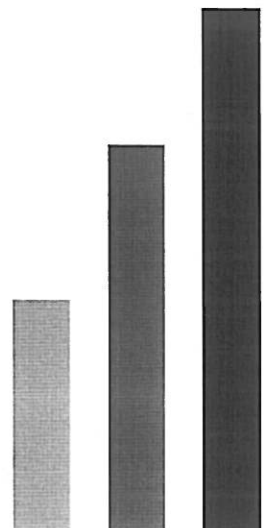


Agenda 2014

Policy & Resources Committee

For meeting on:

25	March	2014
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A meeting of the Policy & Resources Committee will be held on Tuesday 25 March 2014 at 3pm within the Municipal Buildings, Greenock.

ELAINE PATERSON
Head of Legal & Democratic Services

BUSINESS

1. **Apologies, Substitutions and Declarations of Interest**

PERFORMANCE MANAGEMENT

2. **Policy & Resources Capital Programme - 2013/14 - 15/16 - Progress**
Report by Acting Corporate Director Environment, Regeneration & Resources and Head of Finance
3. **Capital Programme 2013/16**
Report by Acting Corporate Director Environment, Regeneration & Resources
4. **Policy & Resources Committee 2013/14 Revenue Budget - Period 10 to 31 January 2014**
Report by Chief Executive, Acting Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and Head of Finance
5. **General Fund Revenue Budget 2013/14 - as at 31 January 2014**
Report by Acting Corporate Director Environment, Regeneration & Resources
6. **Corporate Services Performance Report**
Report by Corporate Director Education, Communities & Organisational Development and Acting Corporate Director Environment, Regeneration & Resources
7. **Treasury Management Strategy Statement and Annual Investment Strategy - 2014/15 - 2016/17**
Report by Acting Corporate Director Environment, Regeneration & Resources
8. **Modernisation Update**
Report by Acting Corporate Director Environment, Regeneration & Resources
9. **PSN Accreditation Update 2014**
Report by Acting Corporate Director Environment, Regeneration & Resources

10. **Repopulation Outcome Delivery Group - Update**
Report by Acting Corporate Director Environment, Regeneration & Resources

NEW BUSINESS

11. **Welfare Reforms Update**
Report by Acting Corporate Director Environment, Regeneration & Resources
12. **Job Centre Plus Wage Incentive**
Report by Corporate Director Environment, Regeneration & Resources
13. **Scottish Procurement Policy Note Actions on Blacklisting**
Report by Acting Corporate Director Environment, Regeneration & Resources
14. **Employee Survey 2012 – Actions Update**
Report by Acting Head of Organisational Development, HR & Communications
15. **Sickness Absence Reporting**
Report by Acting Head of Organisational Development, HR & Communications
16. **Early Release – Earmarked Reserve**
Report by Acting Corporate Director Environment, Regeneration & Resources

REMITTS FROM COMMITTEES

17. **High Hedges (Scotland) Act 2013 - Remit from Environment & Regeneration Committee**
Report by Acting Corporate Director Environment, Regeneration & Resources

Enquiries to - **Rona McGhee** - Tel 01475 712113

Report To: Policy & Resource Committee **Date:** 25 March 2014

Report By: Acting Corporate Director
Environment, Regeneration & Resources
Head of Finance **Report No:** FIN/16/14/MT/AP

Contact Officer: Matt Thomson **Contact No:** 01475 712256

Subject: Policy & Resources Capital Programme – (2013/14-15/16) – Progress Report

1.0 PURPOSE

- 1.1 The purpose of this report is to update members on the status of the projects forming the Policy & Resources Capital Programme and to highlight the overall financial position.

