required.</p> <p>Keep an eye on developments and report to Committee as required.</p>	<p>Corporate Directors</p> <p>Alan Puckrin</p> <p>Alan Puckrin/Jan Buchanan</p> <p>John Mundell</p> <p>Alan Puckrin</p>	<p>Ongoing</p> <p>December 2014</p> <p>February 2014</p> <p>Ongoing</p> <p>Ongoing</p>

<u>Service</u>	<u>Issues Identified</u>	<u>Issues & Potential Impacts</u>	<u>Action to be Taken</u>	<u>Responsible Officer</u>	<u>Timescale to report back</u>
Social Care	Ongoing Demographic demand pressures across many Social Care areas and on going drive towards Self-Directed Support and Independent Living	Continuing increased demand will put considerable pressure on "flat cash" budgets.	Ongoing review of Service Delivery models allied to clear prioritisation/charging policies has commenced as part of 2013/16 budget.	Brian Moore	Ongoing
Regeneration & Environment	Waste Strategy Asset Management Plans Riverside Inverclyde	Significant cost increases expected in treating residual waste from 2016/17. Current RAMP funding ends 2015/16. Funding for continued investment to be identified. Open Space AMP and balance of properties are likely to identify need for significant investment. Scheduled end of Riverside Inverclyde in 2017 requires fundamental review of future direction and resourcing	Monitor Waste Strategy and report to CMT/Committee at appropriate time. Factor proposals into 2015/18 budget. Interim Chief Executive in place and review ongoing.	Alan Puckrin/ Ian Moffat Alan Puckrin/Ian Moffat/Andrew Gerrard Aubrey Fawcett	February 2015 February 2015 June 2014
Education & Communities	School Estate Management Plan	Reduced Capital resources and corporate cost pressures may make current timescales for delivery of SEMP unachievable.	Six monthly review off all aspects of SEMP to continue. Recent review reflects approved acceleration programme which is still affordable in line with plan for completion. All secondary schools now complete.	Albert Henderson/ Alan Puckrin / Andrew Gerrard	Ongoing

Long-Term Issues – Post 2018

<u>Service</u>	<u>Issues Identified</u>	<u>Issues & Potential Impacts</u>	<u>Action to be Taken</u>	<u>Responsible Officer</u>	<u>Timescale to report back</u>
Corporate	<p>Depopulation and Change of Demographics</p> <p>Potential changes to funding of Local Government</p>	<p>Continued loss of grant income, over provision of infrastructure. Viability of area under threat.</p> <p>Major constitutional uncertainty, ongoing Council Tax freeze and devolving 10p income tax to Scotland have the potential to have a major impact on role/funding of Councils.</p>	<p>Key policy priority identified in SOA and Corporate Statement. £1 million fund allocated as part of 2013/16 budget.</p> <p>Monitor National developments and report as required.</p>	<p>Alan Puckrin/Aubrey Fawcett</p> <p>John Mundell/Alan Puckrin</p>	<p>Ongoing</p> <p>Ongoing</p>
Social Care	Increase in number of Elderly and Adults with Learning Difficulties and resource implications of policy direction of Independent Living and Self Directed Support.	Significant costs associated with reshaping, expanding delivery models.	Develop as part of CHCP remit.	Brian Moore	Ongoing
Regeneration & Environment	<p>Global Warming/Climate Change leading to rising sea levels</p> <p>Closure of major local employer</p> <p>Carbon Reduction Commitment</p>	<p>Significant impact on Council area with increased flooding and expenditure on sea defences.</p> <p>Could further increase rate of depopulation and would significantly impact of areas regeneration efforts.</p> <p>Council will almost certainly exceed the threshold for participation in 2019. Will cost in excess of £300,000 per year.</p>	<p>New Flood Plan to include this issue.</p> <p>Regular review of the Economic Strategy and how it will be delivered.</p> <p>Continue to monitor and report Council's performance annually.</p>	<p>Alan Puckrin/Ian Moffat</p> <p>Aubrey Fawcett/Stuart Jamieson</p> <p>Alan Puckrin/Stuart Jamieson</p>	<p>Ongoing</p> <p>As required</p> <p>Annually from 2014</p>

<u>Service</u>	<u>Issues Identified</u>	<u>Issues & Potential Impacts</u>	<u>Action to be Taken</u>	<u>Responsible Officer</u>	<u>Timescale to report back</u>
Education & Communities	Waterfront Leisure Complex	By 2016 the Waterfront Leisure Complex will be 20 years old and significant investment will be required.	Condition Survey to be undertaken on this and other Leisure properties by Summer 2014. Proposals developed thereafter.	Albert Henderson / Andrew Gerrard	February 2015

Current Profile

Riverside Inverclyde Funding Profile 2006/7 → 2016/17

<u>Year</u>	<u>Revenue</u> £000	<u>Capital</u> £000	<u>Other</u> £000	<u>Total</u> £000
To 31/03/08	1,772	700	1,878	4,350
2008/9	1,840	85	1,112	3,037
2009/10	1,513	-	-	1,513
2010/11	2,100	-	-	2,100
2011/12	2,100	-	-	2,100
2012/13	1,900	-	-	1,900
2013/14	1,600	-	-	1,600
2014/15	1,600	-	-	1,600
2015/16	1,500	-	-	1,500
2016/17	1,500	-	-	1,500
Gourock Redevelopment	-	-	1,100	1,100
PG Town Centre	-	-	500	500
Gourock - 1 way system	-	-	1,000	1,000
Area Renewal Fund	-	-	200	200
	17,425	785	5,790	24,000

In addition to the £24 million the Council will provide an additional £3.1 million towards the two major projects at Gourock (£2.6 million) and Port Glasgow Town Centre (£0.5 million) over 2012/15.

AP/LA
12/06/2012

Oct 13 Revised

School Estate - Earmarked Reserves

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Earmarked Reserve b/fwd	3,086	2,565	2,142	1,803	1,786	1,758	1,620	1,445	1,414	1,328	926	496	655	849	986	1,134	1,255
Available Savings added (a)	4,347	4,584	4,682	4,682	4,682	4,682	4,682	4,682	4,682	4,682	4,682	4,747	4,747	4,747	4,747	4,747	4,747
Extra Financing (b)	3,210	3,020	3,260	3,260	3,260	3,260	3,260	3,260	3,260	3,260	3,260	3,260	3,260	3,260	3,260	3,260	3,260
Prudential Schools Loan Charges (c)	-3,729	-4,410	-4,528	-4,534	-4,541	-4,548	-4,556	-4,564	-4,573	-4,582	-4,592	-4,602	-4,613	-4,625	-4,638	-4,651	-4,665
Unitary Charge Payment (d)	-8,942	-8,942	-8,942	-8,942	-8,942	-8,942	-8,942	-8,942	-8,942	-8,942	-8,942	-8,942	-8,942	-8,942	-8,942	-8,942	-8,942
Unitary Charge Inflation Element (e)	-445	-705	-976	-1,258	-1,550	-1,855	-2,172	-2,501	-2,844	-3,200	-3,571	-3,956	-4,357	-4,774	-5,207	-5,658	-6,127
Unitary Charge Funding from Inflation Contingency	445	705	976	1,258	1,550	1,855	2,172	2,501	2,844	3,200	3,571	3,956	4,357	4,774	5,207	5,658	6,127
One Off Costs (f)	-1,137	-541	-644	-308	-304	-398	-419	-258	-295	-592	-601	-57	0	-35	0	0	0
Extra Revenue Repairs (g)	-366	-230	-263	-271	-279	-288	-296	-305	-314	-324	-333	-343	-354	-364	-375	-389	-401
Unitary Charge RSG	6,096	6,096	6,096	6,096	6,096	6,096	6,096	6,096	6,096	6,096	6,096	6,096	6,096	6,096	6,096	6,096	6,096
Written Back to General Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Earmarked Reserve c/fwd	2,565	2,142	1,803	1,786	1,758	1,620	1,445	1,414	1,328	926	496	655	849	986	1,134	1,255	1,350

(a) Per 13/14 Budget - includes savings from Craigmarloch from August 2014, Reduced by £70k from 2013/14 for additional NDR St Columba's.

(b) Per 2008/9 budget and £1m for Port Glasgow Com Campus , plus £160k for Lomond View. Compensating loan charges for receipts transferred to the Capital Fund come in from 2015/16. Annual saving of £190k from 2014/15.

(c) Assumes Inverclyde Academy , Newark Primary,Port Glasgow Community Campus and Lomond View refurbishments are Prudentially funded. Uses a pool fund rate of 4.0% from 2012/13.

(d) Based on Actual Unitary Charge at Jan 2011 RPI of £8.842 million plus £200k contingency 2012/13 then £100k contingency from 2013/14.

(e) Base at Jan 2013 RPI. Assumes 2.7% annual inflation (4% RPI discounted by factor of 1.5)

(f) After 2026/27 one-off costs cease.

(g) Increased Revenue Repairs. £500k added for Primary School Repairs - £250k in 2012/13 and £250k in 2013/14.

Finance Strategy
Leisure Strategy

Leisure Strategy - Financial Implications

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000
Capital								
Ravenscraig Stadium	104	28	1,357	301	46	0	0	1,836
Parklea Pavilion & Stadium	278	1,220	3,239	452	150	0	0	5,339
Rankin Park Sports Centre	110	158	94	177	929	200	0	1,668
Nelson St Sports Centre Refurbishment	0	0	42	525	36	22	0	625
South West Library Refurbishment	0	0	138	176	0	0	0	314
Gourock Park Amphitheatre & DDA Works	217	99	3	0	0	0	0	319
Broomhill/George Road Pitches	960	50	2	1	1	0	0	1,014
Broomhill Park	0	187	10	0	0	0	0	197
Gourock Swimming Pool	37	137	1,070	779	66	0	0	2,089
Birkmyre Drainage	0	0	0	13	1	0	0	14
Contribution to Battery Park Pitch Replacement	0	0	0	68	0	0	0	68
Indoor Bowling Refurbishment	0	0	142	0	0	0	0	142
Waterfront Ice Rink	0	0	0	0	274	25	0	299
Complete on Site Contingency	0	0	0	0	0	97	0	97
Unallocated Balance	0	0	0	0	0	0	63	63
Total	1,706	1,879	6,097	2,492	1,503	344	63	14,084

Notes

- a Allowance in overall Finance Strategy for up to £200k of increased revenue costs from 2012/13.
 b Leisure Strategy partly funded by Sports Scotland Grant of £1m (£0.5m 2011/12, £0.482m 2012/13, £0.018m 2013/14) and a further £0.2m in 12/13 allocated for the Waterfront Ice Rink
 c In addition to the projects above the Leisure Strategy has contributed £0.5m towards the Broomhill Community Facility (Total project budget £1.05m)
 d Waterfront Ice Rink total cost £0.4m with balance funded from Property Services annual capital allocation.

Appendix 8

Finance Strategy
Capital Fund

	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Balance B/fwd	(1,733)	(1,742)	(988)	(1,048)	(1,948)	(3,168)	(2,041)	(3,843)
Additions (Estimate)	0	(238)	(455)	(1,529)	(2,821)	(50)	(2,000)	0
Interest (Estimate)	(9)	(8)	(5)	(11)	(39)	(63)	(42)	(77)
Principal Repayments	0	0	400	640	640	240	240	240
Other Payments	0	1,000	0	0	1,000	1,000	0	0
Balance at Year End	(1,742)	(988)	(1,048)	(1,948)	(3,168)	(2,041)	(3,843)	(3,680)

Notes	Estimated Receipts:
a	2013/14 AMP Receipt, £0.05m, Newark House SEMP, £0.1m, Mearns Centre, Other Receipts, £0.088m Neil St Workshops
	2014/15 SEMP, £0.075m, Highlanders AMP Receipt, £0.06m, William St Other Receipts, £0.32m, Former Kempock Hse, Wateretts Drive, Kilmacolm, McLeans Yard, Land at Broadstone Avenue
	2015/16 SEMP Receipts, £1.529m, includes Barmoss Nursery, Ravenscraig, Kings Glen, Lilybank & St Gabriels Primaries
	2016/17 SEMP Receipts, £1.8m, Greenock Academy. AMP receipts £0.29m, Strone Office & Wellington Academy Recovery of Scottish Enterprise Clawback, £0.731m
b	2017/18 AMP receipts £0.05m, Dalrymple House
	2018/19 SEMP Receipts, St Stephens
c	£400k per Depot AMP from 2014/15, £240k SEMP from 2015/16
d	From 2017/18 it was agreed that the £400k for Depot would be met from Riverside Inverclyde funding. Other Payments: 2013/14 £1.0m payment to fund Loan Charges, subsequent saving in Loan Charges will help fund the RAMP. 2016/18 £2.0m payment to fund Loan Charges, subsequent saving in Loan Charges will fund Voluntary Severence Trawl Earmarked Reserve.

Appendix 9

Finance Strategy
Repairs & Renewals Fund

	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Balance B/fwd	(626)	(1,089)	(2,408)	(2,569)	(2,742)	(2,745)
Additions:						
Inverkip Footbridge	(300)					
Leisure Strategy	(200)	(200) a	(200)	(200)		
Former Housing Repairs & Renewals Fund		(1,164)				
Maintenance Payments:						
Greenock Cut	4	14	14	14	14	14
Gallaghers/Port Glasgow Development	36	36	36	36	36	36
Inverkip Footbridge	0	4	2	2	2	6
Leisure Strategy						
Former Housing Repairs & Renewals Fund						
Interest						
Greenock Cut	(1)	(2)	(2)	(2)	(5)	(5)
Gallaghers/Port Glasgow Development	(2)	(1)	(1)	(2)	(4)	(3)
Inverkip Footbridge		(1)	(2)	(3)	(6)	(6)
Leisure Strategy		(1)	(2)	(6)	(16)	(17)
Former Housing Repairs & Renewals Fund		(4)	(6)	(12)	(24)	(24)
Balance:						
Greenock Cut	(308)	(296)	(284)	(272)	(263)	(254)
Gallaghers/Port Glasgow Development	(281)	(246)	(211)	(177)	(145)	(112)
Inverkip Footbridge	(300)	(297)	(297)	(298)	(302)	(302)
Leisure Strategy	(200)	(401)	(603)	(809)	(825)	(842)
Former Housing Repairs & Renewals Fund		(1,168)	(1,174)	(1,186)	(1,210)	(1,234)
Balance at Year End	(1,089)	(2,408)	(2,569)	(2,742)	(2,745)	(2,744)

a Future contribution to Leisure Strategy subject to confirmation of available funds and likely to be less than the £200k indicated.

Notes

Finance Strategy
Asset Management Plan - Offices

	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's
Earmarked Reserve Offices	1,330	474	606	476	619	835
Earmarked Reserve b/fwd	770	710	610	565	565	565
Additional Funding (Note d)	(1,192)	(6)	(16)	322	341	386
Available Savings/(Cost) Added (Note a)	(133)	(215)	(424)	(669)	(690)	(699)
Loan Charges (Note b)	(301)	(357)	(300)	(75)	0	0
Further One Off Costs (Note c)	(856)	132	(130)	143	216	252
Net Saving/(cost) for year	474	606	476	619	835	1,087
Earmarked Reserve c/fwd						

Notes

- a Net Revenue Savings & Costs Excluding Loan Charges
2012/13 figure includes £1m Capital works funded directly from AMP Reserves per Feb 2013 Budget
- b Assumes an interest rate of 4%
- c Further One Off costs relate to the temporary appointment of an Asset Manager as well as costs for various decants, demolitions and rental of storage area.
- d Additional funding consists of original funding allocation of £1m adjusted for:
- £200k Workstream Saving from 2011/12
 - £30k Topslice saving from 2012/13
 - £60k Workstream Saving from 2013/14
 - £100k Workstream Saving from 2014/15
 - £45k BPRA scheme saving from 2015/16

Finance Strategy
Vehicle Replacement Programme

Appendix 11

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Earmarked Reserve	0	205	308	332	331	333	337	337	346	348
Earmarked Reserve b/fwd										
<u>Capital Requirements:</u>										
Vehicle Purchases	308	558	1,020	2,631	352	1,866	664	1,047	2,731	244
Residual Value	(117)	(221)	(220)	(746)	(83)	(385)	(156)	(273)	(702)	(63)
Net Capital Requirement	191	337	800	1,885	269	1,481	508	774	2,029	181
Loan Charges	939	973	1,026	1,081	1,078	1,076	1,080	1,071	1,078	1,066
Additional Revenue Costs, Tracking System										
Loan Charges Funding Available	1,144	1,105	1,079	1,109	1,109	1,109	1,109	1,109	1,109	1,109
Annual Funding Surplus/(Shortfall)	205	103	24	(1)	2	4	0	9	2	14
Earmarked Reserve c/fwd	205	308	332	331	333	337	337	346	348	362

It should be noted that the model:

- a Takes into account reductions in the fleet due to BSU restructuring and the loss of the RCH Grounds contract.
- b Reflects reductions in fleet as a result of savings agreed February 2013 as well as a reduction in Loan Charges funding available where known. Further reductions in Loan Charges available may be applied on final confirmation of implication of savings.
- c Assumes continuation of Food Waste collection and includes replacement of Food Waste Vehicles, 2017/18. Funding for the continuation of this to be identified by Service.
- d Excludes Low Carbon Vehicles, due for replacement 2016/17. The purchase of these vehicles was heavily subsidised by Government Grants which may not be available in future years. If a decision is made to replace these vehicles any replacement costs will be met from available grants and Service Revenue budgets.
- e From 2015/16 includes £30k additional funding vired from undersepend in Fuel.

Finance Strategy
Roads Asset Management Plan

Appendix 12

	2012/13 Actual £000's	2013/14 Approved £000's	2014/15 Approved £000's	2015/16 Approved £000's	2016/17 Proposed £000's	2017/18 Proposed £000's	2013/16 3 Year £000's	2013/18 5 Year £000's
Funding Available								
Core/Supported Borrowing		1,300	1,300	1,300	1,300	1,300	3,900	6,500
Prudential Borrowing			2,100	2,100	4,700	4,700	4,200	13,600
CFCR:								
Early Allocation (Feb 2012)	1,373	1,627	2,400	2,400			3,000	3,000
Further Allocation (Feb 2013)		1,100					5,900	5,900
Total Funding Available	1,373	4,027	5,800	5,800	6,000	6,000	17,000	29,000
Allocation of Expenditure								
Carriageways	1,373	2,857	2,898	2,717	3,185	3,455	9,845	16,485
Footways		230	200	500	900	900	930	2,730
Lighting		460	1,350	1,350	1,000	1,000	3,160	5,160
Road Markings			50	50	50	50	100	200
Drainage			50	50	50	50	100	200
Structures		150	825	700	375	100	1,675	2,150
Fees & Staffing Costs		327	424	486	440	445	1,237	2,122
Total Allocation of Expenditure	1,373	4,024	5,797	5,853	6,000	6,000	17,047	29,047
Over/(Under) Allocation	0	(3)	(3)	53	0	0	47	47

- Notes**
- a 2016/18 funding subject to confirmation and formal approval.
 - b Funds were set aside during February 2012 budget process prior to the formal approval of the RAMP model.
 - c CFCR part funded from undersepends due to reduced requirement for Loan Charges in early years.
 - d Although current projections indicate an over allocation of funds expenditure will be contained within overall funding available.