2.0 SUMMARY

- 2.1 This report advises members of progress and the financial status of projects within the Policy & Resources Capital Programme.
- 2.2 It can be seen from the table in paragraph 6.2 that the projected expenditure is £6.371m, indicating total projected spend is on budget.
- 2.3 The approved budget for 2013/14 is £1.207m with a projected spend of £0.846m and projected slippage of £0.361m (29.91%) an increase in slippage of £0.060m from the previous report. The main areas of slippage are within 2013/14 ICT allocation (£0.089m), Storage Back-up Devices (£0.077m), Minor Works & Projects (£0.061m), Whiteboard/Projector Refresh (£0.036m), the Modernisation Fund (£0.032m) and Rolling Replacement of PC's (£0.052m).
- 2.4 Expenditure at 17th February 2014 is £0.757m, 89.48% of 2013/14 projected spend.
- 2.5 Appendix 1 contains details of the projects and the projected spend.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the current position of the 2013/16 Capital Programme and the progress of the specific projects detailed in the Appendix 1.

Alan Puckrin
Acting Corporate Director
Environment, Regeneration & Resources

Jan Buchanan
Head of Finance

4.0 BACKGROUND

- 4.1 In February 2013 the Council agreed the 2013/16 Capital Programme.
- 4.2 The introduction of the unified Police Service of Scotland on 1st April 2013 means the Capital Grant is now paid directly to the Police Service, as a result the Police Grant budgets have been removed. The Council's General Capital Grant has been reduced by the same amount resulting in a nil impact to the Council.

5.0 PROGRESS

- 5.1 Modernisation – Two flexible working initiatives in CHCP have been approved by the Modernisation CIG. 22 staff in Children & Families Service and 20 staff in Welfare Rights will be equipped with secure, remote access to relevant information systems, in preparation for the major CHCP moves in 2014. The equipment has been purchased and is being distributed to staff.

The Digital Access/Channel Shift strategy has been approved at Policy and Resources Committee. Final costs have been requested from Kana and an update is elsewhere on this Committee agenda.

The Channel Shift Group is currently identifying requirements for a number of self-service and on-line access projects that will improve access to Council services by citizens and reduce internal transaction costs.

ICT have started data cleansing work with Kana, in preparation for the Lagan upgrade early in 2014/15.

- 5.2 EDRMS - Civica W2 now live in CSC and Revenues and Benefits. Migration of records to Civica is underway with Educational Psychology. Work in CHCP (back scanning and EDRM implementation) has started. The award of the back scanning tender is imminent.
- 5.3 The annual PC refresh programme for the year is complete and a further tranche of work to migrate from Windows XP to Windows 7 for Corporate users is underway. (MS support for Windows XP ends in 2014).

This work will consist of a combination of replacement desktop equipment and reimaged, existing kit, dependent upon age. The table below gives the current numbers.

	PC	Laptops
Refresh	363	98
Reimage	407	131
Total	770	229

- 5.4 Phase 2 of the data centre server virtualisation on schedule to complete by April 2014.
- 5.5 Flexible Working – Work is underway with Environmental and Commercial Services on Roads/Lighting Fault Reporting as part of the Digital Access Strategy. In addition, Education Services are starting a tablet use trial for More Choices More Chances staff. Another trial of tablet devices will start soon at management level in a number of Corporate Services. Building Standards wish to look at the use of portable devices for site visits.

6.0 FINANCIAL IMPLICATIONS

- 6.1 The figures below detail the position at 17th February 2014. Expenditure to date is £0.757m (89.48% of the 2013/14 projected spend).
- 6.2 The approved budget for 2013/16 is £6.371m made up of £5.143m ICT and £1.228m Finance funded by £4.409m Supported Borrowing and £1.962m Prudential Borrowing. The current

projected spend for 2013/16 is on budget.

6.3 The approved budget for 2013/14 is £1.207m. The Committee is projecting to spend £0.846m with slippage into future years of £0.361m. The slippage relates mainly to £0.089m within the 2013/14 ICT Allocation, £0.077m within Storage/Back-up Devices, £0.061m within Minor Works & Projects, £0.036m within the Whiteboard/Projector Refresh, £0.032m within the Modernisation Fund and £0.052m within the Rolling Replacement of PC's.

6.4 One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Capital	Policy & Resources Capital	2013/16	£6,371	n/a	On budget.

Annually Recurring Costs/ (Savings)

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

7.0 CONSULTATION

7.1 The report has been jointly prepared between ICT and Finance.

Legal

7.2 There are no legal issues arising from the content of this report and as such the Head of Legal & Democratic Services has not been consulted.

Human Resources

7.3 There are no direct staffing implications in respect of this report and as such the Head of Organisational Development, HR & Communications has not been consulted.

Equalities

7.4 The report has no impact on the Council's Equalities policy.

Repopulation

7.5 The report has no impact on repopulation.

COMMITTEE: Policy & Resources

	1	2	3	4	5	6	7	8	9
<u>Project Name</u>	<u>Est Total Cost</u>	<u>Actual to 31/3/13</u>	<u>Approved Budget 2013/14</u>	<u>Revised Est 2013/14</u>	<u>Actual to 17/02/14</u>	<u>Est 2014/15</u>	<u>Est 2015/16</u>	<u>Est 2016/17</u>	<u>Future Years</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<u>Environment, Regeneration & Resources</u>									
<u>ICT</u>									
<u>Supported Borrowing</u>									
Storage/Backup Devices	151	19	132	55	48	77	0		
Minor Works & Projects	189	108	81	20	15	61	0		
Mobile Technology	47	29	18	4	3	14	0		
Rolling Replacement of PC's	2,260	1,758	502	450	423	52	0		
Server & Switch Replacement Programme	449	445	4	4	1	0	0		
Upgrade to Existing Data Centre	330	140	190	190	184	0	0		
2013/15 Indicative Allocation	983	0	89	0	0	450	483	50	
<u>Prudentially Funded</u>									
Additional PC Refresh	294	180	38	38	38	38	38	0	
Whiteboard/Projector Refresh	440	344	36	0		66	30	0	
<u>Finance</u>									
<u>Prudentially Funded</u>									
Modernisation Fund	1,228	761	117	85	45	32	350	0	
<u>CFCR</u>									
TOTAL	6,371	3,784	1,207	846	757	790	901	50	0

Report To: Policy & Resources Committee **Date:** 25 March 2014

Report By: Acting Corporate Director,
Environment Regeneration &
Resources **Report No:** FIN/17/14/JB/MT

Contact Officer: Jan Buchanan **Contact No:** 01475 712223

Subject: 2013/16 Capital Programme

1.0 PURPOSE

- 1.1 The purpose of the report is to provide Committee with the latest position of the 2013/16 Capital Programme.

2.0 SUMMARY

- 2.1 In February 2013 the Council agreed a 3 year Capital Programme covering the period 2013/16, in February 2014 the Council further agreed to return £0.5m of SEMP monies to the General Fund as well as approving a number of further projects funded from Revenue Reserves. It should be noted that the 2015/16 Capital Grant Allocation is an estimate at this stage until figures are confirmed by the Scottish Government. The estimated shortfall in resources at the time of agreeing the budget was £1.695m being 1.5% of projected spend over 2013/16.
- 2.2 Based on the latest figures it can be seen from Appendix 1 that the estimated shortfall in resources has reduced to £1.135 million over the 2013/16 period following the return of £0.5m from SEMP which represents 1.08% of the projected spend over the 3 year period, in line with the recommended level. In the longer term annual capital allocations continue to exceed the General Capital Grant and opportunities to reduce this funding gap should be taken.
- 2.3 It can be seen from Appendix 2 that as at 31st January 2014 expenditure was 82.48% of projected spend. Phasing and project spend has been reviewed by the Senior Officer (CAMS) Group against planned spend.
- 2.4 The position in respect of each individual Committee is reported in Appendix 2 and Section 5 of the report. It can be seen that overall Committees are projecting to outturn on budget. Budgetary slippage of 12.36% is being reported, an increase of 2.33% from that reported to the previous Committee, this compares with slippage of 8.95% reported at the same stage last year.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Committee note the current position of the 2013/16 Capital Programme.