Report To:	THE INVERCLYDE COUNCIL	Date: 5 DECEMBER 2013
Report By:	ACTING CORPORATE DIRECTOR ENVIRONMENT, REGENERATION & RESOURCES	Report No: LA/1103/13
Contact Officer:	JOANNA DALGLEISH	Contact No: 01475 712123
Subject:	PROPOSED TRAFFIC REGULATION ORDER – NELSON STREET ETC, GREENOCK (TRAFFIC MANAGEMENT) ORDER 2013	

1.0 PURPOSE

- 1.1 The purpose of the report is to introduce Traffic Regulation Order – Nelson Street Etc, Greenock (Traffic Management) Order 2013.

2.0 SUMMARY

- 2.1 In order to improve road safety, the Environment and Regeneration Committee at the meeting held on 31 October 2013 agreed that The Inverclyde Council be asked to make the Traffic Regulation Order – Nelson Street Etc, Greenock (Traffic Management) Order 2013.
- 2.2 The proposals have been advertised. No objections to the proposals have been received.
- 2.3 There are no legal or financial implications.

3.0 RECOMMENDATIONS

- 3.1 That a Resolution is made in the following terms.
- 3.2 THE INVERCLYDE COUNCIL, incorporated under the Local Government etc. (Scotland) Act 1994, RESOLVE TO MAKE as they HEREBY MAKE a Resolution under Sections 1(1), 2(1) to (3) and Parts III and IV of Schedule 9 of the Road Traffic Regulation Act 1984 to regulate the direction of traffic flow in Nelson Street, Kilblain Street and Nicolson Street, Greenock and to create and revoke turning movement bans on the associated side roads, all as detailed in a copy of the Order forming a supplement to the principal minute hereof, and that the Head of Environmental & Commercial Services and the Head of Legal & Democratic Services be authorised to take all necessary action in connection therewith.

Legal & Democratic Services

THE INVERCLYDE COUNCIL
NELSON STREET, ETC, GREENOCK
(TRAFFIC MANAGEMENT) ORDER 2013
TRAFFIC REGULATION ORDER

**THE INVERCLYDE COUNCIL
NELSON STREET, ETC, GREENOCK
(TRAFFIC MANAGEMENT) ORDER 2013**

The Inverclyde Council in exercise of the powers conferred on them by Sections 1(1) and 2(1) to (3) of the Road Traffic Regulation Act 1984 ("the Act") and of all other enabling powers and after consultation with the Chief Constable of Strathclyde Police in accordance with Part III and IV of Schedule 9 to the Act hereby make the following Order:-

1. This Order may be cited as "The Inverclyde Council Nelson Street, Etc, Greenock (Traffic Management) Order 2013" and shall come into operation on #####.
2. In this Order the following expressions have the meanings hereby assigned to them:

"vehicle" unless the context otherwise requires, means a vehicle of any description and includes a machine or implement of any kind drawn or propelled along roads whether or not by mechanical power;

"Council" means The Inverclyde Council;
3. No person shall drive or cause or permit to be driven any vehicle on the lengths of roads specified in Column 1 of Schedule 1 to this Order otherwise than in the direction specified in Column 2 of the said Schedule.
4. No person shall drive or cause or permit to be driven any vehicle on the roads specified in Column 1 of Schedule 2 to this Order so as to make a left-hand turn into the roads specified in Column 2 of the said Schedule.
5. No person shall drive or cause or permit to be driven any vehicle on the roads specified in Column 1 of Schedule 3 to this Order so as to make a right-hand turn into the roads specified in Column 2 of the said Schedule.
6. The Order specified in Schedule 4 to this Order shall have effect subject to the amendments specified in the said Schedule.

Sealed with the Common Seal of The Inverclyde Council and subscribed for them and on their behalf by

THE INVERCLYDE COUNCIL

**NELSON STREET, ETC, GREENOCK
(TRAFFIC MANAGEMENT) ORDER 2013**

**Statement of Reasons for Proposing to Make
The Above Order**

It is considered necessary to make the above Order to avoid danger to persons and other traffic using the road.

Ian Moffat
Head of Environmental & Commercial Services
1 Ingleston Park
Cartsburn Street
Greenock
PA15 4UE

NELSON STREET, ETC., GREENOCK
(TRAFFIC MANAGEMENT) ORDER

SCHEDULE 1

One-Way Only

<u>Length of Road in Inverclyde within the Town of Greenock</u>	<u>Permitted Direction of Travel</u>
<u>George Square</u> Southeast side; from the extended southwest building line of Union Street to the northeast kerbline of George Square.	Northeast
West side; from the extended southwest kerbline of Union Street to the junction with Union Street.	North
Northeast side; from the junction with Union Street to the southeast kerbline of George Square.	Southeast
<u>Hastie Street</u> From the extended west kerbline of Kilblain Street to the extended west kerbline of Princes Street.	West
<u>Kilblain Street</u> From the southeast kerbline of George Square to the extended south kerbline of Hastie Street.	South
<u>Nelson Street</u> From the extended east kerbline of Princes Street to the extended southwest building line of Union Street.	Northeast
<u>Nicolson Street</u> From the northeast kerbline of West Shaw Street to the southeast kerbline of Nelson Street. (excluding that length of Nicolson Street from the southeast kerbline of Nelson Street to the extended building line between Nos. 71 and 73 Nicolson Street)	Southwest

NELSON STREET, ETC., GREENOCK
(TRAFFIC MANAGEMENT) ORDER

SCHEDULE 2

Prohibition of Left Turn

Column 1

Column 2

Length of Road in Inverclyde
within the town of Greenock

Length of Road in Inverclyde
within the town of Greenock

Nelson Street

Newton Street

Nelson Street

Nicolson Street

NELSON STREET, ETC., GREENOCK
(TRAFFIC MANAGEMENT) ORDER

SCHEDULE 3

Prohibition of Right Turn

Column 1

Column 2

Length of Road in Inverclyde
within the town of Greenock

Length of Road in Inverclyde
within the town of Greenock

Nelson Street

Newton Street

Nelson Street

Nicolson Street

NELSON STREET, ETC., GREENOCK
(TRAFFIC MANAGEMENT) ORDER

SCHEDULE 4

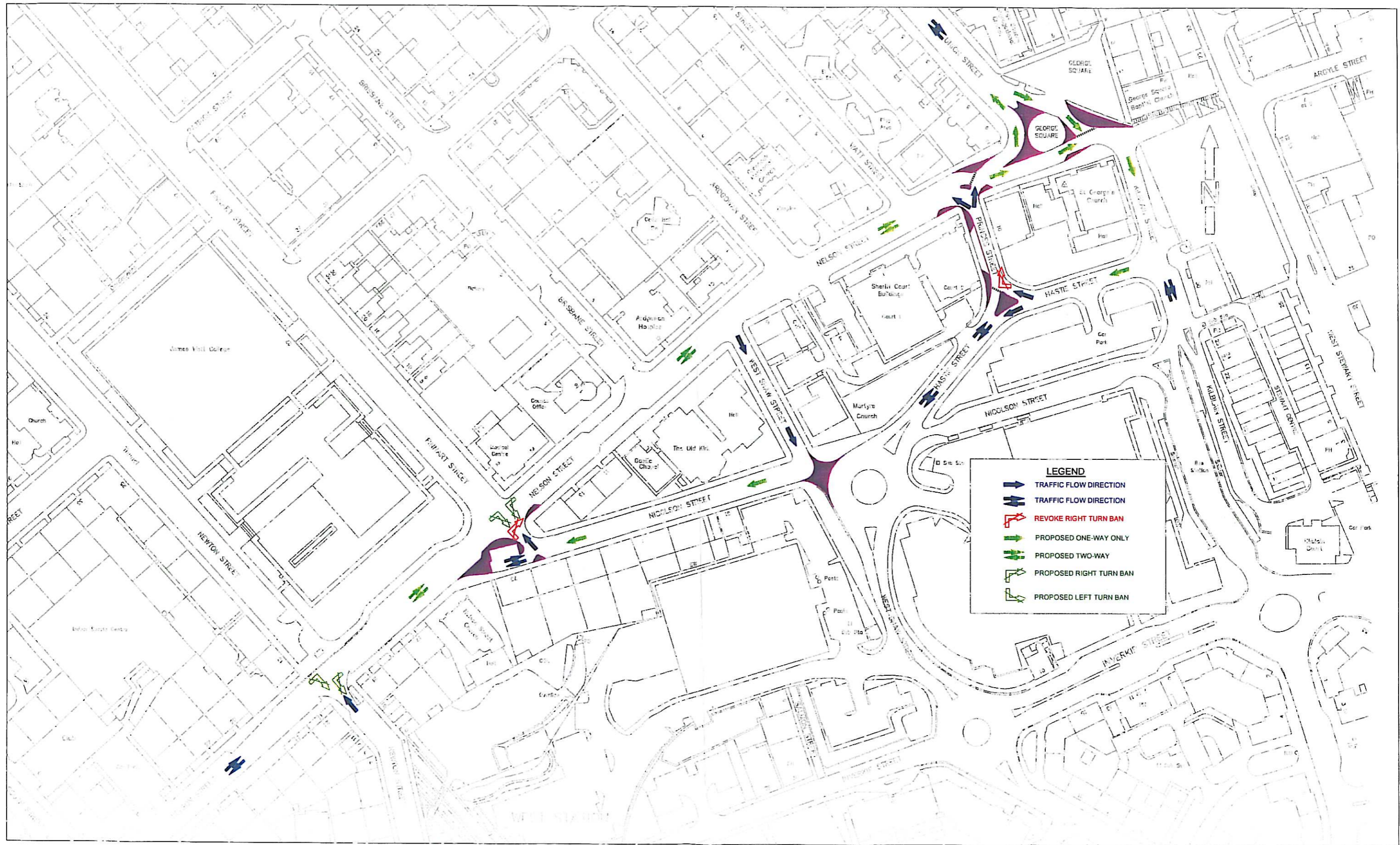
ORDER TO BE AMENDED

“The Strathclyde Regional Council (Nicolson Street, etc., Greenock)
(Traffic Management) Order 1992”

SCHEDULE 2

PROHIBITION OF RIGHT TURN

Delete entire Schedule.



<p><i>Transportation</i> Section</p>	<p>ORDNANCE SURVEY © 2015</p>	<p> Ordnance Survey This map is reproduced from Ordnance Survey material with the permission of Ordnance Survey on behalf of the Controller of Her Majesty's Stationery Office © Crown copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings. COPYRIGHT LICENCE No. (100023421) (2011)</p>	<p>TRAFFIC REGULATION ORDER C112 NELSON STREET, ETC, GREENOCK TRAFFIC MANAGEMENT SCHEME</p>	<p>Scale : N.T.S.</p>	<p>Date : MAY 2013</p>
<p>0141 821 1111 www.inverclyde.gov.uk</p>	<p>71 EAST HAMILTON STREET GREENOCK PA15 2UA</p>			<p>Prepared by : R. Mackay</p>	<p>Checked by :</p>
				<p>Drawn by : R. Mackay</p>	<p>Approved by :</p>
				<p>Drawing No. : Drg 1</p>	<p>File No. : 19/38</p>

Report To:	The Inverclyde Council	Date: 5 December 2013
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No: RMcG/LA/1112/13
Contact Officer:	Rona McGhee	Contact No: 01475 712113
Subject:	Treasury Management - Mid-Year Review Report 2013/14 - Remit from Policy & Resources Committee	

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 19 November 2013 considered the attached report by the Acting Corporate Director, Environment, Regeneration & Resources on the operation of the treasury function and its activities at the mid-year of 2013/14 in compliance with the CIPFA Code of Practice on Treasury Management.

APPENDIX

- 2.2 The Committee decided:

- (1) that the contents of the Mid-Year Review Report on Treasury Management for 2013/14 be noted; and
- (2) that the Mid-Year Review Report be remitted to The Inverclyde Council for approval.

3.0 RECOMMENDATION

- 3.1 The Council is asked to approve the Treasury Management Mid-Year Review Report 2013/14.

Rona McGhee
Legal & Democratic Services

Report To:	Policy & Resources Committee	Date:	19 November 2013
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	FIN/86/13/JB/KJ
Contact Officer:	Jan Buchanan	Contact No:	01475 712225
Subject:	Treasury Management – Mid-Year Review Report 2013/14		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise members of the operation of the treasury function and its activities at the mid year of 2013/14 in compliance with the CIPFA Code of Practice on Treasury Management with which the Council complies.

2.0 SUMMARY

- 2.1 As at 30th September 2013 the Council had debt of £224,298,739 and investments of £61,858,238.
- 2.2 The average rate of return achieved on investments during the first half of 2013/14 was 1.56% which exceeds the benchmark return rate for the period of 0.38% by 1.18% largely due to the Council choosing to invest for longer periods than the benchmark of 3 months.
- 2.3 During the period the Council operated within the treasury limits and Prudential and Treasury Indicators set out in the Council's Treasury Policy Statement, annual Treasury Strategy Statement, Annual Investment Strategy and the Treasury Management Practices.
- 2.4 The economic situation and financial and banking markets remain uncertain and volatile, both globally and in the UK, but it is considered that the Treasury Management Strategy and Annual Investment strategy approved by the Council on 11th April 2013 are still appropriate.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the contents of the Mid-Year Review Report on Treasury Management for 2013/14.
- 3.2 It is recommended that the Mid-Year Review Report be remitted to the Council for approval.

Jan Buchanan
Head of Finance

4.0 BACKGROUND

- 4.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management 2011 has been adopted by this Council and the Council fully complies with its requirements. The primary requirements of the Code are:
1. The creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 2. The creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 3. The receipt by the Full Council of an annual Treasury Management Strategy Statement (including Annual Investment Strategy) for the year ahead, a Mid-Year Review Report, and an Annual Report (stewardship report) covering activities during the previous year.
 4. The delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 5. The delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body which in this Council is the Policy & Resources Committee.
- 4.2 Treasury Management in this context is defined as: "The management of the local authority's investments and 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."

Mid-Year Review Report for 2013/14

- 4.3 The purpose of this report is to meet one of the above requirements of the CIPFA Code, namely the Mid-Year Review Report for the financial year 2013/14.
- 4.4 This mid-year review report covers:
- The Council's Treasury Position as at 30th September 2013
 - An economic update of the first six months of 2013/14
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy
 - A review of the Council's investment portfolio for 2013/14
 - A review of the Council's borrowing strategy for 2013/14
 - A review of any debt restructuring undertaken during 2013/14
 - A review of compliance with Treasury, Prudential, and Council Policy Limits for 2013/14.

Treasury Management is a complex area with its own terminology and acronyms. In order to aid the Committee's understanding a Glossary of Terms is attached as Appendix 1.

4.5 Treasury Position As At 30th September 2013

The Council's debt and investment position was as follows:

	30 th September 2013		1 st April 2013	
	Principal	Rate	Principal	Rate
	£000		£000	
Fixed Rate Funding:				
- PWLB	121,356		121,468	
- Market *	40,000		56,000	
	<u>161,356</u>	3.88%	<u>177,468</u>	3.97%
Variable Rate Funding:				
- PWLB	0		0	
- Market *	62,900		46,900	
- Temporary	43		43	
	<u>62,943</u>	4.98%	<u>46,943</u>	5.04%
Total Debt	224,299	4.19%	224,411	4.19%

* - Market Loans are shown as variable when they have less than 1 year to go until their next call date.

	30 th September 2013		1 st April 2013	
	Principal	Return	Principal	Return
	£000		£000	
Investments:				
- External	42,500	0.97%	57,500	2.51%
- Deposit Accounts	19,358	0.66%	9,814	0.58%
Total Investments	61,858	0.87%	67,314	2.23%

In addition, the Council has items counting as investments under Scottish Government rules as at 30th September 2013 of £326,997 (down from £337,325 on 1st April 2013). Details are given in Appendix 2 and largely relate to loans to third parties.

4.6 Economic Update

The Council's Treasury Advisers (Sector Treasury Services) have provided the following economic update:

During 2013/14 economic indicators suggested that the economy is recovering, albeit from a low level. After avoiding recession in the first quarter of 2013, with a 0.3% quarterly expansion the economy grew 0.7% in quarter 2. There have been signs of renewed vigour in household spending in the summer, with a further pick-up in retail sales, mortgages, house prices and new car registrations.

The strengthening in economic growth appears to have supported the labour market, with employment rising at a modest pace and strong enough to reduce the level of unemployment further. Pay growth also rebounded strongly in April, though this was mostly driven by high earners delaying bonuses until after April's cut in the top rate of income tax. Excluding bonuses, earnings rose by just 1.0% year-on-year, well below the rate of inflation at 2.7% in August, causing continuing pressure on households' disposable income.

The Bank of England extended its Funding for Lending Scheme into 2015 and sharpened the incentives for banks to extend more business funding, particularly to small and medium size enterprises. To date, the mortgage market still appears to have been the biggest beneficiary from the scheme, with mortgage interest rates falling further to new lows. Together with the Government's Help to Buy scheme, which provides equity loans to credit-constrained

borrowers, this is helping to boost demand in the housing market. Mortgage approvals by high street banks have risen as have house prices, although they are still well down from the boom years pre-2008.

Turning to the fiscal situation, the public borrowing figures continued to be distorted by a number of one-off factors. On an underlying basis, borrowing in quarter 2 started to come down, but only slowly, as Government expenditure cuts took effect and economic growth started to show through in a small increase in tax receipts. The 2013 Spending Review, covering only 2015/16, made no changes to the headline Government spending plan, and monetary policy was unchanged in advance of the new Bank of England Governor, Mark Carney, arriving. Bank Rate remained at 0.5% and quantitative easing stayed at £375bn. In August, the Monetary Policy Committee provided forward guidance that Bank Rate is unlikely to change until unemployment first falls to 7%, which was not expected until mid 2016. However, 7% is only a point at which the Monetary Policy Committee will review Bank Rate, not necessarily take action to change it. The average rate for the three months to July was 7.7%.

CPI inflation (with a Monetary Policy Committee target of 2.0%), fell marginally from a peak of 2.9% in June to 2.7% in August. The Bank of England expects inflation to fall back to 2.0% in 2015.