4.0 BACKGROUND

- 4.1 On 14th February 2013 the Council agreed a 2013/16 Capital Programme which included significant additional funding to increase the Roads Asset Management Plan with further amounts set aside from available Revenue Reserves to fund a number of further Capital Projects and to reduce the overall funding shortfall.
- 4.2 On 4th February 2014 Policy & Resources Committee agreed to return £500,000 unused contingency within the School Estate to the General Fund, reducing the funding shortfall accordingly.
- 4.3 On 20th February 2014 the Council confirmed the existing Capital Programme to 2015/16. In addition a number of additional projects, funded from Revenue Reserves, were approved. These projects are reflected in this report.

5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the 3 year period there is a projected shortfall in resources of £1.135 million which represents 1.08% of the projected spend and is within the recommended level of 1.5%.
- 5.2 The position in respect of individual Committees is as follows:

Social Care

The previously reported underspend within the Kylemore Children's home has been returned to the overall programme, as a result Social Care is now projected to outturn on budget. No additional slippage is being reported, with spend being 7.7% of projected spend for the year.

Environment & Regeneration

Net slippage of £3.640m (25.72%) is being reported with spend being 57.7% of projected spend for the year. Slippage relates mainly to the Gourrock Pier & Railhead Development (£0.720m), the Replacement Depot (£1.2m), other slippage within the Asset Management Plan (£0.26m), Property Assets Core Allocation (£0.591m), Play Areas (£0.29m) and underspends within the SPT Grant funded programme (£0.28m) and is partly offset by the acceleration of other budgets, in particular the Vehicle Replacement Programme (£0.178m).

Education & Communities

Slippage of £0.817m (3.49%) is being reported with spend being 94.3% of projected spend for the year. The slippage relates mainly to the Scheme of Assistance (£0.726m).

Within SEMP negligible net slippage is being shown at this stage.

Policy & Resources

Slippage of £0.361m (29.91%) is being reported with spend being 89.5% of projected spend for the year. The main areas of slippage are within the PC Refresh (£0.089m), Storage/Back-up Devices (£0.077m) and Rolling Replacement of PC's (£0.052m).

- 5.3 Overall in 2013/14 it can be seen that expenditure is 82.48% of the projected spend for the year and that slippage from the programme agreed in February 2013 is currently £4.818 million (12.36%).

6.0 SCHOOL ESTATE MANAGEMENT PLAN

- 6.1 The position of the School Estate finances is shown separately in Appendix 2. A report to the Education & Lifelong Learning Committee on 5th November 2013 advised of the latest position of the SEMP with the overall model remaining affordable and deliverable.
- 6.2 £0.5 million was transferred from the SEMP to the core Capital Programme as part of the approval of the 2014/16 Budget.

7.0 CONCLUSIONS

- 7.1 Officers robustly reviewed phasings on all projects prior to the setting of the 2013/16 Capital Programme in order to set a 3 year Capital Programme that was both prudent and realistic in reflecting the anticipated capital expenditure.
- 7.2 As can be seen in paragraph 5.3 projected slippage is currently 12.36%, compared with 8.95% reported at the same stage last year.
- 7.3 The Council's Capital Programme for 2013/16 is showing a shortfall in resources of £1.135 million, approximately 1.08% of the projected spend.
- 7.4 Overall Service Committees have spent 82.48% of the 2013/14 projected spend as at 31st January 2014.

8.0 CONSULTATION

- 8.1 This report has been approved by the Corporate Management Team.

9.0 IMPLICATIONS

Finance

9.1 Financial Implications

All financial implications are discussed in detail within the report and in Appendices 1 & 2.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
General Fund Capital	Expenditure	2013/16	£72,739	n/a	Overall shortfall in funding £1.135m
	Income	2013/16	£(71,604)		

Annually Recurring Costs/ (Savings)

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

Legal

9.2 There are no legal implications.

Human Resources

9.3 There are no direct staffing implications in respect of this report and as such the Head of Organisational Development, HR & Communications has not been consulted.