Financial markets sold off sharply following comments from the US Federal Reserve chairman in June that suggested that they may 'taper' their asset purchases earlier than anticipated. The resulting rise in US Treasury yields was replicated in the UK. Equity prices fell initially too, as Federal Reserve purchasing of bonds has served to underpin investor moves into equities out of low yielding bonds. However, as the market moves to realign its expectations, bond yields and equities are likely to rise further in expectation of a continuing economic recovery. Increases in payroll figures have shown further improvement, helping to pull the unemployment rate down from a high of 8.1% to 7.3%, and continuing house price rises have helped more households to escape from negative equity. In September, the Federal Reserve surprised financial markets by not starting tapering as it felt the run of economic data in recent months had been too weak to warrant taking early action. Bond yields fell sharply as a result, though it still only remains a matter of time until tapering does start.

Tensions in the Eurozone eased over the second quarter, but there remained a number of triggers for a renewed flare-up. Economic survey data improved consistently over the first half of the year, pointing to a return to growth in quarter 2, so ending six quarters of Eurozone recession.

4.7 Treasury Advisers' View of Next Six Months of 2013/14

Sector advise that:

Economic forecasting remains difficult with so many external influences weighing on the UK. Volatility in bond yields is likely during 2013/14 as investor fears and confidence ebb and flow between favouring more risky assets (i.e. equities) and safer bonds. Downside risks to UK gilt yields and PwLB rates include:

- A return to weak economic growth in the US, UK and China causing major disappointment to investor and market expectations.
- The potential for a significant increase in negative reactions of the people in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable.
- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts.
- Monetary policy action failing to stimulate sustainable growth in economies such as the Eurozone and Japan.
- Weak growth or recession in the UK's main trading partners - the EU and US, depressing

economic recovery in the UK.

- Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds.

Upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include:-

- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium built in to gilt yields.
- Increased investor confidence that sustainable robust world economic growth is firmly expected, together with a reduction or end of quantitative easing operations in the US, causing a further flow of funds out of bonds into equities.
- A reversal of Sterling's safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- In the longer term - a reversal of quantitative easing in the UK which could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.
- Further downgrading by credit rating agencies of the creditworthiness and credit rating of UK Government debt, consequent upon repeated failure to achieve fiscal correction targets and sustained recovery of economic growth, causing the ratio of total Government debt to GDP to rise to levels that provoke major concern.

The overall balance of risks to economic recovery in the UK is now weighted to the upside after five months of robust good news on the economy. However, only time will tell just how long this period of strong economic growth will last, and it remains exposed to vulnerabilities in a number of key areas. The longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Near-term, there is some residual risk of further quantitative easing if there is a dip in strong growth or if the Monetary Policy Committee were to decide to take action to combat the market's expectations of an early first increase in Bank Rate. If the Monetary Policy Committee does takes action to do more quantitative easing in order to reverse the rapid increase in market rates, especially in gilt yields and interest rates up to 10 years, such action could cause gilt yields and PWLB rates over the next year or two to significantly undershoot the forecasts. The tension in the US over passing a Federal budget for the new financial year starting on 1st October and the continued uncertainty caused by raising the debt ceiling on a temporary basis only until early 2014 could also see bond yields temporarily dip until final agreement is reached between the opposing Republican and Democrat sides. Conversely, the eventual start of tapering by the Federal Reserve will cause bond yields to rise.

4.8 Sector's Interest Rate Forecast

The latest interest rate forecast produced by Sector is as follows:

	End Sept-13 Actual	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
	%	%	%	%	%	%	%	%	%	%
BANK RATE	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
5yr PWLB	2.50	2.50	2.50	2.60	2.70	2.70	2.80	2.80	2.90	3.00
10yr PWLB	3.66	3.70	3.70	3.70	3.80	3.80	3.90	4.00	4.10	4.20
25yr PWLB	4.45	4.40	4.40	4.40	4.50	4.50	4.60	4.70	4.80	4.90
50yr PWLB	4.48	4.40	4.40	4.40	4.50	4.60	4.70	4.80	4.90	5.00

The above Sector forecasts for PWLB rates incorporate the introduction of the PWLB certainty rate on 1st November 2012 which reduced interest rates for new PWLB borrowing from that date by 0.20% for local authorities that apply to access the rate (as most local authorities have done, including Inverclyde Council).

Sector advise that expectations for the first change in Bank Rate in the UK are now dependent on how to forecast when unemployment is likely to fall to 7%. Financial markets have taken a very contrary view to the Monetary Policy Committee and have aggressively raised short term interest rates and gilt yields due to their view that the strength of economic recovery is now so rapid that unemployment will fall much faster than the Bank of England forecasts. They therefore expect the first increase in Bank Rate to be in quarter 4 of 2014.

There is much latitude to disagree with this view as the economic downturn since 2008 was remarkable for the way in which unemployment did not rise to anywhere near the extent likely, unlike in previous recessions. This meant that labour was retained, productivity fell and now, as the Monetary Policy Committee expects, there is major potential for unemployment to fall only slowly as existing labour levels are worked more intensively and productivity rises back up again. The size of the work force is also expected to increase relatively rapidly and there are many currently self employed or part time employed workers who are seeking full time employment. Sector take the view that the unemployment rate is not likely to come down as quickly as the financial markets are currently expecting and that the Monetary Policy Committee view is more realistic. The prospects for any increase in Bank Rate before 2016 are therefore seen as being limited. However, some forecasters are forecasting that even the Bank of England forecast is too optimistic as to when the 7% level will be reached and so do not expect the first increase in Bank Rate until spring 2017.

4.9 Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement for 2013/14 was approved by the Council on 11th April 2013. The Council's Annual Investment Strategy, which is incorporated in the Treasury Management Strategy Statement, outlines the Council's investment priorities as follows:

- The security of capital.
- The liquidity of investments.

The Council will also aim to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term (maximum loan period of 12 months), and only invest with highly credit rated financial institutions, using Sector's suggested creditworthiness approach, including sovereign credit rating and credit default swap (CDS) overlay information provided by Sector.

A breakdown of the Council's investment portfolio is shown in Appendix 2.

For borrowing rates, the general trend has been an increase in interest rates during the first six months of 2013/14 across all maturity bands.

The Council have undertaken no borrowing so far this year to fund forthcoming capital expenditure. It is anticipated that borrowing will take place during this financial year in line with the approved Treasury Management Strategy.

Investments during the first six months of the year have been undertaken in line with the Strategy and no changes to credit ratings for UK and other banks and financial institutions have required action by the Council. Continued caution is, however, being exercised with the position being constantly monitored.

As outlined above, the economic situation and financial and banking markets remain uncertain and volatile, both globally and in the UK. In this context, it is considered that the Treasury Management Strategy and Annual Investment Strategy approved by the Council on 11th April 2013 are still appropriate.

4.10 Investment Portfolio 2013/14

In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's low risk appetite. The investment portfolio yield for the first six months of the year compared to its benchmark is as follows:

Average Investment Over First Six Months Of 2013/14	Annualised Rate of Return (gross of fees)	Benchmark Return (3 Month LIBID un compounded)
£64,000,000	1.56%	0.38%

The Council have outperformed the benchmark by 1.18% resulting in additional income to the Council in the period of £377,600 largely due to the Council undertaking investments for longer periods than the 3 month benchmark and with UK Nationalised/Part Nationalised Banks which are considered to be lower risk.

The level of Deposit Rates during the first 6 months of the year means that the Council will not achieve similar performance against the benchmark in future.

A full list of investments held as at 30th September 2013, compared to Sector's counterparty list and to the position at 1st April 2013, is shown in Appendix 2.

4.11 New External Borrowing

The Council's capital financing requirement (CFR) is, based on the latest capital programme, £12.4m for financial year 2013/14 and £25.6m for 2014/15 (excluding assets funded from PPP). The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

For borrowing rates, the general trend has been an increase in interest rates during the first six months of 2013/14 across all maturity bands.

The following table shows the movement in PWLB rates for the first six months of the year and provides benchmarking data showing high and low points etc:

PWLB Borrowing Rates 1 st April – 30 th September 2013					
	1 year	5 year	10 year	25 year	50 year
High	1.40%	2.80%	3.99%	4.68%	4.71%
Date	24/06/2013	11/09/2013	11/09/2013	11/09/2013	11/09/2013
Low	1.11%	1.70%	2.71%	3.91%	4.04%
Date	02/04/2013	08/04/2013	23/04/2013	08/04/2013	08/04/2013
Average	1.25%	2.21%	3.34%	4.34%	4.43%
Spread between High and Low	0.29%	1.10%	1.28%	0.77%	0.67%
01/04/2013	1.11%	1.74%	2.83%	4.07%	4.22%
30/09/2013	1.30%	2.50%	3.66%	4.45%	4.48%
Spread between 01/04/2013 and 30/09/2013	0.19%	0.76%	0.83%	0.38%	0.26%

The Council has not borrowed in advance of need in 2013/14 and has no intention of doing so.

4.12 Debt Rescheduling

No debt rescheduling was undertaken during the first six months of 2013/14.

4.13 Compliance with Treasury, Prudential and Council Policy Limits

It is a statutory duty for the Council to determine and keep under review the “Affordable Capital Expenditure Limits”. The Council’s approved Treasury and Prudential Indicators (affordability limits) are outlined in the approved Treasury Management Strategy Statement.

During the financial year to date the Council has operated within the treasury limits and Treasury and Prudential Indicators set out in the Council’s Treasury Management Strategy Statement and in compliance with the Council’s Treasury Management Practices.

The Prudential and Treasury Indicators and Council policy limits monitored during the year are shown in Appendix 3.

4.14 Performance Measurement 2012/13

Appendix 4 shows the outturn for Prudential Indicators for 2011/12 and 2012/13 along with the Loans Fund Pool Rate for Interest for the last five years. These figures reflect the final position following the completion and audit of the Council’s Annual Accounts.

With effect from 2013/14 the Council is required to compare its Gross External Debt to its Capital Financing Requirement (“CFR”) (as included in Appendix 3). The year-end position for 2011/12 and 2012/13 is shown in Appendix 4 and shows that, for 2012/13, the Gross External Debt was £1.309m (0.4%) over the CFR at 31 March 2013 and was £1.571m (0.6%) under the CFR at 31 March 2012. The 2012/13 position is not a cause for concern and does not mean that the Council have breached the Prudential Code, any formal limits or any Prudential Indicators. It arose due to the Council having borrowed during the year to fund its estimated capital expenditure for the year but some of that estimated expenditure was later rephased to 2013/14 (as advised in reports on the Capital Programme).

4.15 Other Issues

The Council’s contract with its treasury advisers runs until 30th June 2014 with the option for a further one year extension until 30th June 2015.

5.0 IMPLICATIONS

5.1 Legal: None. Any borrowing or lending is done under the Council’s legal powers.

Finance: Through the achievement of exceeding the investment benchmark return rate, the Council has benefited from additional returns of £377,600. The Council utilises Treasury Management as part of the overall Financial Strategy and Officers will continue to investigate borrowing and investment opportunities to bring financial benefits to the Council, all within the Treasury Management Policy.

Human Resources: None.

Equalities: None.

6.0 CONSULTATIONS

6.1 This report has been produced based on advice from the Council’s treasury advisers (Sector Treasury Services).

7.0 LIST OF BACKGROUND PAPERS

- 7.1 CIPFA - Code of Practice on Treasury Management in the Public Services (Revised 2011)
Scottish Government – Finance Circular 5/2010 – The Investment of Money By Scottish Local Authorities
Inverclyde Council – Treasury Management Strategy and Annual Investment Strategy 2013/14-2015/16.

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.

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 each month by the Monetary Policy Committee (“MPC”) of the Bank of England. This was previously referred to as the “Base Rate”.

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.

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.

Consumer Prices Index

The Consumer Prices Index (“CPI”) is a means of measuring inflation (as is the Retail Prices Index or “RPI”). The Monetary Policy Committee of the Bank of England set the Bank Rate in order to try to keep CPI at or close to the target set by the Government (currently the target is 2%). The calculation of the CPI includes many items of normal household expenditure but the calculation excludes some items such as mortgage interest payments and Council Tax.

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 for the Eurozone and is the equivalent of the Bank of England. The European Central Bank sets interest rates for the Eurozone.

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 17 countries: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

Fed Rate

This is the interest rate for the US. Rates for the US are set by the Federal Reserve (the central bank for the US and the equivalent of the Bank of England).

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).

Flat Yield Curve

A flat yield curve occurs where the yield for long-term investments is the same or similar to the yield for short-term investments – the period of the investment makes no or little difference to the yield on the investment.

G7/G8/G20

These are forums for discussions by the governments of large world economies.

The G7 is comprised of Canada, France, Germany, Italy, Japan, the UK, and the USA. The G8 is the G7 plus Russia (with the European Union also attending). The G20 is comprised of 19 countries (including the G7 and Russia) plus the European Union.

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.

Growth

Positive growth in an economy is an increase in the amount of the goods and services produced by that economy over time. Negative growth is a reduction in the amount of the goods and services produced by that economy over time.

IMF

The International Monetary Fund oversees the world financial system and seeks to stabilise international exchange rates, facilitate development, and provide resources to countries in balance of payments difficulties or to assist with poverty reduction.

Incremental Impact of Capital Investment Decisions

These are Prudential Indicators that reflect the impact on Council Tax of movements in projected and estimated capital expenditure within and between financial years.

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").

Inverted Yield Curve

An inverted or negative yield curve shows long-term investments having lower yields than short-term investments (an investor gets a better yield by investing for a shorter period).

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 1st 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 Inter Bank Offering Rate – an interest rate that is used as a base for setting interest rates for deals between banks.

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".

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 each month (in a meeting over 2 days) to set the Bank Rate for the UK.

Negative Yield Curve

A negative or inverted yield curve shows long-term investments having lower yields than short-term investments (an investor gets a better yield by investing for a shorter period).

Net Borrowing Requirement

This is the difference between the Council's net external borrowing and its capital financing requirement. Under the Prudential Code the Council's net external borrowing should not, except in the short term, exceed its capital financing requirement. The Net Borrowing Requirement should therefore normally be a negative figure.

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.

Positive Yield Curve

A positive yield curve shows long-term investments having higher yields than short-term investments (an investor gets a higher rate yield for investing for longer).

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 November 2011.

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

In the Budget in March 2012, the Chancellor of the Exchequer announced that local authorities that provide information on their long-term borrowing and capital spending plans would be eligible for a 0.20% discount rate for new PWLB borrowing. The PWLB Certainty Rates came into effect on 1st 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.

Repo Rate

This is another name for the Bank Rate as set by the Monetary Policy Committee.

Retail Prices Index

The Retail Prices Index (“RPI”) is a means of measuring inflation (as is the Consumer Prices Index or “CPI”). The calculation of the RPI includes most of the same items as the CPI as well as some items not included in the CPI such as mortgage interest payments and Council Tax whilst excluding items that are in the CPI such as charges for financial services.

Sector

Sector Treasury Services Limited who are the Council’s treasury management advisers and who use Capita Asset Services as a trading name.

Sovereign Debt

The public/national debt owed by a country or countries.

Treasury Management Code

This is the “Treasury Management in the Public Services: Code of Practice” and is a code of practice for Council treasury management activities. It is produced by CIPFA and was last revised in November 2011.

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.

Yield Curve

A graph showing the yield on investments plotted against the maturity period for investments:

- A positive yield curve shows long-term investments having higher yields than short-term investments (an investor gets a higher rate yield for investing for longer).
- A negative or inverted yield curve shows long-term investments having lower yields than short-term investments (an investor gets a better yield by investing for a shorter period).
- A flat yield curve occurs where the yield for long-term investments is the same or similar to the yield for short-term investments – the period of the investment makes no or little difference to the yield on the investment.

INVESTMENT PORTFOLIO

This Appendix shows the Council's Investment Portfolio as at 1st April 2013 and as at 30th September 2013. The Portfolio includes items included as Other Investments under the latest guidance on such matters.

Investments As At 1st April 2013					
	<u>Sector Colour Category And Maximum Investment Period</u>	<u>Annual Rate</u>	<u>Amount</u>	<u>Deposit Type</u>	<u>Maturity Date</u>
<u>Investments</u>			£		
Bank of Scotland	BLUE - 12 Months	2.65%	5,000,000	Fixed Term	15-Apr-13
Bank of Scotland	BLUE - 12 Months	2.65%	5,000,000	Fixed Term	13-May-13
RBS	BLUE - 12 Months	2.25%	10,000,000	Fixed Term	22-May-13
Bank of Scotland	BLUE - 12 Months	2.85%	5,000,000	Fixed Term	06-Jun-13
Bank of Scotland	BLUE - 12 Months	3.00%	7,500,000	Fixed Term	04-Jul-13
Bank of Scotland	BLUE - 12 Months	2.85%	5,000,000	Fixed Term	08-Jul-13
Bank of Scotland	BLUE - 12 Months	2.85%	5,000,000	Fixed Term	12-Aug-13
RBS	BLUE - 12 Months	2.25%	5,000,000	Fixed Term	21-Aug-13
Bank of Scotland	BLUE - 12 Months	2.70%	5,000,000	Fixed Term	11-Sep-13
Bank of Scotland	BLUE - 12 Months	1.10%	5,000,000	Fixed Term	07-Jan-14
			57,500,000		
<u>Deposit Accounts</u>					
Bank of Scotland	BLUE - 12 Months	0.50%	7,308,360	Call	---
Santander UK	NO COLOUR - No New Deals	0.80%	2,451,936	Call	---
Santander UK	NO COLOUR - No New Deals	0.70%	53,709	30-Day Notice	---
			9,814,005		
<u>Other Investments</u>					
Holdings of Shares, Bonds, and Units	---	---	2,000	War Stock	---
Loans Made To Third Parties	---	---	335,325	---	---
Investment Properties	---	---	0	---	---
			337,325		
TOTAL			67,651,330		