Equalities

9.4 The report has no impact on the Council's Equalities policy.

Repopulation

9.5 The report has no impact on repopulation.

Appendix 1

Capital Programme - 2013/14 - 2015/16

Available Resources

	2013/14	2014/15	2015/16	Future	Total
	£000	£000	£000	£000	£000
Government Capital Support	5,857	8,251	6,000	-	20,108
Less: Allocation to School Estate	(4,500)	(4,713)	(4,300)	-	(13,513)
Capital Receipts (Note 1)	566	620	772	-	1,958
Capital Grants (Note 2)	216	227	-	-	443
Prudential Funded Projects (Note 3)	4,853	8,412	19,344	5,334	37,943
Balance B/F From 11/12 (Exc School Estate)	1,455	-	-	-	1,455
Capital Funded from Current Revenue (Note 4)	8,401	8,568	5,441	800	23,210
	<u>16,848</u>	<u>21,365</u>	<u>27,257</u>	<u>6,134</u>	<u>71,604</u>

Overall Position 2013/16

Available Resources (Appendix 1, Column E)	<u>£000</u>
	71,604
Projection (Appendix 2, Column B-E)	<u>72,739</u>
(Shortfall)/Under Utilisation of Resources	<u>(1,135)</u>

Notes to Appendix 1

All notes exclude School Estates

Note 1 (Capital Receipts)

	2013/14	2014/15	2015/16	Future	Total
	£000	£000	£000	£000	£000
Sales	554	420	772	-	1,746
Contributions/Recoveries	12	200	-	-	212
	<u>566</u>	<u>620</u>	<u>772</u>	<u>-</u>	<u>1,958</u>

Note 2 (Capital Grants)

	2013/14	2014/15	2015/16	Future	Total
	£000	£000	£000	£000	£000
Cycling, Walking & Safer Streets	82	125	-	-	207
SPT	6	-	-	-	6
Sustrans	10	-	-	-	10
Sports Scotland/SFA	18	-	-	-	18
Zero Waste Scotland	100	102	-	-	202
	<u>216</u>	<u>227</u>	<u>-</u>	<u>-</u>	<u>443</u>

Notes to Appendix 1

<u>Note 3 (Prudentially Funded Projects)</u>	2013/14	2014/15	2015/16	Future	Total
	£000	£000	£000	£000	£000
Additional ICT - Education Whiteboard & PC Refresh	38	104	68	-	210
Vehicle Replacement Programme	354	866	2,198	-	3,418
Greenock Parking Strategy	(27)	68	75	-	116
Asset Management Plan - Offices	2,106	2,525	3,211	1,269	9,111
Asset Management Plan - Borrowing in Lieu of Receipts	-	920	-	-	920
Asset Management Plan - Depots	524	2,450	7,214	1,144	11,332
Leisure & Pitches Strategy	1,493	(21)	438	-	1,910
Broomhill Community Facility	-	-	500	-	500
Kylemore Childrens Home	179	(200)	-	-	(21)
Modernisation Fund	60	32	350	-	442
Watt Complex Refurbishment	80	40	380	2,421	2,921
Gourock One Way System	-	-	2,000	500	2,500
Roads Asset Management Plan	-	1,350	2,850	-	4,200
Kerbside Glass Collection	-	218	-	-	218
Surplus Prudential Borrowing due to project savings	60	60	60	-	180
Element of Prudentially Funded projects already funded through existing Supported Borrowing	(14)	-	-	-	(14)
	4,853	8,412	19,344	5,334	37,943
<u>Note 4 (Capital Funded from Current Revenue)</u>	2013/14	2014/15	2015/16	Future	Total
	£000	£000	£000	£000	£000
Regeneration of Port Glasgow Town Centre	149	45	150	-	344
Play Areas	57	744	200	-	1,001
Coronation Park, Port Glasgow	18	232	-	-	250
Contribution to Birkmyre Park Pitch Improvements	-	50	-	-	50
Gourock Walled Garden, Toilet Provision	-	40	-	-	40
Port Glasgow Health Centre Car Park	-	40	-	-	40
SWIFT Finance Module	60	-	-	-	60
Hillend Respite Unit	-	80	-	-	80
Lunderston Bay	120	41	-	-	161
Scheme of Assistance	433	433	433	-	1,299
Aids & Adaptations (Earmarked Reserve)	360	100	-	-	460
Flooding Strategy	27	467	810	-	1,304
Greenock Parking Strategy	70	134	-	-	204
Roads Asset Management Plan	2,597	2,701	2,189	-	7,487
Broomhill Community Facility (Community Facility Fund)	50	100	400	-	550
Inverkip Community Facility	264	600	500	-	1,364
Modernisation Fund	25	-	-	-	25
Port Glasgow Town Centre, Town Hall Refresh	93	100	34	-	227
Watt Complex Refurbishment	-	80	120	800	1,000
Community Facilities Investment	-	-	400	-	400
Blaes Football Parks	3	827	-	-	830
Ravensraig Sports Barn	-	600	-	-	600
Broomhill Regeneration	16	34	200	-	250
Lower Port Glasgow Regeneration	-	350	-	-	350
East Central Greenock Regeneration	-	500	-	-	500
Central Gourock	-	150	-	-	150
Completion of SV Comet Canopy	9	120	5	-	134
Use of General Fund Reserves	4,050	-	-	-	4,050
	8,401	8,568	5,441	800	23,210