Investments As At 30th September 2013					
	<u>Sector Colour Category And Maximum Investment Period</u>	<u>Annual Rate</u>	<u>Amount</u>	<u>Deposit Type</u>	<u>Maturity Date</u>
<u>Investments</u>			<u>£</u>		
Bank of Scotland	BLUE - 12 Months	1.10%	5,000,000	Fixed Term	07-Jan-14
Bank of Scotland	BLUE - 12 Months	1.05%	5,000,000	Fixed Term	06-May-14
Bank of Scotland	BLUE - 12 Months	1.05%	5,000,000	Fixed Term	22-May-14
Bank of Scotland	BLUE - 12 Months	1.05%	5,000,000	Fixed Term	05-Jun-14
Bank of Scotland	BLUE - 12 Months	1.01%	5,000,000	Fixed Term	02-Jul-14
Bank of Scotland	BLUE - 12 Months	1.01%	7,500,000	Fixed Term	08-Jul-14
Bank of Scotland	BLUE - 12 Months	0.75%	5,000,000	Fixed Term	12-Feb-14
Bank of Scotland	BLUE - 12 Months	0.75%	5,000,000	Fixed Term	21-Feb-14
			42,500,000		
<u>Deposit Accounts</u>					
Bank of Scotland	BLUE - 12 Months	0.50%	9,304,150	Call	---
RBS	BLUE - 12 Months	0.50%	189	Call	---
Santander UK	GREEN - 3 Months	0.80%	10,000,000	Call	---
Santander UK	GREEN - 3 Months	0.70%	53,899	30-Day Notice	---
			19,358,238		
<u>Other Investments</u>					
Holdings of Shares, Bonds, and Units	---	---	2,000	War Stock	---
Loans Made To Third Parties	---	---	324,997	---	---
Investment Properties	---	---	0	---	---
			326,997		
TOTAL			62,185,235		

PRUDENTIAL/TREASURY INDICATORS AND COUNCIL POLICY LIMITS

Prudential and Treasury Indicators				
	<u>Estimate For 2013/14</u>	<u>Actual For 2013/14 To 30/9/2013</u>	<u>Within Limits</u>	
	<u>£million</u>	<u>£million</u>		
PI 7 - Authorised Limit for External Debt (Excl PPP)	266.000	224.299	Yes	
PI 8 - Operational Limit for External Debt (Excl PPP)	258.800	224.299	Yes	
PI 10 - Compliance with CIPFA code			Yes	
	<u>%</u>	<u>%</u>		
PI 11 - Upper limit on fixed interest rate exposure	150.000%	99.332%	Yes	
PI 12 - Upper limit on variable interest rate exposure	40.000%	0.668%	Yes	
PI 13 Borrowing fixed rate maturing in each period (LOBOs included based on call dates rather than maturity dates)				
	<u>Upper</u>	<u>Lower</u>	<u>Actual</u>	<u>Within Limits</u>
Under 12 months	40%	0%	2.595%	Yes
1 - 2 years	40%	0%	3.592%	Yes
2 - 5 years	40%	0%	28.944%	Yes
5 - 10 years	40%	0%	29.906%	Yes
10 - 30 years	40%	0%	10.173%	Yes
30 - 50 years	40%	0%	24.790%	Yes
50 - 70 years	40%	0%	0.000%	Yes
TOTAL			100.000%	
PI 14 - Upper limit on sums invested for periods longer than 364 days				
	<u>Limit For 2013/14 £</u>	<u>Maximum In Period £</u>	<u>Within Limit</u>	<u>Comment</u>
PI 14 - Upper limit on sums invested for periods longer than 364 days	10,000,000	0	Yes	---
Gross External Debt Compared To Capital Financing Requirement (Excl PPP)				
	<u>CFR At 30/9/2013 £million</u>	<u>Gross External Debt At 30/9/2013 £million</u>	<u>Gross External Debt Below CFR?</u>	
Gross External Debt Compared To Capital Financing Requirement (Excl PPP)	230.323	224.299	Yes	
Council Policy Limits				
	<u>Limit per Council Policy</u>	<u>Actual As At 30/9/2013</u>	<u>Within Limits</u>	
Maximum proportion of borrowing at variable interest rates	40%	28.062%	Yes	
Maximum proportion of debt restructuring in any one year	30%	0.000%	Yes	
Maximum proportion of debt repayable in any one year	25%	17.833%	Yes	

PRUDENTIAL INDICATORS AND LOANS FUND POOL RATE FOR INTEREST

PRUDENTIAL INDICATORS	2011/12	2012/13
	Actual	Actual
Capital Expenditure (Indicator 5) Non – HRA (Including PPP)	£000 84,860	£000 48,578
Ratio of financing costs to net revenue stream (Indicator 1) Non – HRA (Including PPP)	10.77%	10.93%
Net borrowing requirement (Indicator 4) As At 31 March	£000 -57,092	£000 -66,005
Capital Financing Requirement as at 31 March (Indicator 6) Non – HRA (Including PPP)	£000 271,815	£000 296,906
Upper limit for total principal sums invested for over 364 days (Indicator 14)	£0	£0
Gross External Debt compared to Capital Financing Requirement at Year-End	£000	£000
Capital Financing Requirement	271,815	296,906
Gross External Debt	270,244	298,215
Under/(Over) Against Capital Financing Requirement	1,571	(1,309)

LOANS FUND POOL RATE FOR INTEREST		
Year	Interest Rate	
2008/09	4.608%	
2009/10	3.805%	
2010/11	4.300%	
2011/12	4.208%	
2012/13	3.811%	

Report To:	The Inverclyde Council	Date: 5 December 2013
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No: RMcG/LA/1113/13
Contact Officer:	Rona McGhee	Contact No: 01475 712113
Subject:	Watt Complex Refurbishment - Project Development: Remit from Policy & Resources Committee	

1.0 PURPOSE

- 1.1 The purpose of this report is to request the Council, as Trustees of the Watt Institution, to consider a remit from the Policy & Resources Committee.

2.0 SUMMARY

- 2.1 The Policy & Resources Committee at the meeting on 19 November 2013 considered the attached report by the Corporate Director Education, Communities & Organisational Development on the progress made to date on developing a Round 1 bid to the Heritage Lottery Fund (HLF) for partnership funding to refurbish, extend and improve the building and services available at the McLean Museum and Watt Library and seeking authority to submit a Round 1 bid to the HLF.

Appendix

- 2.2 The Committee decided:-

- (1) that approval be given to the submission of a Round 1 bid to HLF for the refurbishment of the Watt Complex;
- (2) that if a full funding package for Option A is not in place by December 2015, Officers report back to Committee with a view to progressing Option B;
- (3) that it be noted there is estimated to be a net increase of £30,000 in the annual running costs of Option A, over and above efficiencies identified by the service; and
- (4) that the decisions of the Committee be referred to the next meeting of the Council for noting as Trustees of the Watt Institution.

3.0 RECOMMENDATION

- 3.1 That the Council, as Trustees of the Watt Institution, consider the remit from the Policy & Resources Committee.

Rona McGhee
Legal & Democratic Services

Report To:	Policy and Resources Committee	Date:	19 Nov 2013
Report By:	Corporate Director Education, Communities and Organisational Development	Report No:	PR/102/13/AH/AW
Contact Officer:	Alana Ward, Libraries Museum And Archives Manager	Contact No:	01475 712347
Subject:	Watt Complex Refurbishment – Project Development		

1.0 PURPOSE

- 1.1 The purpose of this report is to inform members of the progress that has been made to date on developing a Round 1 bid to the Heritage Lottery Fund (HLF) for partnership funding to refurbish, extend and improve the building and services available at the McLean Museum and Watt Library, and to ask members to authorise officers to submit a Round 1 bid to the HLF.

2.0 SUMMARY

- 2.1 At its meeting of 24 February 2011, the Council agreed to make available up to £4m to substantially fund a project to fully refurbish, improve and extend the Watt Library and McLean Museum. This decision was made on the basis of a remit from the Regeneration Committee following its decision on 20 January 2011 to approve the project, the costs of which were estimated to be in the region of £5.5m.
- 2.2 It was further agreed at the Regeneration Committee of 20 January 2011 that it be remitted to the Corporate Director, Regeneration & Environment to assist in preparing an application to the HLF with a view to securing additional funding for the project.
- 2.3 In subsequent discussions with the HLF, it became clear that, in order to meet their criteria for funding and to meet their expected outcomes for a project of this nature, the project would require to be considerably re-scoped, as detailed within the body of this report.
- 2.4 The relevant HLF funding programme to which the Council would be applying is Heritage Grants. Further detail with regard to this programme and the stages involved in its process is outlined in para 4.11 of this report. It is, however, important to note that a 'first round' application requires to be submitted on or before 30 November.
- 2.5 Given the need to adjust the project to qualify for Heritage Lottery funding, the overall costs for the project (see Appendix 1) have risen significantly since the Regeneration Committee first considered the project on 20 January 2011 and therefore officers have developed 2 options for members to consider:

A) Option A: Pursue Round 1 bid for major transformational project costing £14m. £4m has already been committed by the Council; if the bid is successful HLF would commit £7m; £3m would be sourced from other funders, such as Historic Scotland, Creative Scotland, Social Investment Scotland, and Clore Duffield Foundation amongst others. Projects successful at Round 1 have two years to work up a Round 2 proposal and therefore time to secure additional funding. HLF advisers and Jura Consultants are confident that it will be possible to source a further £3m with the leverage of the £7m committed, but there is a risk that it will not be possible to source the full additional funding required.

B) Option B: Council's Property Assets and Facilities Management service repairs and refurbishes the building using Council's earmarked £4m with the scope of the works limited to the funding available. This option offers no regeneration opportunities or social capital development. HLF have already rejected this option as not meeting their criteria for funding. It would also be unlikely to attract other external funders for the same reasons. This option would however address the immediate building issues.

If Option A is chosen but, as the project develops, HLF and / or other funding is not available, Option B would be the contingency plan, with the understanding that abortive fees will apply regardless of the option chosen.

- 2.6 It should be noted that there is a significant element of rot currently in the building. The delays brought about by the external funding process could exacerbate this. In addition, there will be greater life cycle maintenance costs associated with Option A and these will be factored into the comprehensive asset condition survey due to be completed by the summer of 2014.
- 2.7 It should further be noted that the Trustees of the Watt Institution will require to be advised of the submission of an application for funding and may require to make substantive decisions at a future date with regard to the final details of the project.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that members :
1. Approve the submission of a Round 1 bid to HLF for the refurbishment of the Watt Complex;
 2. Agree that if a full funding package for Option A is not in place by December 2015, then officers report back to Committee with a view to progressing Option B;
 3. Note that there is estimated to be a net increase of £30,000 in the annual running costs of Option A, over and above efficiencies identified by the service;
 4. Refer the decisions of the Policy & Resources Committee to the next meeting of the Council for noting by the Trustees of the Watt Institution.

4.0 BACKGROUND

- 4.1 Over a number of years, the Grade A listed Watt Complex has experienced problems relating to the maintenance and repair of its buildings. Although major roof repairs have been carried out, there are continuing issues relating to the fabric of the building and non-compliance with Equalities legislation. Although the McLean Museum and Art Gallery was refurbished in 1990, the Watt Library has never had any refurbishment. Dry rot has been identified and the public areas, staff workrooms, and storage rooms are badly in need of an upgrade.
- 4.2 At its meeting of 20 January 2011, the Regeneration Committee was asked to choose a preferred development option for the Watt Complex. The options available at that time were:
- Option A – Repairs continue to be carried out on a repair and maintenance basis – with the understanding the conditions will deteriorate.
 - Option B – A repair and refurbishment scheme is carried out at an estimated cost of £3,882,000 (2010 figures), which would involve the refurbishment of key areas and the installation of platform lifts in the Museum and Art Gallery to address minimum Equality Act compliance; this option would not improve disabled access to the Watt Library.
 - Option C – A full refurbishment of the Watt Library and McLean Museum at an estimated cost of £5,471,000 (2010 figures), including a new extension providing a shared reception area with lift access to the upper floors of the museum, a café / activity area and disabled access and toilet provision for both the Library and Museum.

The Regeneration Committee agreed to Option C and also agreed that the Council be requested to consider making up to £4m available for the project as part of the budget setting process and that it be remitted to the Corporate Director to further investigate funding opportunities to assist in funding the project. In March 2011, consultation took place with the Heritage Lottery Fund who advised that although they were keen to invest in the Inverclyde area, the £5.5m scheme that the Council had produced did not meet their criteria for funding. The Head of Inclusive Education, Culture and Corporate Policy was subsequently tasked with leading the development of a grant application to the Heritage Lottery Fund which would meet their criteria and attract the necessary investment.

- 4.3 Any project seeking partnership funding from the HLF must make a lasting difference for heritage and people. In assessing bids, account is taken of the broad range of benefits the project will deliver and extra weight is given to the following outcomes:
- Heritage (heritage will be better managed; in better condition; better interpreted and identified/recorded).
 - Individuals (people will have learnt about heritage; developed skills; changed their attitudes; had an enjoyable experience; volunteered time).
 - Communities/society (environmental impacts will be reduced; more people and a wider range of people will have engaged with heritage; organisations will be more resilient; local economies will be boosted; local communities will be a better place to live, work or visit).
- 4.4 For Heritage Grants at the level to which the Council will be applying, HLF will expect to see a wide range of outcomes achieved. Projects which are not considered to offer a wide range of outcomes are highly unlikely to be funded.
- 4.5 Before pursuing plans to refurbish the current library and museum building, alternative accommodation at the Custom House on the Greenock waterfront was explored. This was rejected for two main reasons:
- Legal considerations e.g. Watt Institution Trust. The Watt Hall, McLean Museum and Greenock Art Gallery are held and administered by Inverclyde Council as Trustees of the Watt Institution. As such, Inverclyde Council is under an obligation to deal with the trust assets in strict compliance with the conditions of the Watt Institution Trust. The

Trust conditions state “The District Council shall hold the whole of the heritable property in trust [i] as a memorial to the late James Watt LL.D, and [ii] as a library, museum and hall for the benefit of the inhabitants of Greenock.” Therefore, the Trust conditions specifically require that Inverclyde Council, as trustee, maintains a library, museum and hall on site. There is no provision which would permit the transfer of the library, museum and hall to another location. Any proposal to do so would require detailed justification and an application to the Court of Session to seek to amend the trust conditions.

- Grade A listed status of current building: Moving the location of the library and museum would not negate the need to repair and maintain the current building, which has Grade A listed status, and would increase overall revenue costs.

4.6 Since the initial consultation with the HLF in March 2011, officers have met with HLF advisers several times and, at their advice, used consultants to help develop the bid. The successful tenderers, Jura Consultants, have a strong track record in successful HLF bids and have attracted over £130m of HLF funding for their clients. The project team and Jura Consultants carried out extensive public consultation. Around 1,000 people gave their views, and the resulting project has been strongly informed by the results of the consultation. The project team also worked with Property Assets & Facilities Management with input from a conservation architect to draw up a new set of architectural proposals which would allow delivery of much improved services at the library and museum and, crucially, would meet HLF standards for funding.

4.7 The project team has developed proposals for a project which both refurbishes the complex and adds significantly to the regeneration of the area through activities including learning, employment, volunteer and training opportunities, an improved tourism offer, and improved social capital. In order to meet HLF outcomes for heritage, individuals and communities, the project has grown significantly in scope since the original proposals of £5.5m, with an overall project cost (including capital work, internal fit-out, and activities) of £14m (see Appendix 1). Both Jura and HLF staff have advised that the project as proposed is sufficiently transformational to attract HLF investment at the ‘major batch’ level of over £5m, and the project as proposed would seek HLF funding of £7m.

4.8 The spaces developed include:

- An internal ‘street’ for orientation which will contain a kinetic sculpture in celebration of Inverclyde’s engineering heritage
- Café (to be run as a social enterprise)
- Museum
- Art Gallery
- Watt Hall large event space
- Interactive ‘by appointment only’ backroom collections space
- Library & reading room
- Archives search room
- Computer suite
- The Watt Learning Lab (to be used by young people and other groups for learning, art & science workshops etc)
- Collections storage

The improvements to the building fabric will be complemented by an internal fit-out which meets standards in respect of environmental and other controls, and will ensure the proper conservation of Inverclyde’s heritage assets in the long term.

4.9 In order to meet the HLF’s outcomes for heritage, individuals and communities, the bid includes a request for £751,700 of HLF funding to be spent as follows:

- £90,000 to fund the development of the bid from Round 1 to Round 2 which includes project management, business planning, and design work;
- £180,000 to fund 5 new posts, ranging from 3 years’ to 1 year’s duration, to support the work of the heritage centre. The posts to be created have been planned to be as

sustainable as possible e.g. a new Education & Learning Officer will create programmes which can be run by permanent Museum & Library staff after the project has ended;

- £481,700 to fund activities including (but not limited to): public engagement, outreach work; a volunteering programme, an education programme; an exhibitions programme; family activities; CPD for teachers; training and marketing materials; and digital development.

4.10 The relevant HLF funding programme to which the Council would be applying is Heritage Grants. This programme funds projects seeking over £100,000, with projects seeking over £5m having one submission date each year on 30 November, and decisions made the following April. The application process is in two rounds, with a development period after a successful first round application during which the HLF may offer mentor support and/or a development grant. The process is structured in two rounds to allow projects which are successful at Round 1 sufficient time to develop their proposals and seek further partnership funding. Applications over £5m are assessed by both the Scottish board and the UK board and consequently projects at this level are competing against similar projects across the whole of the United Kingdom. The process is fiercely competitive, and it can take more than one attempt to receive a pass at either Round 1 or Round 2.

4.11 As the overall costs of the project have risen significantly from the original Committee paper of January 2011, members are asked to consider the following options to decide which option the Council wishes to pursue.

5.0 OPTIONS

5.1 **Option A:** Pursue Round 1 bid for major transformational project costing £14m. £4m has already been committed by the Council; if the bid is successful HLF would commit £7m; £3m would be sourced from other funders, such as Historic Scotland, Creative Scotland, Social Investment Scotland, and Clore Duffield Foundation amongst others. Projects successful at Round 1 have two years to work up a Round 2 proposal and therefore time to secure additional funding. HLF advisers and Jura Consultants are confident that it will be possible to source a further £3m with the leverage of the £7m committed, but there is a risk that it will not be possible to source the full additional funding required.

Option B: Council's Property Assets and Facilities Management service repairs and refurbishes the building using the Council's earmarked £4m with the scope of the works limited to the funding available. This option offers no regeneration opportunities or social capital development. HLF have already rejected this option as not meeting their criteria for funding. It would also be unlikely to attract other external funders for the same reasons. This option would however address the immediate building issues.

If Option A is chosen but, as the project develops, HLF and / or other funding is not available, Option D would be the contingency plan, with the understanding that abortive fees will apply regardless of the option chosen. If the design was taken to Stage D, which is the stage required before HLF would approve full funding, fees would be £263,000. While some work could be utilised in a £4m maintenance project most of this would be abortive work.

5.2 It should be noted that there is a significant element of rot currently in the building. The delays brought about by the external funding process could exacerbate this. The cost has an allowance for inflation included, based on a start on site in the third quarter of 2016. If there were a delay in commencing the project additional inflation would be likely to occur. In addition the life cycle maintenance costs of Option A will be greater than Option B and these will need to be reflected in the comprehensive property assets condition survey due to be completed by the summer of 2014.

5.3 It should further be noted that the Trustees of the Watt Institution will require to be advised of the submission of an application for funding and may require to make substantive decisions at a future date with regard to the final details of the project.

6.0 IMPLICATIONS

6.1 Financial Implications – One off Costs

See Appendix 1 for detailed project costs.

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
Capital Programme	Watt Complex Refurbishment	From 2016	£14million		£10 million to be sourced externally. Scored against the £4 million Council allowance. Only applicable if £14m scheme cancelled.
Capital Programme	Fees	2015/16	£263,000		

Financial Implications – Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (if applicable)	Other Comments
Education, Communities and ODHR	Museums	2019/20	£30,000		Net increase in costs may be reduced by service staffing restructures in the future.

- 6.2 Human Resources: There are no staffing implications in the Round 1 bid. The Round 2 application will seek funding for the creation of new posts during the delivery and operational phases, which will be the subject of further reports to the Committee in due course.
- 6.3 Legal: The Head of Legal and Democratic Services comments that as the Watt Institution is held and administered by the Council as Trustees any recommendation of this Committee will require to be referred to the Trustees of the Watt Institution for noting. In the event that Trust requires to make an application to the Court of Session to amend the Trust conditions, it is estimated that legal costs in respect thereof will be in the region of £50,000, dependant on whether objections to the application were made.
- 6.4 Equalities: The refurbishment of the current building will address the current lack of compliance with the Equality Act 2010. Full cognisance has been taken of equality and diversity processes and procedures during the development of this project.
- 6.5 Repopulation: The project offers an unique opportunity to invest significantly into one of Inverclyde's best regarded heritage assets, to create learning, tourism, employment, volunteer and training opportunities, and to boost the local economy. As such, it would be a key addition to the suite of measures Inverclyde Council is taking to regenerate, and repopulate, the local area.

Watt Library and Mclean Museum		October 2013
Stage 1 HLF Costs		
11/115		
<u>SUMMARY</u>		
<u>CAPITAL COSTS</u>		
Temporary and Decant Works		435,000
Demolitions		60,000
Reinstatement		1,923,710
Extensions to Rear		3,294,000
Sculpture		40,000
External fabric		611,280
External Works		288,750
Measured works	£	6,652,740
Contingencies	7.5%	498,956
Design Development	10%	665,274
Measured Works Inc Contingencies	£	7,816,970
Preliminaries	10%	781,697
Measured works inc Cont and Prelims	£	8,598,667
Fit out and display	£	1,959,750
Construction Costs incl fit out	£	10,558,417
Fees	10%	1,055,842
Works Costs	£	11,614,258
Below line costs (Reports etc)	£	347,000
Gross Works Costs	£	11,961,258
Inflation 3rd Quart 2013 to 3rd Quart Q 2016	10.80%	1,291,816
<u>GROSS CAPITAL COSTS</u>	£	13,253,074
<u>DEVELOPMENT & ACTIVITY COSTS</u>		
Development & Activity Costs (from Client)	£	751,700
Inflation 3rd Quart 2013 to 3rd Quart Q 2016	10.80%	81,184
<u>GROSS DEVELOPMENT & ACTIVITY COSTS</u>	£	832,884
<u>PROJECTED PROJECT COSTS</u>	£	14,085,958
PROJECTED PROJECT COSTS (to nearest £10K)		14,090,000
<u>FUNDING PROPOSALS</u>		
IC Budget	£	4,000,000
Proposed Application to Heritage Lottery Fund	£	7,000,000
POSSIBLE FUNDING IDENTIFIED TO DATE	£	11,000,000
POSSIBLE NET FUNDING SHORTFALL	£	3,090,000

Report To:	Inverclyde Council	Date: 5 December 2013
Report By:	Head of Legal & Democratic Services	Report No: LA/1105/13
Contact Officer:	Jonathan Hamilton	Contact No: 01475 712125
Subject:	Appointment of Trustees to Peter Stanton Memorial Trust	

1.0 PURPOSE

- 1.1 The purpose of this report is to seek the Council's re-appointment of three outside Trustees to the Peter Stanton Memorial Trust given that their current term of office is due to expire on 17 February 2014.

2.0 SUMMARY

- 2.1 Trustees of the Peter Stanton Memorial trust are appointed for a term of four years. There are seven Trustees. Mrs Sarah Stanton, the widow of the late Peter Stanton is a permanent Trustee. Three Trustees comprise the Provost and two other members. The remaining trustees are not members of the Council, and are appointed as Trustees by Inverclyde Council from people who are electors within the geographical area of Inverclyde, and who are nominated by disabled groups within Inverclyde. The Council is permitted to reappoint a Trustee on expiry of his or her term of four years without the need for further nomination by a disabled group.
- 2.2 If there are insufficient nominations from disabled groups within the geographical area of Inverclyde, then Trustees are to be nominated by Inverclyde Council from people known to Inverclyde Council as being representative of a disabled group, or experienced in or closely associated with the provision of sport and leisure activities for the disabled within the geographical area previously comprising Inverclyde District.
- 2.3 If on any occasion there are more persons than the number of vacancies for the office of Trustee, it is at the absolute discretion of the Council as to whom it appoints always provided that any person fulfils the requirements of the Trust Deed.
- 2.4 Any casual vacancy filled by the Council shall be for the balance of the four year period for which a Trustee was appointed.
- 2.5 There are three current Trustees whose terms of appointment expire on 17 February 2014, namely Mrs Eileen Logan Gowans, Mrs Margaret McEleny and Mr John English. All three Trustees have indicated that they would be willing to serve as Trustees for another term of four years until 16 February 2018. The Council is permitted to re-appoint the said Eileen Gowans, Mrs Margaret McEleny and Mr John English as Trustees for this period without the need for further nomination by a disabled group.
- 2.6 There are, therefore, three persons who are eligible for appointment to three positions as Trustee.

3.0 RECOMMENDATIONS

- 3.1 That the Council make the appointment of three Trustees for the Peter Stanton Memorial Trust to serve on the Trust for a period of four years until 16 February 2018.

Elaine Paterson
Head of Legal & Democratic Services

4.0 BACKGROUND

4.1 The Peter Stanton Memorial Trust was constituted in 1993. The Trust awards financial assistance to encourage the participation of disabled people in leisure and recreational activities in Inverclyde. The Trust considers applications for financial assistance from both individuals and organisations.

5.0 IMPLICATIONS

5.1 Financial Implications: None.

5.2 Personnel: None.

5.3 Legal: None.

Equalities: None.

6.0 CONSULTATIONS

6.1 Trustees whose term of office is due to expire on 17 February 2014 were consulted concerning whether they would be willing to serve as a Trustee for a further four year term until 16 February 2018.

7.0 LIST OF BACKGROUND PAPERS

None.

Report To:	Trustees of Council's Charities	Date:	05 December 2013
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	FIN/94/13/AP/CM
Contact Officer:	Jan Buchanan	Contact No:	01475 712223
Subject:	Accounts of Charitable Trusts and Reorganisation		

1.0 PURPOSE AND SUMMARY

1.1 The purpose of this report is to ask the trustees:

- a) To approve the accounts of four charitable trusts and their filing with the Office of the Scottish Charity Regulator by the statutory deadline of 31 December 2013.
 - o SC019228 Lady Alice Shaw-Stewart Memorial Fund
 - o SC019229 William Stewart of St. Fillians Bequest
 - o SC019232 Queen Victoria Diamond Jubilee Fund
 - o SC019233 Miss Agnes Gallagher Trust for Poor
- b) To approve proposals for the winding up of two of these trusts.
 - o SC019232 Queen Victoria Diamond Jubilee Fund
 - o SC019229 William Stewart of St. Fillians Bequest

2.0 RECOMMENDATION

2.1 It is recommended that the trustees:

- a) Review and approve the annual accounts for each of the four above charities for the year ended 31 March 2013 and their onward transmission to OSCR.
- b) For the proposed winding up of the Queen Victoria Diamond Jubilee Fund:
 - i. Approve payment of the remaining funds to the Ardgowan Hospice and then to wind up the trust and remove it from the OSCR Register.
- c) For the proposed winding up of the William Stewart of St Fillans Bequest (once OSCR's formal authorisation to proceed with the reorganisation is received):
 - i. Approve the submission of an application to OSCR to wind-up the trust and to distribute the remaining funds; and
 - ii. Approve a payment in equal shares to Caladh House, Greenock Medical Aid, Little Sisters of the Poor and Argyll & Clyde Acute Hospital Endowment Fund, and to wind up the trust.

3.0 FILING OF ANNUAL REPORT AND ACCOUNTS

- 3.1 The Annual Accounts for the year ended 31 March 2013 are to be submitted to the Office of the Scottish Charity Regulator (OSCR) by the statutory deadline of 31 December 2013 (no later than 9 months after the financial year end). OSCR requires that the charity trustees approve the annual accounts and sign and date the annual report and balance sheet.
- 3.2 The independent examination of the accounts of the charities has been completed by the Internal Auditor of Argyll and Bute Council and the signed report is included in each set of accounts. In all cases, the report confirms that the financial statements present fairly the finances of the charity for the period. This is the final year of the three-year appointment of the Internal Audit section of Argyll & Bute Council and their contribution is greatly appreciated.
- 3.3 In future, a full audit will require to be carried out by the appointed auditor of the local authority following recent guidance from Audit Scotland regarding the requirements of the Local Government (Scotland) Act 1973. For the charitable trusts of Inverclyde Council, the auditors will be Grant Thornton. The firm has not yet advised of indicative audit fee levels for the charities for 2013-2014.

4.0 REORGANISATION AND WINDING UP OF CHARITABLE TRUSTS

- 4.1 **Charitable Trusts Wound up in 2013:** At the meeting of 29 November 2012, trustees approved a number of actions for the re-organisation and wind-up of the charitable trusts. Four charitable trusts were wound up and removed from the OSCR Register in July and August 2013:
- Admiral Duff Bequest
 - William Clark Bequest
 - Analyst (John W. Biggart) Greenock Bequest
 - Miss Margaret Skakle Executory for Poor
- 4.2 **Work on Remainder of Charitable Trusts:** Most of the actions have been successfully implemented over the course of the year. Items ongoing are shown below.
- 4.3 **Queen Victoria Diamond Jubilee Fund:** OSCR has approved the re-organisation of the trust. The trustees now need to provide authority to make payment to the Ardgowan Hospice and have the trust wound up and removed from the OSCR Register.
- 4.4 **William Stewart of St Fillans Bequest:** An application has been made to OSCR to provide the trustees with additional powers. A re-organisation of this type allows the distribution of the entire funds of the trust to such beneficiaries as the trustees consider appropriate. Once the formal approval is received from OSCR, it will be possible for both the capital and revenue reserves to be transferred to the current beneficiaries. Authority is now sought from trustees, in anticipation of a formal approval being received from OSCR and once such approval is received, to proceed to submit an application to OSCR to wind-up the trusts and to make such a transfer.
- 4.5 **Miss Agnes Gallagher Trust for the Poor:** Officers have informally sounded out OSCR about the suitability of the Ardgowan Hospice for the funds of this trust. In the opinion of officers, OSCR is unlikely to agree to this, were a formal application to be made. The charitable purposes of the Ardgowan Hospice do not sufficiently match the charitable purposes of those trusts which are for the *poor*. Officers are currently exploring local charities that would fulfil the charity tests to identify an alternative use of the funds. Should no action be taken, the small balance of reserves will be extinguished by governance costs in three years.

- 4.6 **Lady Alice Memorial:** Officers are also exploring local charities for the use of the funds. The terms of the trust deed are very restrictive which has resulted in a gradual accumulation of reserves over some considerable time. A potential longer term solution may arise when the construction of the women's prison in Greenock is completed and it is recommended that, in view of the substantial reserves held, a decision is deferred until the provision of local prison services becomes clearer. This will be the subject of a future report to trustees once proposals are more fully developed.

5.0 IMPLICATIONS

5.1 Legal

The review of the charities will entail an application to OSCR for a reorganisation scheme under Sections 39-45 of the Charities and Trustees Investment (Scotland) Act 2005 or an application to have a charity wound up under s.16(2)(c) of the Charities and Trustees Investment (Scotland) Act 2005.

5.2 Financial

There are no financial implications arising from this report.

5.3 Human Resources

There are no human resource implications arising from this report.

5.4 Equalities

There are no equalities issues arising from this report.

6.0 REPOPULATION

None

7.0 CONSULTATIONS

- 7.1 The Head of Legal & Democratic Services has been consulted about the matters in this report.

8.0 LIST OF BACKGROUND PAPERS

- 8.1 None

Lady Alice Shaw-Stewart Memorial Fund

Annual Report and Financial Statements For the Year ended 31 March 2013



Scottish Charity Number SC019228

Inverclyde
council

Lady Alice Shaw-Stewart Memorial Fund

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Lady Alice Shaw-Stewart Memorial Fund was established under a minute of agreement dated 3 July 1947 between the Trustees of the Female Branch of the Greenock Discharged Prisoners Aid Society and the Corporation of Greenock.

The Committee handed over the capital sum of £1,923 upon the winding up of the Branch. Female prisoners no longer served their sentences in HM Prison in Greenock and the purpose of the Branch could not be carried out. The officers of the Corporation undertook to utilise the funds for purposes similar or akin to the purpose of the Branch.

The funds were to be designated thereafter "Lady Alice Shaw-Stewart Memorial Fund" in memory of Lady Alice of Ardgowan who died in January 1942. During her life, Lady Alice set up benevolent societies for the army, navy and air force, had been awarded the CBE, and was a Justice of the Peace. She was active in the Greenock School Board and a primary school in Greenock was named after her in which local children are educated to this day.

Interest on the capital sum was to be used to "give monetary or other assistance to females recommended by the Probation Officer of the Burgh of Greenock." Inverclyde Council at its Policy and

Strategy Committee meeting of 6 August 1996 delegated to the Director of Finance to consider individual applications that meet the criteria of the trust fund.

The elected members of the Council are the trustees. The Acting Corporate Director Environment, Regeneration & Resources of Inverclyde Council in his role as the treasurer of the charity is responsible for making arrangements for the proper administration of the trust's financial affairs and reports to the trustees.

The Trust has not made any awards in the reporting period or in recent times. In past years, various donations have been made to women under Community Service Orders recommended by the Social Work services of the Council.

If you wish to apply for financial assistance, or you are aware of a person who may wish to apply for financial assistance, then application forms can be obtained by contacting: Bert Allison, Lady Alice Shaw-Stewart Memorial Fund, Financial Services, Municipal Buildings, Greenock, PA15 1LY. Tel: 01475 712225 e-mail bert.allison@inverclyde.gov.uk.

Lady Alice Shaw-Stewart Memorial Fund

Trustees' Annual Report

For the Year ended 31 March 2013

The Trustees present their report together with the financial statements and the Independent Examiner's report for the year ended 31 March 2013.

Reference and Administrative Information

- Charity Name Lady Alice Shaw-Stewart Memorial Fund
- Charity Number SC019228
- Principal Address C/o Inverclyde Council, Municipal Buildings,
Clyde Square, Greenock, PA15 1LY

Current Trustees

- Provost Robert Moran, Chair
- Councillor Michael McCormick
- Councillor Ronnie Ahlfeld
- Councillor Martin Brennan (elected 3 May 2012)
- Councillor Keith Brooks
- Councillor Math Campbell-Sturgess (elected 3 May 2012)
- Councillor Jim Clocherty
- Councillor Gerry Dorrian
- Councillor Jim Grieve
- Councillor Vaughan Jones (elected 3 May 2012)
- Councillor Terry Loughran
- Councillor Stephen McCabe
- Councillor James McColgan (elected 3 May 2012)
- Councillor Chris McEleny (elected 3 May 2012)
- Councillor Joe McIlwee
- Councillor Jim MacLeod
- Councillor Innes Nelson
- Councillor Luciano Rebecchi
- Councillor Kenny Shepherd (elected 3 May 2012)
- Councillor David Wilson

Other Trustees who served during the Year

- Councillor Alan Blair (retired 2 May 2012)
- Councillor Tom Fyfe (retired 2 May 2012)
- Councillor Charlie McCallum (retired 3 May 2012)
- Councillor Iain McKenzie (retired 2 May 2012)
- Councillor Chris Osborne (retired 3 May 2012)
- Councillor George White (retired 3 May 2012)

Secretary

- Role fulfilled by officers in Inverclyde Council's Legal and Democratic Services

Treasurer

- Role fulfilled by Alan Puckrin CPFA, Acting Corporate Director Environment, Regeneration & Resources

Independent Examiner

- David Sullivan ACMA, Internal Auditor, Argyll & Bute Council, Kilmory Castle, Lochgilphead, Argyll PA31 8RT.

Structure, Governance and Management

Governing Document

The legal name of the charity is Lady Alice Shaw-Stewart Memorial Fund. The Trust is an unincorporated Scottish Charity governed on the basis of the available evidence of its constitution, a minute of agreement dated 3 July 1947 between the Trustees of the Female Branch of the Greenock Discharged Prisoners Aid Society and the Corporation of Greenock, and as approved by the Policy and Strategy Committee of 6 August 1996. Grants are made in accordance with the terms of the charity

Appointment of Trustees

The councillors of Inverclyde Council are assumed as trustees on their appointment to the Council. Councillors receive training on the responsibilities of being a charity trustee and the accounts of the trust.

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the AGM to consider and approve the annual report and financial statements. Trustees consider the income and expenditure levels during the financial year and that suitable arrangements are in place to manage the remaining funds of the trust. The trustees delegate the day to day administration of the charities to officers of the Council.

The Council provides all administrative support to the charity including financial, legal and secretarial support and deals with any applicants on behalf of the charity. The Council also administers any payments from the charity.

The Council makes a charge for these services following a decision at the Council meeting of 3 December 2009. There are no other costs in connection with governance.

Related Parties

Trustees hold this position because they are elected councillors of Inverclyde Council. Inverclyde Council provides support services to the Trust.

Risk Management

The Council has assessed the major risks to which the charity is exposed, in particular those related to its operation and finances, and is satisfied that the systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of officers of Inverclyde Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charities is protected while allowing income for the current year's awards.

Finance Services of Inverclyde Council have taken the steps required by charity trustees under the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 for the period from 1 April 2012 to 31 March 2013. The funds of the charity are deposited with Inverclyde Council and receive interest at the average market rate for the Council's borrowing. The interest received from Inverclyde Council is shown in the Statement of Financial Activities.

Objectives and Activities

Objects

Its charitable object is "interest on the capital sum is to be used to give monetary or other assistance to females recommended by the Probation Officer of the Burgh of Greenock".

Inverclyde Council at its Policy and Strategy Committee meeting of 6 August 1996 delegated to the Director of Finance to consider individual applications that meet the criteria of the trust fund.

The Council also noted at this meeting the continuation of the policy of the demitting local authority that the capital sum is to be preserved and the annual income only may be used for awards.

Activities

The charity makes grants in accordance with its purposes to individuals and organisations.