Capital Programme - 2013/14 - 2015/16

Agreed Projects

Committee	A Prior Years £000	B 2013/14 £000	C 2014/15 £000	D 2015/16 £000	E 2016/17 £000	F Future £000	G Total £000	H Approved Budget £000	I (Under)/ Over £000	J 2013/14 Spend To 31/1/14 £000
Policy & Resources	3,784	846	790	901	50	-	6,371	6,371	-	757
Environment & Regeneration	34,513	10,510	18,647	25,604	2,913	-	92,187	92,187	-	6,067
Education & Communities (Exc School Estate)	455	1,504	3,448	3,642	1,400	2,221	12,670	12,670	-	653
CHCP	1,131	183	80	-	-	-	1,394	1,394	-	14
Sub -Total	39,883	13,043	22,965	30,147	4,363	2,221	112,622	112,622	-	7,491
School Estate (Note 1)	37,984	21,114	8,513	9,483	5,837	6,186	89,117	89,117	-	20,682
Total	77,867	34,157	31,478	39,630	10,200	8,407	201,739	201,739	-	28,173

Note 1Summarised SEMP Capital Position - 2013/17

	2013/14	2014/15	2015/16	2016/17
Capital Allocation	4,500	4,713	4,300	4,300
Scottish Government School Grant (estimate)	1,366		801	803
Surplus b/fwd	2,182	4,779	3,663	381
Prudential Borrowing	9,520	2,184	500	-
Prudential Borrowing - In Lieu of Receipts	3,325			
Prudential Borrowing - Accelerated Investment	5,000			
CFCR	-	500	600	-
Available Funding	<u>25,893</u>	<u>12,176</u>	<u>9,864</u>	<u>5,484</u>
<u>Projects</u>				
Ex-Prudential Borrowing	11,594	5,829	8,383	5,837
Prudential Borrowing	9,520	2,184	500	-
CFCR	-	500	600	-
Total	<u>21,114</u>	<u>8,513</u>	<u>9,483</u>	<u>5,837</u>
Surplus c/fwd	4,779	3,663	381	(353)

Report To:	Policy & Resources Committee	Date:	25 March 2014
Report By:	Chief Executive, Acting Corporate Director Environment, Regeneration & Resources, Corporate Director Education Communities & Organisational Development and Head of Finance	Report No:	FIN/14/14/JB/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2013/14 Revenue Budget – Period 10 to 31 Jan 2014		

1.0 PURPOSE

- 1.1 To advise Committee of the 2013/14 projected out-turn for the Policy & Resources Committee as at Period 10 (31 Jan 2014).

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2013/14 is £15,328,000. This excludes Earmarked Reserves of £7,840,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £257,000 which is a decrease in spend of £63,000 since last reported to Committee.