Achievements and Performance

The charity did not undertake any activities during the year.

Financial Review

Overview

The charity was inactive and did not make any awards. Expenditure of £250 on governance costs paid to Inverclyde Council for the cost of accountancy, legal and administrative support was met from income of £248 from interest earned on the capital and revenue funds deposited with Inverclyde Council.

The net deficit of £2 for the year was taken from the unrestricted funds brought forward to give unrestricted funds carried forward of £46,178 plus unchanged endowment funds of £1,923. This entire sum is deposited with Inverclyde Council.

Reserves Policy

The Trust has no explicit reserves policy, but the “capital” of the fund is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserves. The unrestricted free reserves are available for the objectives of the trust. The unrestricted reserves at the financial year-end were £46,178. The terms of the trust deed are very restrictive which has resulted in a gradual accumulation of reserves over time.

Future Plans

Inverclyde Council is considering a more cost-effective method of administering its charities and that the best use is made of the funds left in its care. Accordingly, the Council is currently conducting a review of all its charitable trusts with a view to gaining OSCR’s approval of a reorganisation scheme under Sections 39-45 of the Charities and Trustees Investment (Scotland) Act 2005 and the 2007 Regulations.

Conclusion

The charity did not undertake any activities during the year. Officers of the Council are exploring local charities for the use of the funds. This will be the subject of a future

report to Trustees once proposals are more fully developed.

We would like to thank Ian Nisbet and his team at Argyll & Bute Council. This is the final year of his three-year appointment and we have greatly appreciated his contribution.

In future, a full audit will require to be carried out by the appointed auditor of Inverclyde Council in accordance with the requirements of the Local Authority (Scotland) Act 1973.

Approved by the Trustees on Fifth December, Two Thousand and Thirteen and signed on behalf of all Trustees by:

Provost Robert Moran

Chair of the Trustees

This Trustees’ Annual Report is also counter-signed by the Acting Corporate Director Environment, Regeneration & Resources of Inverclyde Council in his role as the treasurer of the Charity.

Alan Puckrin CPFA

Acting Corporate Director Environment, Regeneration & Resources

Lady Alice Shaw-Stewart Memorial Fund
Independent Examiner's Report
For the Year ended 31 March 2013

Independent Examiner's Report to the Trustees of the Lady Alice Shaw-Stewart Memorial Fund

I report on the accounts for the year ended 31 March 2013 set out on pages 7 to 10.

Respective Responsibilities of Trustees and Independent Examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 ("the 2005 Act") and the Charities Accounts (Scotland) Regulations 2006 (as amended) ("the 2006 Regulations"). The charity's trustees consider that the audit requirement of Regulation 10(1) (a)-(c) of the 2006 Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of Independent Examiner's Statement

My examination is carried out in accordance with Regulation 11 of the 2006 Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently I do not express an audit opinion on the accounts.

Independent Examiner's Statement

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Regulations, and
 - to prepare accounts which accord with the accounting records and comply with Regulation 9 of the 2006 Regulationshave not been met, or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

David Sullivan ACMA
Internal Auditor
Argyll & Bute Council
Kilmory Castle
Lochgilphead
PA31 8RT
5 December 2013

Lady Alice Shaw-Stewart Memorial Fund
Statement of Financial Activities for the Year ended 31 March 2013

	Note	Unrestricted Funds	Permanent Endowment Funds	Total 2013	Total 2012
		£	£	£	£
Incoming Resources					
<i>Incoming resources from generated funds</i>					
Interest Receivable	4	248	0	248	291
Total Incoming Resources		248	0	248	291
Resources Expended					
<i>Costs of activities in furtherance of charitable activities</i>					
Grants and Awards		0	0	0	0
Governance Costs	3	250	0	250	225
Total Resources Expended		250	0	250	225
Reconciliation of Funds					
Net Incoming/(Outgoing) Resources		(2)	0	(2)	66
Transfer between funds		0	0	0	0
Net Movement in Funds	5	(2)	0	(2)	66
Total Funds at 31 March 2012		46,180	1,923	48,103	48,037
Total Funds at 31 March 2013		46,178	1,923	48,101	48,103
<p>The Lady Alice Shaw-Stewart Memorial Fund has no recognised gains or losses other than the results for the year as set out above. The activities of the trust are classed as continuing. The notes on pages 9 to 10 form an integral part of these accounts.</p>					

**Lady Alice Shaw-Stewart Memorial Fund
Balance Sheet as at 31 March 2013**

	Note	Unrestricted Funds	Permanent Endowment Funds	Total 2013	Total 2012
		£	£	£	£
Current Assets					
Cash at Bank	6	46,178	1,923	48,101	48,103
Current Liabilities					
Creditors: Amounts Falling Due within One Year		0	0	0	(0)
Net Current Assets		46,178	1,923	48,101	48,103
Net Assets		46,178	1,923	48,101	48,103
Funds					
Unrestricted Funds		46,178		46,178	46,180
Endowment Funds			1,923	1,923	1,923
Total Funds		46,178	1,923	48,101	48,103
The notes on pages 9 to 10 form an integral part of these accounts.					
Approved by the Trustees on 5 December 2013 and signed on their behalf by:					
		Provost Robert Moran Chair of the Trustees	Alan Puckrin CPFA Acting Director Environment, Regeneration & Resources		

Lady Alice Shaw-Stewart Memorial Fund

Notes to the Accounts

Note 1 Basis of Preparation

1.1 Basis of Accounting

These accounts have been prepared on the basis of historic cost in accordance with:

- (a) Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2005 – 2nd Edition); and the Financial Reporting Standard for Smaller Charities (FRSSE) (Effective April 2008).
- (b) The Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

1.2 Changes in the basis of accounting

None

1.3 Changes to previous accounts

None

Note 2 Accounting Policies

2.1 Form of Financial Statements

- (a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.
- (b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the trust.

2.2 Incoming Resources

- (a) Incoming resources are recognised and included in the Statement of Financial Activities (SoFA) when the charity becomes entitled to the resources; the trustees are virtually certain they will receive the resources; and the monetary value can be measured with sufficient reliability.
- (b) Where incoming resources have related expenditure, the incoming resources and related expenditure are reported gross in the SoFA.
- (c) Interest on deposits with Inverclyde Council is recognised in the accounts when receivable.

2.3 Expenditure and Liabilities

- (a) Expenditure is accounted for on an accruals basis.
- (b) Liabilities are recognised as soon as there is a legal or constrictive obligation to pay out resources.
- (c) Governance costs include the costs of preparation and examination of the statutory accounts, the cost of trustee meetings and the cost of any legal advice to trustees on governance matters.

2.4 Assets

The charity has no fixed assets

2.5 Taxation

The charity is not liable to income tax or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

2.6 Comparative Figures

Figures for 2012 are shown as appropriate for purposes of comparison.

Note 3 Governance Costs

	2013 £	2012 £
Charges from Inverclyde Council for accountancy and legal support on governance matters	250	225
Total	250	225
The independent examination has been conducted on a "no-charge" basis. Lady Alice Shaw-Stewart Memorial Fund has no staff. All support functions are provided by Inverclyde Council.		

Note 4 Trustees Remuneration, Expenses and Related Party Transactions

No Trustees were remunerated during the year or any persons connected with them during the year (2012: Nil), nor was their any requirement for any expenses to be paid (2012: Nil).

The trustees are the elected members of Inverclyde Council. The Council provides governance services at a cost of £250 (2012: £225). During the year, the charity received interest of £248 from the Council (2012: £291). As at 31 March 2013, £48,101 was due from Inverclyde Council to the charity (2012: £48,103). There are no outstanding balances due to or from Inverclyde Council other than those that appear in the balance sheet.

Note 5 Movement on Funds

	Balance 31/03/2012 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance 31/03/2013 £
Unrestricted Funds	46,180	248	250	0	46,178
Permanent Endowment Funds	1,923	0	0	0	1,923
	48,103	248	250	0	48,101
Purpose of Permanent Endowment Funds The endowment funds are held for capital growth and to provide an annual income. The gross income from the deposits is held in the unrestricted reserves and is available for distribution.					

Note 6 Cash at Bank

During the year the trust's balances were held by Inverclyde Council. The Council acts as the banker for the charity and all transactions incoming and outgoing are made via the Council's accounts. The balance is repayable on demand. Interest is paid on balances.

	2013 £	2012 £
Balance at 31 March 2012	48,103	48,037
Funds placed on deposit	248	291
Funds withdrawn	(250)	(225)
Balance at 31 March 2013	48,101	48,103



Inverclyde

council

Finance Services, Municipal Buildings, Greenock PA15 1LY
Tel: 01475 712090 Fax: 01475 712202 www.inverclyde.gov.uk

William Stewart of St. Fillans Bequest

Annual Report and Financial Statements For the Year ended 31 March 2013



Scottish Charity Number SC019229

Inverclyde
council

William Stewart of St. Fillans Bequest Contents

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William Stewart of St. Fillans Bequest was established by a bequest of £5,000 on 9 January 1868 by the trustees of the late William Stewart, St. Fillans, Loch Earn, Perthshire to the Corporation of Greenock.

The interest on the capital sum was to be used to promote the religious and intellectual development of the poor and destitute of Greenock. The interest was distributed by the Corporation amongst various local charities of the town of Greenock such as (in 1933) the Town Missionary and the Throat, Nose and Ear Infirmary.

More recently, Inverclyde District Council at its Finance and Law Sub-Committee of 11 June 1976 decided that the annual income was to be divided equally between four organisations - Greenock Medical Aid, Little Sisters of the Poor, Greenock Girls' Home and the Association for Mental Health.

Subsequently, Inverclyde Council at its Policy and Resources Committee meeting of 6 August 1996 agreed that Greenock Girls' Home and the Association for Mental Health be replaced by Caladh House and Argyll & Clyde Acute Hospital Endowment Fund as the successors to these defunct organisations. The Council also noted the policy of the demitting authority that the capital sum must be

preserved and may not be used for awards.

Inverclyde Council as the successor local authority is the sole trustee. The Acting Corporate Director Environment, Regeneration & Resources of Inverclyde Council in his role as the treasurer of the charity is responsible for making arrangements for the proper administration of the charitable trust and reports to trustees.

Trustees will consider the submission of a re-organisation scheme later in 2013, which if approved by OSCR will permit the transfer of the entire funds to the current beneficiaries. Once formal approval has been received from OSCR, officers of the Council will seek approval from Trustees to submit an application to OSCR to wind up the trust and to make such a transfer.

William Stewart of St. Fillians Bequest Trustees' Annual Report

For the Year ended 31 March 2013

The Trustees present their report together with the financial statements and the Independent Examiner's report for the year ended 31 March 2013.

Reference and Administrative Information

- Charity Name William Stewart of St. Fillians Bequest
- Charity Number SC019229
- Principal Address C/o Inverclyde Council, Municipal Buildings,
Clyde Square, Greenock, PA15 1LY

Current Trustees

- Provost Robert Moran Chair
- Councillor Michael McCormick
- Councillor Ronnie Ahlfeld
- Councillor Martin Brennan (elected 3 May 2012)
- Councillor Keith Brooks
- Councillor Math Campbell-Sturgess (elected 3 May 2012)
- Councillor Jim Clocherty
- Councillor Gerry Dorrian
- Councillor Jim Grieve
- Councillor Vaughan Jones (elected 3 May 2012)
- Councillor Terry Loughran
- Councillor Stephen McCabe
- Councillor James McColgan (elected 3 May 2012)
- Councillor Chris McEleny (elected 3 May 2012)
- Councillor Joe McIlwee
- Councillor Jim MacLeod
- Councillor Innes Nelson
- Councillor Luciano Rebecchi
- Councillor Kenny Shepherd (elected 3 May 2012)
- Councillor David Wilson

Other Trustees who served during the Year

- Councillor Alan Blair (retired 2 May 2012)
- Councilor Tom Fyfe (retired 2 May 2012)
- Councilor Charlie McCallum (retired 3 May 2012)
- Councillor Iain McKenzie (retired 2 May 2012)
- Councillor Chris Osborne (retired 3 May 2012)
- Councillor George White (retired 3 May 2012)

Secretary

- Role fulfilled by officers in Inverclyde Council's Legal and Democratic Services

Treasurer

- Role fulfilled by Alan Puckrin CPFA, Acting Corporate Director Environment, Regeneration & Resources

Independent Examiner

- David Sullivan ACMA, Internal Auditor, Argyll & Bute Council, Council Headquarters, Kilmory, Lochgilphead, Argyll PA31 8RT.

Structure, Governance and Management

Governing Document

The legal name of the charity is William Stewart of St. Fillans Bequest. The Trust was established by a bequest of £5,000 on 9 January 1868 by the trustees of the late William Stewart, St. Fillians, Loch Earn, Perthshire to the Corporation of Greenock.

The trust an unincorporated Scottish Charity governed on the basis of the available evidence of its constitution, and as approved by the Policy and Strategy Committee of 6 August 1996.

Appointment of Trustees

The councillors of Inverclyde Council are assumed as trustees on their appointment to the Council. Councillors receive training on the responsibilities of being a charity trustee and the accounts of the trust.

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the AGM to consider and approve the annual report and financial statements. Trustees consider the income and expenditure levels during the financial year and that suitable arrangements are in place to manage the remaining funds of the trust. The trustees delegate the day to day administration of the charities to officers of the Council.

The Council provides all administrative support to the charity including financial, legal and secretarial support and deals with any applicants on behalf of the charity. The Council also administers any payments from the charity.

The Council makes a charge for these services following a decision at the Council meeting of 3 December 2009. There are no other costs in connection with governance.

Related Parties

Trustees hold this position because they are elected councillors of Inverclyde Council. Inverclyde Council provides support services to the Trust.

Risk Management

The Council has assessed the major risks to which the charity is exposed, in particular those related to its operation and finances, and is satisfied that the systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of officers of Inverclyde Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charities is protected while allowing income for the current year's awards.

Finance Services of Inverclyde Council have taken the steps required by charity trustees under the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 for the period from 1 April 2012 to 31 March 2013. The funds of the charity are deposited with Inverclyde Council and receive interest at the average market rate for the Council's borrowing. The interest received from Inverclyde Council is shown in the Statement of Financial Activities.

Objectives and Activities

Objects

Its charitable object is to promote the religious and intellectual development of the poor and destitute of Greenock.

Inverclyde Council at its Policy and Resources Committee meeting of 6 August 1996 confirmed that the annual income be divided equally between four organisations - Caladh House, Greenock Medical Aid, Little Sisters of the Poor and

Argyll & Clyde Acute Hospital Endowment Fund.

The Committee also noted at this meeting the continuation of the policy of the demitting local authority that the capital sum is to be preserved and the annual income only may be used for awards.

Activities

The charity makes grants in accordance with its purposes to organisations.

Achievements and Performance

A modest award of £20 was shared between the four beneficiary organisations - Caladh House, Greenock Medical Aid, Little Sisters of the Poor and Argyll & Clyde Acute Hospital Endowment Fund - in the financial reporting period.

Financial Review

Overview

The charity made an award of £20 split equally between the four beneficiaries. Expenditure of £250 on governance costs was paid to Inverclyde Council for the cost of accountancy, legal and administrative support. Income from the incoming resources of £20 was earned on the endowment and unrestricted funds deposited with Inverclyde Council.

The shortfall for the year of £250 was deducted from the permanent endowment funds brought forward to give a total for funds carried forward of £3,781. This is deposited with Inverclyde Council.

There is an outstanding creditor of £102 for awards for current and previous years that is due to be paid to the four organisations (Caladh House, Greenock Medical Aid, Little Sisters of the Poor and Argyll & Clyde Acute Hospital Endowment Fund).

Reserves Policy

The Trust has no explicit reserves policy, but the "capital" of the fund is held

effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserves. The unrestricted reserves are available for the objectives of the trust.

The annual outlays can no longer be met from income from donations and investments and require to be met from the endowment reserves of the trust. There were no unrestricted reserves at the financial year-end.

Future Plans

Inverclyde Council is considering a more cost-effective method of administering its charities and that the best use is made of the funds left in its care.

Trustees' approval will be sought for a re-organisation scheme to provide Trustees with additional powers. Following discussion and correspondence with OSCR, officers recommend a re-organisation of this type to allow the distribution of the entire fund of the trust to such beneficiaries as the Trustees consider appropriate. If this application is successful it will be possible for both the capital and revenue reserves to be transferred to the current beneficiaries.

Conclusion

The charity's expenditure exceeded income during the reporting period and the deficit required to be taken from the remaining endowment funds.

Trustees will consider the submission of a re-organisation scheme in 2013, which if approved by OSCR will permit the transfer of the entire funds to the current beneficiaries. Once formal approval has been received from OSCR, officers of the Council will seek approval from Trustees to submit an application to OSCR to wind up the trust and to make such a transfer.

We would like to thank Ian Nisbet and his team at Argyll & Bute Council. This is the

final year of his three-year appointment and we have greatly appreciated his contribution.

In future, a full audit will require to be carried out by the appointed auditor of Inverclyde Council in accordance with the requirements of the Local Authority (Scotland) Act 1973.

Approved by the Trustees on Fifth December, Two Thousand and Thirteen and signed on behalf of all Trustees by:

Provost Robert Moran
Chair of the Trustees

This Trustees' Report is also counter-signed by the Acting Corporate Director Environment, Regeneration & Resources of Inverclyde Council in his role as the treasurer of the Charity.

Alan Puckrin CPFA
Acting Corporate Director Environment,
Regeneration & Resources

William Stewart of St. Fillians Bequest
Independent Examiner's Report
For the Year ended 31 March 2013

Independent Examiner's Report to the Trustees of the William Stewart of St. Fillans Bequest

I report on the accounts for the year ended 31 March 2013 set out on pages 8 to 11.

Respective Responsibilities of Trustees and Independent Examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 ("the 2005 Act") and the Charities Accounts (Scotland) Regulations 2006 (as amended) ("the 2006 Regulations"). The charity's trustees consider that the audit requirement of Regulation 10(1) (a)-(c) of the 2006 Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of Independent Examiner's Statement

My examination is carried out in accordance with Regulation 11 of the 2006 Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently I do not express an audit opinion on the accounts.

Independent Examiner's Statement

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Regulations, and
 - to prepare accounts which accord with the accounting records and comply with Regulation 9 of the 2006 Regulationshave not been met, or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

David Sullivan ACMA
Internal Auditor
Argyll & Bute Council
Kilmory Castle
Lochgilphead
PA31 8RT
5 December 2013

William Stewart of St. Fillans Bequest
Statement of Financial Activities for the Year ended 31 March 2013

	Note	Unrestricted Funds	Permanent Endowment Funds	Total 2013	Total 2012
		£	£	£	£
Incoming Resources					
<i>Incoming resources from generated funds</i>					
Interest Receivable	5	20	0	20	26
Total Incoming Resources		20	0	20	26
Resources Expended					
<i>Costs of activities in furtherance of charitable activities</i>					
Grants and Awards	3	20	0	20	26
Governance Costs	4	250	0	250	225
Total Resources Expended	6	270	0	270	251
Reconciliation of Funds					
Net Incoming/(Outgoing) Resources		(250)	0	(250)	(225)
Transfer between funds		250	(250)	0	0
Net Movement in Funds	7	0	(250)	(230)	(225)
Total Funds at 31 March 2012		0	4,031	4,031	4,256
Total Funds at 31 March 2013		0	3,781	3,781	4,031
<p>William Stewart of St. Fillans Bequest has no recognised gains or losses other than the results for the year as set out above. The activities of the trust are not classed as continuing. The notes on pages 10 to 12 form an integral part of these accounts.</p>					

**William Stewart of St. Fillans Bequest
Balance Sheet as at 31 March 2013**

	Note	Unrestricted Funds	Permanent Endowment Funds	Total 2013	Total 2012
		£	£	£	£
Current Assets					
Cash at Bank	8	0	3,883	3,883	4,113
Current Liabilities					
Creditors: Amounts Falling Due within One Year	9	0	(102)	(102)	(82)
Net Current Assets		0	3,781	3,781	4,031
Net Assets		0	3,781	3,781	4,031
Funds					
Unrestricted Funds		0		0	0
Endowment Funds			3,781	3,781	4,031
Total Funds		0	3,781	3,781	4,031
The notes on pages 10 to 12 form an integral part of these accounts.					
Approved by the Trustees on 5 December 2013 and signed on their behalf by:					
		Provost Robert Moran Chair of the Trustees	Alan Puckrin CPFA Acting Corporate Director Environment, Regeneration & Resources		

William Stewart of St. Fillans Bequest

Notes to the Accounts

Note 1 Basis of Preparation

1.1 Basis of Accounting

These accounts have been prepared on the basis of historic cost in accordance with:

(a) Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2005 – 2nd Edition); and the Financial Reporting Standard for Smaller Charities (FRSSE) (Effective April 2008).

(b) The Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

1.2 Changes in the basis of accounting

None

1.3 Changes to previous accounts

None

Note 2 Accounting Policies

2.1 Form of Financial Statements

(a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.

(b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the trust.

2.2 Incoming Resources

(a) Incoming resources are recognised and included in the Statement of Financial Activities (SoFA) when the charity becomes entitled to the resources; the trustees are virtually certain they will receive the resources; and the monetary value can be measured with sufficient reliability.

(b) Where incoming resources have related expenditure, the incoming resources and related expenditure are reported gross in the SoFA.

(c) Interest on deposits with Inverclyde Council is recognised in the accounts when receivable.

2.3 Expenditure and Liabilities

(a) Expenditure is accounted for on an accruals basis.

(b) Liabilities are recognised as soon as there is a legal or constrictive obligation to pay out resources.

(c) Governance costs include the costs of preparation and examination of the statutory accounts, the cost of trustee meetings and the cost of any legal advice to trustees on governance matters.

2.4 Assets

The charity has no fixed assets

2.5 Taxation

The charity is not liable to income tax or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

2.6 Comparative Figures

Figures for 2012 are shown as appropriate for purposes of comparison.

Note 3 Grants and Awards

	2013	2012
	£	£
Caladh House, Greenock	5	7
Greenock Medical Aid	5	7
Little Sisters of the Poor, Greenock	5	6
Argyll & Clyde Acute Hospital Endowment Fund	5	6
Total	20	26
The purpose of the four awards in each year is to assist with the organisations' work with the poor and destitute of Greenock.		

Note 4 Governance Costs

	2013	2012
	£	£
Charges from Inverclyde Council for accountancy and legal support on governance matters	250	225
Total	250	225
The independent examination has been conducted on a "no-charge" basis. William Stewart of St. Fillans Bequest has no staff. All support functions are provided by Inverclyde Council.		

Note 5 Trustees Remuneration, Expenses and Related Party Transactions

No Trustees were remunerated during the year or any persons connected with them during the year (2012: Nil), nor was their any requirement for any expenses to be paid (2012: Nil).

The trustees are the elected members of Inverclyde Council. The Council provides governance services at a cost of £250 (2012: £225). During the year, the charity received interest of £20 from the Council (2012: £26). As at 31 March 2013, £3,883 was due from Inverclyde Council to the charity (2012: £4,113). There are no outstanding balances due to or from Inverclyde Council other than those that appear in the balance sheet.

Note 6 Total Resources Expended

	Basis of Allocation	Unrestricted Funds		2013	2012
		Grants and Awards	Governance Costs	Total	Total
		£	£	£	£
Awards & Contributions	Direct	20	0	20	26
Examiners Fee	Direct	0	0	0	0
Charge from Inverclyde Council	Direct	0	250	250	225
Total for Year		20	250	270	251

Note 7 Movement on Funds

	Balance 31/03/2012 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance 31/03/2013 £
Unrestricted Funds	0	20	270	(250)	0
Permanent Endowment Funds	4,031	0	0	250	3,781
	4,031	20	270	0	3,781

Purpose of Permanent Endowment Funds

The permanent endowment funds are held for capital growth and to provide an annual income. The gross income from the deposits is held in the unrestricted reserves and is available for distribution.

Note 8 Cash at Bank

During the year the trust's balances were held by Inverclyde Council. The Council acts as the banker for the charity and all transactions incoming and outgoing are made via the Council's accounts. The balance is repayable on demand. Interest is paid on balances.

	2013 £	2012 £
Balance at 31 March 2012	4,113	4,312
Funds placed on deposit	20	26
Funds withdrawn	(250)	(225)
Balance at 31 March 2013	3,883	4,113

Note 9 Creditors

	2013 Total £	2012 Total £
Awards Approved in Current & Previous Financial Years		
Caladh House, Greenock	26	21
Greenock Medical Aid	26	21
Little Sisters of the Poor, Greenock	25	20
Argyll & Clyde Acute Hospital Endowment Fund	25	20
Balance at 31 March 2013	102	82



Inverclyde
council

Finance Services, Municipal Buildings, Greenock PA15 1LY
Tel: 01475 712090 Fax: 01475 712202 www.inverclyde.gov.uk

Queen Victoria Diamond Jubilee Fund

Annual Report and Financial Statements For the Year ended 31 March 2013



Scottish Charity Number SC019232



Queen Victoria Diamond Jubilee Fund Contents

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The fund was instituted in 1897 with money raised by public subscription in Greenock. 1897 was the year of Queen Victoria's Diamond Jubilee and it gave rise to a massive outpouring of public affection and a carnival atmosphere in the town.

The matter was dealt with by the Greenock Magistrates Committee and the capital sum of £1,280 was raised. The purpose of the charity was for the nursing of the sick poor of Greenock and District and the original beneficiary was the Greenock District Nursing Association.

With the demise of this organisation in 1980, the Finance and Law Sub-Committee of Inverclyde District Council agreed to apply the income to another body whose object included the nursing of the sick poor of Greenock and District.

The Fund has not made any awards in recent years, but in past years various donations have been made to Ardgowan Hospice and some considerable time ago to the Salvation Army and the Jericho Society.

As the successor local authority, Inverclyde Council is the sole trustee. The Acting Corporate Director Environment, Regeneration & Resources of Inverclyde Council in his capacity as the treasurer of the charity is responsible for making arrangements for the proper

administration of the charitable trust and reports to trustees.

The Council applied to OSCR for approval to a re-organisation of the trust in August 2013. Once formal approval is received, the remaining funds will be paid over to the Ardgowan Hospice and the trust wound up.

Queen Victoria Diamond Jubilee Fund

Trustees' Annual Report

For the Year ended 31 March 2013

The Trustees present their report together with the financial statements and the Independent Examiner's report for the year ended 31 March 2013.

Reference and Administrative Information

- Charity Name Queen Victoria Diamond Jubilee Fund
- Charity Number SC019232
- Principal Address C/o Inverclyde Council, Municipal Buildings,
Clyde Square, Greenock, PA15 1LY

Current Trustees

- Provost Robert Moran, Chair
- Councillor Michael McCormick
- Councillor Ronnie Ahlfeld
- Councillor Martin Brennan (elected 3 May 2012)
- Councillor Keith Brooks
- Councillor Math Campbell-Sturgess (elected 3 May 2012)
- Councillor Jim Clocherty
- Councillor Gerry Dorrian
- Councillor Jim Grieve
- Councillor Vaughan Jones (elected 3 May 2012)
- Councillor Terry Loughran
- Councillor Stephen McCabe
- Councillor James McColgan (elected 3 May 2012)
- Councillor Chris McEleny (elected 3 May 2012)
- Councillor Joe McIlwee
- Councillor Jim MacLeod
- Councillor Innes Nelson
- Councillor Luciano Rebecchi
- Councillor Kenny Shepherd (elected 3 May 2012)
- Councillor David Wilson

Other Trustees who served during the Year

- Councillor Alan Blair (retired 2 May 2012)
- Councillor Tom Fyfe (retired 2 May 2012)
- Councillor Charlie McCallum (retired 3 May 2012)
- Councillor Iain McKenzie (retired 2 May 2012)
- Councillor Chris Osborne (retired 3 May 2012)
- Councillor George White (retired 3 May 2012)

Secretary

- Role fulfilled by officers in Inverclyde Council's Legal and Democratic Services

Treasurer

- Role fulfilled by Alan Puckrin CPFA, Acting Corporate Director Environment, Regeneration & Resources

Independent Examiner

- David Sullivan ACMA, Internal Auditor, Argyll & Bute Council, Council Headquarters, Kilmory, Lochgilphead, Argyll PA31 8RT.

Structure, Governance and Management

Governing Document

The legal name of the charity is Queen Victoria Diamond Jubilee Fund. The fund was instituted in 1897 with money raised by public subscription in Greenock.

The trust is an unincorporated Scottish Charity governed on the basis of the available evidence of its constitution, and as approved by the Policy and Strategy Committee of 6 August 1996. Grants are made in accordance with the constitution.

Appointment of Trustees

The councillors of Inverclyde Council are assumed as trustees on their appointment to the Council. Councillors receive training on the responsibilities of being a charity trustee and the accounts of the trust.

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the AGM to consider and approve the annual report and financial statements. Trustees consider the income and expenditure levels during the financial year and that suitable arrangements are in place to manage the remaining funds of the trust. The trustees delegate the day to day administration of the charities to officers of the Council.

The Council provides all administrative support to the charity including financial, legal and secretarial support and deals with any applicants on behalf of the charity. The Council also administers any payments from the charity.

The Council makes a charge for these services following a decision at the Council meeting of 3 December 2009. There are no other costs in connection with governance.

Related Parties

Trustees hold this position because they are elected councillors of Inverclyde Council. Inverclyde Council provides support services to the Trust.

Risk Management

The Council has assessed the major risks to which the charity is exposed, in particular those related to its operation and finances, and is satisfied that the systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of officers of Inverclyde Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charities is protected while allowing income for the current year's awards.

Finance Services of Inverclyde Council have taken the steps required by charity trustees under the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 for the period from 1 April 2012 to 31 March 2013. The funds of the charity are deposited with Inverclyde Council and receive interest at the average market rate for the Council's borrowing. The interest received from Inverclyde Council is shown in the Statement of Financial Activities.

Objectives and Activities

Objects

Its charitable object is "income is to be applied to the nursing of the sick poor of Greenock the annual interest on this capital sum is to be expended annually amongst such charitable institutions or societies in or about Greenock as the Corporation of Greenock in their sole discretion think fit".

The Council noted at its Policy and Strategy Committee meeting of 6 August 1996 the continuation of the policy of the demitting authority that the capital sum is to be preserved and the annual income only may be used for awards.

Activities

The charity makes grants in accordance with its purposes to organisations.

Achievements and Performance

The charity did not undertake any activities during the year.

Financial Review

Overview

The charity was inactive and did not make any awards. Expenditure of £250 on governance costs paid to Inverclyde Council for the cost of accountancy, legal and administrative support exceeded income from the incoming resources of £19 from interest earned on the capital and revenue funds deposited with Inverclyde Council.

The shortfall for the year was deducted from the unrestricted funds brought forward to give unrestricted funds carried forward of £2,239 plus the permanent endowment funds of £1,280. The entire sum is deposited with Inverclyde Council.

Reserves Policy

The Trust has no explicit reserves policy, but the "capital" of the fund is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserves. The unrestricted reserves are available for the objectives of the trust.

The annual outlays can no longer be met from income from donations and investments and require to be met from the reserves of the trust. The unrestricted reserves at the financial year-end were £2,239. The trustees intend to transfer all

reserves to the Ardgowan Hospice during the next financial year.

Future Plans

Inverclyde Council is considering a more cost-effective method of administering its charities and that the best use is made of the funds left in its care.

Following informal discussions, OSCR has indicated that a proposal by officers of the Council to transfer the balance of the funds to the Ardgowan Hospice is likely to be accepted. Accordingly, Trustees will consider the submission of a formal application in 2013 to OSCR to re-organise the trust to provide powers to Trustees to transfer the remaining funds to the Ardgowan Hospice.

Conclusion

The charity did not undertake any activities during the year. The charity's expenditure exceeded income during the reporting period and the shortfall has required to be taken from the unrestricted funds.

Trustees will consider the submission of a formal application in 2013 to OSCR to re-organise the trust to provide powers to Trustees to transfer the remaining funds to the Ardgowan Hospice.

We would like to thank Ian Nisbet and his team at Argyll & Bute Council. This is the final year of his three-year appointment and we have greatly appreciated his contribution.

In future, a full audit will require to be carried out by the appointed auditor of Inverclyde Council in accordance with the requirements of the Local Authority (Scotland) Act 1973.

Approved by the Trustees on Fifth December, Two Thousand and Thirteen and signed on behalf of all Trustees by:

Provost Robert Moran
Chair of the Trustees

This Trustees' Report is also counter-signed by the Acting Corporate Director Environment, Regeneration & Resources of Inverclyde Council in his role as the treasurer of the Charity.

Alan Puckrin CPFA
Acting Corporate Director Environment,
Regeneration & Resources

Queen Victoria Diamond Jubilee Fund
Independent Examiner's Report
For the Year ended 31 March 2013

Independent Examiner's Report to the Trustees of the Queen Victoria Diamond Jubilee Fund

I report on the accounts for the year ended 31 March 2013 set out on pages 8 to 11.

Respective Responsibilities of Trustees and Independent Examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 ("the 2005 Act") and the Charities Accounts (Scotland) Regulations 2006 (as amended) ("the 2006 Regulations"). The charity's trustees consider that the audit requirement of Regulation 10(1) (a)-(c) of the 2006 Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of Independent Examiner's Statement

My examination is carried out in accordance with Regulation 11 of the 2006 Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently I do not express an audit opinion on the accounts.

Independent Examiner's Statement

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Regulations, and
 - to prepare accounts which accord with the accounting records and comply with Regulation 9 of the 2006 Regulationshave not been met, or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

David Sullivan ACMA
Internal Auditor
Argyll & Bute Council
Kilmory Castle
Lochgilphead
PA31 8RT
5 December 2013

Queen Victoria Diamond Jubilee Fund
Statement of Financial Activities for the Year ended 31 March 2013

	Note	Unrestricted Funds	Permanent Endowment Funds	Total 2013	Total 2012
		£	£	£	£
Incoming Resources					
<i>Incoming resources from generated funds</i>					
Interest Receivable	4	19	0	19	24
Total Incoming Resources		19	0	19	24
Resources Expended					
<i>Costs of activities in furtherance of charitable activities</i>					
Grants and Awards		0	0	0	0
Governance Costs	3	250	0	250	225
Total Resources Expended		250	0	250	225
Reconciliation of Funds					
Net Incoming/(Outgoing) Resources		(231)	0	(231)	(201)
Transfer between funds		0	0	0	0
Net Movement in Funds	5	(231)	0	(231)	(201)
Total Funds at 31 March 2012		2,470	1,280	3,750	3,951
Total Funds at 31 March 2013		2,239	1,280	3,519	3,750
Queen Victoria Diamond Jubilee Fund has no recognised gains or losses other than the results for the year as set out above. The activities of the trust are not classed as continuing. The notes on pages 10 to 11 form an integral part of these accounts.					

**Queen Victoria Diamond Jubilee Fund
Balance Sheet as at 31 March 2013**

	Note	Unrestricted Funds	Permanent Endowment Funds	Total 2013	Total 2012
		£	£	£	£
Current Assets					
Cash at Bank	6	2,239	1,280	3,519	3,750
Current Liabilities					
Creditors: Amounts Falling Due within One Year		0	0	0	0
Net Current Assets		2,239	1,280	3,519	3,750
Net Assets		2,239	1,280	3,519	3,750
Funds					
Unrestricted Funds		2,239		2,239	2,470
Endowment Funds			1,280	1,280	1,280
Total Funds		2,239	1,280	3,519	3,750
The notes on pages 10 to 11 form an integral part of these accounts.					
Approved by the Trustees on 5 December 2013 and signed on their behalf by:					
		Provost Robert Moran Chair of the Trustees	Alan Puckrin CPFA Acting Corporate Director Environment, Regeneration & Resources		

Queen Victoria Diamond Jubilee Fund

Notes to the Accounts

Note 1 Basis of Preparation

1.1 Basis of Accounting

These accounts have been prepared on the basis of historic cost in accordance with:

- (a) Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2005 – 2nd Edition); and the Financial Reporting Standard for Smaller Charities (FRSSE) (Effective April 2008).
- (b) The Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

1.2 Changes in the basis of accounting

None

1.3 Changes to previous accounts

None

Note 2 Accounting Policies

2.1 Form of Financial Statements

- (a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.
- (b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the trust.

2.2 Incoming Resources

- (a) Incoming resources are recognised and included in the Statement of Financial Activities (SoFA) when the charity becomes entitled to the resources; the trustees are virtually certain they will receive the resources; and the monetary value can be measured with sufficient reliability.
- (b) Where incoming resources have related expenditure, the incoming resources and related expenditure are reported gross in the SoFA.
- (c) Interest on deposits with Inverclyde Council is recognised in the accounts when receivable.

2.3 Expenditure and Liabilities

- (a) Expenditure is accounted for on an accruals basis.
- (b) Liabilities are recognised as soon as there is a legal or constrictive obligation to pay out resources.
- (c) Governance costs include the costs of preparation and examination of the statutory accounts, the cost of trustee meetings and the cost of any legal advice to trustees on governance matters.

2.4 Assets

The charity has no fixed assets

2.5 Taxation

The charity is not liable to income tax or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

2.6 Comparative Figures

Figures for 2012 are shown as appropriate for purposes of comparison.