The main reasons for this underspend are:

- a) A projected increase of £74,000 within Internal Resource Interest which is in line with the 2012/13 out-turn.
 - b) £22,000 underspend within Finance Employee costs due to turnover savings.
 - c) £50,000 over-recovery within Benefit Subsidy based on the mid year return produced in September 2013.
 - d) £30,000 over-recovery of ICT income mainly due to sale of PC's.
 - e) £37,000 underspend within Legal administration costs budget mainly due to underspends over various budget lines, partly offset by a reduction in Franking Machine income.
- 2.3 The Earmarked Reserves for 2013/14 totals £7,840,000 of which £2,353,000 is projected to be spent in the current financial year. To date expenditure of £287,000 (12.2%) has been incurred, however a further £1,761,000 has been legally committed mostly relating to early release of employees increasing the overall percentage spend at 31 Jan 2014 to 87.04%. Spend to date per profiling was expected to be £413,000 therefore slippage equates to £126,000 (30.5%). Given the number and nature of the projects this slippage is manageable. The Earmarked Reserve statement has been updated to reflect the February 2014 Budget decisions.
- 2.4 The Common Good Fund is projecting an available fund balance at 31 March 2014 of £145,290. This reflects the Council's decision on 20th February 2014 to contribute £150,000 towards regeneration projects in Lower Port Glasgow.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the 2013/14 projected underspend of £257,000 for the Policy & Resources Committee as at Period 10 (31 Jan 2014).
- 3.2 The Committee note the projected fund balance of £145,290 for the Common Good Fund.

John Mundell
Chief Executive

Jan Buchanan
Head of Finance

Albert Henderson
Corporate Director
Education, Communities &
Organisational Development

Alan Puckrin
Acting Corporate Director
Environment, Regeneration &
Resources

4.0 BACKGROUND

- 4.1 The purpose of this report is to advise Committee of the current position of the 2013/14 budget and to highlight the main issues contributing to the projected underspend of £257,000.

5.0 2013/14 CURRENT POSITION

- 5.1 The current projection is an underspend of £257,000. The following are the material variances:

- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

5.3 **Finance - £73,000 Underspend**

Employee Costs: Current projection is an underspend of £22,000, which is an increase in underspend of £4,000 since last reported to Committee in period 8, mainly due to additional turnover savings and decrease in projected overtime.

Supplies & Services: £12,000 overspend is being projected since last Committee which is an increase in spend of £18,000 since period 8 report to Committee mainly due to a one off cost for software upgrades and an increase in spend within Computer Software maintenance totalling £15,000.

Income: Current projection is an over-recovery of £51,000. As reported to the period 6 Committee, a £50,000 over-recovery within Benefit Subsidy is being projected based on the mid year return produced in September 2013.

5.4 **ICT Services - £70,000 Underspend**

Supplies & Services: Since period 8 an underspend of £19,000 is being projected due to a projected underspend of £10,000 for White Board maintenance and £15,000 for Computer software maintenance. This underspend has been partly offset by a £11,000 projected overspend within Computer hardware maintenance.

Administration Costs: A total underspend of £13,000 is being projected since last Committee and relates to minor underspends within telephones and line rental budgets.

Income: £30,000 projected over-recovery of income which is a further increase of £5,000 since last reported to Committee. £20,000 of this over-recovery relates to PC sales, which was reported to the last Committee.

5.5 **Legal & Democratic Service – £18,000 Underspend**

Employee Costs: An underspend of £5,000 is projected which is a decrease in spend of £16,000 since last reported to Committee. The decrease in spend is mainly due to a post becoming vacant and further underspend being projected within travel and subsistence.

Administration Costs: An underspend of £37,000 is projected within Administration costs which is an increase in underspend of £13,000 since last reported to Committee, mainly due to further minor underspends over various budget lines including Risk Management, Printing & Stationery, Postages and Legal Expenses.

Income: An under-recovery of £33,000 is projected which is a further reduction in income of £20,000. This is mainly due to a reduction in Liquor Licenses income which is in line with previous year's final out-turn.