Note 3 Governance Costs

	2013 £	2012 £
Charges from Inverclyde Council for accountancy and legal support on governance matters	250	225
Total	250	225
The independent examination has been conducted on a "no-charge" basis. Queen Victoria Diamond Jubilee Fund has no staff. All support functions are provided by Inverclyde Council.		

Note 4 Trustees Remuneration, Expenses and Related Party Transactions

No Trustees were remunerated during the year or any persons connected with them during the year (2012: Nil), nor was their any requirement for any expenses to be paid (2012: Nil).

The trustees are the elected members of Inverclyde Council. The Council provides governance services at a cost of £250 (2012: £225). During the year, the charity received interest of £19 from the Council (2012: £24). As at 31 March 2013, £3,519 was due from Inverclyde Council to the charity (2012: £3,750). There are no outstanding balances due to or from Inverclyde Council other than those that appear in the balance sheet.

Note 5 Movement on Funds

	Balance 31/03/2012 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance 31/03/2013 £
Unrestricted Funds	2,470	19	250	0	2,239
Permanent Endowment Funds	1,280	0	0	0	1,280
	3,750	19	250	0	3,519
Purpose of Permanent Endowment Funds The permanent endowment funds are held for capital growth and to provide an annual income. The gross income from the deposits is held in the unrestricted reserves and is available for distribution.					

Note 6 Cash at Bank

During the year the trust's balances were held by Inverclyde Council. The Council acts as the banker for the charity and all transactions incoming and outgoing are made via the Council's accounts. . The balance is repayable on demand. Interest is paid on balances.

	2013 £	2012 £
Balance at 31March 2012	3,750	3,951
Funds placed on deposit	19	24
Funds withdrawn	(250)	(225)
Balance at 31 March 2013	3,519	3,750



Inverclyde council

Finance Services, Municipal Buildings, Greenock PA15 1LY
Tel: 01475 712090 Fax: 01475 712202 www.inverclyde.gov.uk

Miss Agnes Gallagher Trust for Poor

Annual Report and Financial Statements For the Year Ended 31 March 2013



Scottish Charity Number SC019233

Inverclyde
council

Miss Agnes Gallagher Trust for Poor Contents

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Miss Agnes Gallagher Trust for the Poor was established under the terms of Miss Gallagher's Trust Disposition and Settlement dated 13 January 1927. The sum of £2,316 (market value in 1937) was received by the Corporation of Greenock as residuary legatees. £1,046 of the bequest was invested in UK Government Stock with a nominal value of £1,408. The investment was realised in 2010 and the funds reinvested with Inverclyde Council.

Under the terms of the trust, the annual income was to be applied at the discretion of the Corporation of Greenock in providing coal, food or clothing to the deserving poor of the town. Specifically, "one half of this income is to be applied for the benefit of persons of the Roman Catholic Religion and the other half for the benefit of persons of the Protestant Religion".

The Finance and Law Sub-Committee of Inverclyde District Council on 11 June 1976 decided that in order to provide a regular source of income for the Council's Provost's Benevolent Fund, the accrued interest of the Gallagher Bequest be transferred to the Provost's Benevolent Fund and that future income be transferred annually.

As the successor local authority, Inverclyde Council is the sole trustee. The Acting Corporate Director Environment, Regeneration & Resources of Inverclyde Council in his role as the treasurer of the charity is responsible for making arrangements for the proper administration of trust's financial affairs and reports to trustees.

Officers of the Council are currently exploring local charities that would fulfil the charity tests to identify a suitable use of the funds.

Miss Agnes Gallagher Trust for Poor Trustees' Annual Report

For the Year ended 31 March 2013

The Trustees present their report together with the financial statements and the Independent Examiner's report for the year ended 31 March 2013.

Reference and Administrative Information

- Charity Name Miss Agnes Gallagher Trust for Poor
- Charity Number SC019233
- Principal Address C/o Inverclyde Council, Municipal Buildings,
Clyde Square, Greenock, PA15 1LY

Current Trustees

- Provost Robert Moran, Chair
- Councillor Michael McCormick
- Councillor Ronnie Ahlfeld
- Councillor Martin Brennan (elected 3 May 2012)
- Councillor Keith Brooks
- Councillor Math Campbell-Sturgess (elected 3 May 2012)
- Councillor Jim Clocherty
- Councillor Gerry Dorrian
- Councillor Jim Grieve
- Councillor Vaughan Jones (elected 3 May 2012)
- Councillor Terry Loughran
- Councillor Stephen McCabe
- Councillor James McColgan (elected 3 May 2012)
- Councillor Chris McEleny (elected 3 May 2012)
- Councillor Joe McIlwee
- Councillor Jim MacLeod
- Councillor Innes Nelson
- Councillor Luciano Rebecchi
- Councillor Kenny Shepherd (elected 3 May 2012)
- Councillor David Wilson

Other Trustees who served during the Year

- Councillor Alan Blair (retired 2 May 2012)
- Councilor Tom Fyfe (retired 2 May 2012)
- Councilor Charlie McCallum (retired 3 May 2012)
- Councillor Iain McKenzie (retired 2 May 2012)
- Councillor Chris Osborne (retired 3 May 2012)
- Councillor George White (retired 3 May 2012)

Secretary

- Role fulfilled by officers in Inverclyde Council's Legal and Democratic Services

Treasurer

- Role fulfilled by Alan Puckrin CPFA, Acting Corporate Director Environment, Regeneration & Resources

Independent Examiner

- David Sullivan ACMA, Internal Auditor, Argyll & Bute Council, Council Headquarters, Kilmory, Lochgilphead, Argyll PA31 8RT.

Structure, Governance and Management

Governing Document

The legal name of the charity is Miss Agnes Gallagher Trust for Poor. The Trust was established under the terms of Miss Gallagher's Trust Disposition and Settlement dated 13 January 1927. The trust is an unincorporated Scottish Charity governed on the basis of the available evidence of its constitution, and as approved by the Policy and Strategy Committee of 6 August 1996. Grants are made in accordance with the constitution.

Appointment of Trustees

The councillors of Inverclyde Council are assumed as trustees on their appointment to the Council. Councillors receive training on the responsibilities of being a charity trustee and the accounts of the trust.

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the AGM to consider and approve the annual report and financial statements. Trustees consider the income and expenditure levels during the financial year and that suitable arrangements are in place to manage the remaining funds of the trust. The trustees delegate the day to day administration of the charities to officers of the Council.

The Council provides all administrative support to the charity including financial, legal and secretarial support and deals with any applicants on behalf of the charity. The Council also administers any payments from the charity.

The Council makes a charge for these services following a decision at the Council meeting of 3 December 2009. There are no other costs in connection with governance.

Related Parties

Trustees hold this position because they are elected councillors of Inverclyde Council. Inverclyde Council provides support services to the Trust.

Risk Management

The Council has assessed the major risks to which the charity is exposed, in particular those related to its operation and finances, and is satisfied that the systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees rely upon the expertise of officers of Inverclyde Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charities is protected while allowing income for the current year's awards.

Finance Services of Inverclyde Council have taken the steps required by charity trustees under the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 for the period from 1 April 2012 to 31 March 2013. The funds of the charity are deposited with Inverclyde Council and receive interest at the average market rate for the Council's borrowing. The interest received from Inverclyde Council is shown in the Statement of Financial Activities.

Objectives and Activities

Objects

Its charitable object is the application of the annual income at the discretion of the local authority to the deserving poor of the town of Greenock.

The Finance and Law Sub-Committee of Inverclyde District Council on 11 June 1976 decided that in order to provide a regular source of income for the Council's Provost's Fund, the accrued interest of the Gallagher Trust be transferred to the

Provost's Fund and that future income be transferred annually.

The Committee also noted the continuation of the policy of the demitting local authority that the capital sum is to be preserved and the annual income only may be used for awards.

Activities

The charity makes grants in accordance with its purposes to individuals and organisations.

Achievements and Performance

In line with policy adopted by the Council and the terms of the charity, the Trust distributes its entire income for the year to Inverclyde Council's Provost's Benevolent Fund. The charity made an award of £8 for the financial year.

Financial Review

Overview

The charity made an award of £8 for the financial year. Expenditure of £250 on governance costs was paid to Inverclyde Council for the cost of accountancy, legal and administrative support. Interest of £8 was earned on the funds deposited with Inverclyde Council.

The shortfall for the year of £250 was deducted from the funds brought forward of £1,484 to give a balance of £1,234 carried forward that is deposited with Inverclyde Council.

There is an outstanding creditor of £40 due to the Provost's Benevolent Fund.

Reserves Policy

The Trust has no explicit reserves policy, but the "capital" of the fund is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserves. The unrestricted reserves are available for the objectives of the trust.

The annual outlays can no longer be met from income from donations and investments and require to be met from the permanent endowment reserves of the trust. There were no unrestricted reserves at the financial year-end.

Future Plans

Inverclyde Council is considering a more cost-effective method of administering its charities and that the best use is made of the funds left in its care. Officers of the Council have sounded out OSCR as to the suitability of the Ardgowan Hospice for the funds of the trust.

In the opinion of officers, OSCR is unlikely to agree to this, were a formal application to be made. The charitable purposes of the Ardgowan Hospice do not sufficiently match the charitable purposes of the trust which is for the poor.

Officers are currently exploring local charities that fulfil the charity tests to identify an alternative use of the funds.

Conclusion

The charity's expenditure exceeded income during the reporting period and the shortfall has required to be taken from the funds brought forward.

Officers of the Council are currently exploring local charities that would fulfil the charity tests to identify a suitable use of the funds.

We would like to thank Ian Nisbet and his team at Argyll & Bute Council. This is the final year of his three-year appointment and we have greatly appreciated his contribution.

In future, a full audit will require to be carried out by the appointed auditor of Inverclyde Council in accordance with the requirements of the Local Authority (Scotland) Act 1973.

Approved by the Trustees on Fifth
December, Two Thousand and Thirteen
and signed on behalf of all Trustees by:

Provost Robert Moran
Chair of the Trustees

This Trustees' Report is also counter-
signed by the Acting Corporate Director
Environment, Regeneration & Resources
of Inverclyde Council in his role as the
treasurer of the Charity.

Alan Puckrin CPFA
Acting Corporate Director Environment,
Regeneration & Resources

Miss Agnes Gallagher Trust for Poor
Independent Examiner's Report
For the Year ended 31 March 2013

Independent Examiner's Report to the Trustees of the Miss Agnes Gallagher Trust for Poor
I report on the accounts for the year ended 31 March 2013 set out on pages 8 to 12.

Respective Responsibilities of Trustees and Independent Examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 ("the 2005 Act") and the Charities Accounts (Scotland) Regulations 2006 (as amended) ("the 2006 Regulations"). The charity's trustees consider that the audit requirement of Regulation 10(1) (a)-(c) of the 2006 Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of Independent Examiner's Statement

My examination is carried out in accordance with Regulation 11 of the 2006 Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently I do not express an audit opinion on the accounts.

Independent Examiner's Statement

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Regulations, and
 - to prepare accounts which accord with the accounting records and comply with Regulation 9 of the 2006 Regulationshave not been met, or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

David Sullivan ACMA
Internal Auditor
Argyll & Bute Council
Kilmory Castle
Lochgilphead
PA31 8RT
5 December 2013

Miss Agnes Gallagher Trust for Poor
Statement of Financial Activities for the Year ended 31 March 2013

	Note	Unrestricted Funds	Permanent Endowment Funds	Total 2013	Total 2012
		£	£	£	£
Incoming Resources					
<i>Incoming resources from generated funds</i>					
Interest Receivable	5	8	0	8	10
Total Incoming Resources		8	0	8	10
Resources Expended					
<i>Costs of activities in furtherance of charitable activities</i>					
Grants and Awards	3	8	0	8	10
Governance Costs	4	250	0	250	225
Total Resources Expended	6	258	0	258	235
Reconciliation of Funds					
Net Incoming/(Outgoing) Resources		(250)	0	(250)	(225)
Transfer between funds		250	(250)	0	0
Net Movement in Funds	7	0	(250)	(0)	(225)
Total Funds at 31 March 2012		0	1,484	1,484	1,709
Total Funds at 31 March 2013		0	1,234	0	1,484
Miss Agnes Gallagher Trust for Poor has no recognised gains or losses other than the results for the year as set out above. The activities of the trust are classed as continuing. The notes on pages 10 to 12 form an integral part of these accounts.					

**Miss Agnes Gallagher Trust for Poor
Balance Sheet as at 31 March 2013**

	Note	Unrestricted Funds	Permanent Endowment Funds	Total 2013	Total 2012
		£	£	£	£
Current Assets					
Cash at Bank	8	0	1,274	1,274	1,516
Current Liabilities					
Amounts Falling Due within One Year	9	0	(40)	(40)	(32)
Total Assets less Liabilities		0	1,234	1,234	1,484
Funds					
Unrestricted Funds		0		0	0
Endowment Funds			1,234	1,234	1,484
Total Funds		0	1,234	1,234	1,484
The notes on pages 10 to 12 form an integral part of these accounts.					
Approved by the Trustees on 5 December 2013 and signed on their behalf by:					
		Provost Robert Moran Chair of the Trustees	Alan Puckrin CPFA Acting Corporate Director Environment, Regeneration & Resources		

Miss Agnes Gallagher Trust for Poor

Notes to the Accounts

Note 1 Basis of Preparation

1.1 Basis of Accounting

These accounts have been prepared on the basis of historic cost in accordance with:

(a) Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2005 – 2nd Edition); and the Financial Reporting Standard for Smaller Charities (FRSSE) (Effective April 2008).

(b) The Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

1.2 Changes in the basis of accounting

None

1.3 Changes to previous accounts

None

Note 2 Accounting Policies

2.1 Form of Financial Statements

(a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.

(b) Permanent endowment funds are those that the original capital cannot be spent as income and must remain in the form of investments. Any income return generated by the invested endowment may be spent on the activities of the trust.

2.2 Incoming Resources

(a) Incoming resources are recognised and included in the Statement of Financial Activities (SoFA) when the charity becomes entitled to the resources; the trustees are virtually certain they will receive the resources; and the monetary value can be measured with sufficient reliability.

(b) Where incoming resources have related expenditure, the incoming resources and related expenditure are reported gross in the SoFA.

(c) Interest on deposits with Inverclyde Council is recognised in the accounts when receivable.

2.3 Expenditure and Liabilities

(a) Expenditure is accounted for on an accruals basis.

(b) Liabilities are recognised as soon as there is a legal or constrictive obligation to pay out resources.

(c) Governance costs include the costs of preparation and examination of the statutory accounts, the cost of trustee meetings and the cost of any legal advice to trustees on governance matters.

2.4 Assets

The charity has no fixed assets

2.5 Taxation

The charity is not liable to income tax or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

2.6 Comparative Figures

Figures for 2012 are shown as appropriate for purposes of comparison.

Note 3 Grants and Awards

	2013	2012
	£	£
Provost's Benevolent Fund, Greenock	8	10
Total	8	10
The purpose of the single award in each year is to assist in the relief of poverty in Greenock from applications made by individuals to the Provost's Benevolent Fund.		

Note 4 Governance Costs

	2013	2012
	£	£
Charges from Inverclyde Council for accountancy and legal support on governance matters	250	225
Total	250	225
The independent examination has been conducted on a "no-charge" basis. Miss Agnes Gallagher Trust for Poor has no staff. All support functions are provided by Inverclyde Council.		

Note 5 Trustees Remuneration, Expenses and Related Party Transactions

No Trustees were remunerated during the year or any persons connected with them during the year (2012: Nil), nor was their any requirement for any expenses to be paid (2012: Nil).

The trustees are the elected members of Inverclyde Council. The Council provides governance services at a cost of £250 (2012: £225). During the year, the charity received interest of £8 from the Council (2012: £10). As at 31 March 2013, £1,274 was due from Inverclyde Council to the charity (2012: £1,516). There are no outstanding balances due to or from Inverclyde Council other than those that appear in the balance sheet.

Note 6 Total Resources Expended

	Basis of Allocation	Unrestricted Funds		2013	2012
		Grants and Awards	Governance Costs	Total	Total
		£	£	£	£
Awards & Contributions	Direct	8	0	8	10
Examiners Fee	Direct	0	0	0	0
Charge from Inverclyde Council	Direct	0	250	250	225
Total for Year		8	250	258	235

Note 7 Movement on Funds

	Balance 31/03/2012 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance 31/03/2013 £
Unrestricted Funds	0	8	258	(250)	0
Permanent Endowment Funds	1,484	0	0	250	1,484
	1,484	8	258	0	1,484

Purpose of Permanent Endowment Funds

The permanent endowment funds are held for capital growth and to provide an annual income. The gross income from the deposits is held in the unrestricted reserves and is available for distribution.

Note 8 Short Term Investments

During the year the trust's balances were held by Inverclyde Council. The Council acts as the banker for the charity and all transactions incoming and outgoing are made via the Council's accounts. . The balance is repayable on demand. Interest is paid on balances.

	2013 £	2012 £
Balance at 31 March 2012	1,516	1,731
Funds placed on deposit	8	10
Funds withdrawn	(250)	(225)
Balance at 31 March 2013	1,274	1,516

Note 9 Creditors

	2013 Total £	2012 Total £
Awards Approved in Current & Previous Financial Years Provost's Benevolent Fund, Greenock	40	32
Balance at 31 March 2013	40	32



Inverclyde council

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THE INVERCLYDE COUNCIL

AGENDA AND ALL PAPERS TO:

All Councillors 20

Officers:

Chief Executive	1
Corporate Communications & Public Affairs	1
Corporate Director Community Health & Care Partnership	1
Head of Children & Families & Criminal Justice	1
Head of Community Care & Health	1
Head of Planning, Health Improvement & Commissioning	1
Head of Mental Health & Addictions	1
Clinical Director	1
Corporate Director Education, Communities & Organisational Development	1
Head of Education	1
Head of Inclusive Education, Culture & Corporate Policy	1
Head of Safer & Inclusive Communities	1
Head of Organisational Development, Human Resources & Communications	1
Acting Corporate Director Environment, Regeneration & Resources	1
Chief Financial Officer	1
Head of Legal & Democratic Services	1
Business/Democratic Services Manager	1
S Lang, Legal & Democratic Services	1
R McGhee, Legal & Democratic Services	1
N Duffy, Legal & Democratic Services	1
F Denver, Legal & Democratic Services	1
L Carrick, Legal & Democratic Services	1
Members' Services Manager	1
Chief Internal Auditor	1
Head of Property Assets & Facilities Management	1
Head of Environmental & Commercial Services	1
Head of Regeneration & Planning	1
Head of ICT	1
File Copy	1

TOTAL 49

AGENDA AND ALL NON-CONFIDENTIAL PAPERS TO:

Community Councils 10

TOTAL 10