5.6 The following material variances relate to the Education, Communities & Organisational Development Directorate:

5.7 **Organisational Development - £24,000 Underspend**

Employee Costs: An underspend of £15,000 is projected mainly due to turnover savings. This is an increase in underspend of £2,000 since last reported to Committee.

5.8 The following material variance relate to the Miscellaneous budget:

5.9 **Miscellaneous – £77,000 Underspend**

Capital & Loan Charges: A £74,000 projected increase in Internal Resources Interest received in line with 2012/13 was reported to Committee in period 4. There have been no changes to projections.

6.0 VIREMENT

6.1 There are no virements to report for this Committee.

7.0 EARMARKED RESERVES

7.1 Appendix 3 gives a detailed breakdown of the current earmarked reserves position. Total funding is £7,840,000 of which £2,353,000 is projected to be spent in 2013/14 and the remaining balance of £5,487,000 to be carried forward to 2014/15 and beyond. It can be seen that expenditure of £287,000 represents 12.2% of the annual projected spend. A further £1,761,000 has been legally committed in respect of early release costs which will be incurred at year end thus increasing the overall percentage spend at 31 January to 87.04%. Spend to date per profiling was expected to be £413,000 therefore slippage equates to £126,000 (30.5%). Given the number and nature of the projects this slippage is manageable. The Earmarked Reserve statement has been updated to reflect the February 2014 Budget decisions.

8.0 COMMON GOOD FUND

8.1 Appendix 4 shows a projected underspend of £144,730 in the Common Good Fund as at 31 January 2014. This projected available fund balance at 31 March 2014 is £145,290 and reflects the Council's decision on 20th February 2014 to contribute £150,000 towards regeneration projects in Lower Port Glasgow.

9.0 IMPLICATIONS

FINANCE

9.1 All financial implications are discussed in detail within the report above.

One off Costs:

Cost Centre	Budget Heading	Budget Years	Proposed Spend this report £'000	Virement From	Other Comments

LEGAL

9.2 There are no specific legal implications arising from this report.

HUMAN RESOURCES

9.3 There are no specific human resources implications arising from this report.

EQUALITIES

9.4 There are no equality issues arising from this report.

REPOPULATION IMPLICATIONS

9.5 There are no repopulation implication issues arising from this report.

10.0 CONSULTATIONS

10.1 The Acting Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and the Head of Finance have been consulted in the preparation of this report.

11.0 BACKGROUND PAPERS

11.1 There are no background papers for this report.

REVENUE BUDGET MONITORING REPORT

CURRENT POSITION

PERIOD 10: 1st April 2013- 31st Jan 2014

Service	Approved Budget 2013/14 £000	Revised Budget 2013/14 £000	Projected Out-turn 2013/14 £000	Projected Over/(Under) Spend £000
Finance	10,859	5,101	5,028	(73)
ICT	2,172	2,175	2,105	(70)
Legal & Democratic Services	1,726	1,744	1,726	(18)
Total Net Expenditure Environment, Regeneration & Resources	14,757	9,020	8,859	(161)
Organisational Development, Human Resources & Communications	1,897	1,915	1891	(24)
Corporate Policy	178	180	182	2
Total Net Expenditure Education, Communities & Organisational Development	2,075	2,095	2,073	(22)
Chief Executive	366	369	372	3
Miscellaneous	5,389	3,844	3,767	(77)
TOTAL NET EXPENDITURE	22,587	15,328	15,071	(257)
Earmarked reserves	0	0	0	
Total Net Expenditure excluding Earmarked Reserves	22,587	15,328	15,071	(257)

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 10: 1st April 2013- 31st Jan 2014**

Outturn 2012/13 £000	Budget Heading	Budget 2013/14 £000	Proportion of Budget £000	Actual to 31/01/14 £000	Projection 2013/2014 £000	Over/(Under) Budget £000
	<u>Finance</u>					
3,911	Employee costs	3,946	3,135	3,121	3,924	(22)
(35,684)	Benefits Subsidy	(35,414)	(29,512)	29,368	(35,464)	(50)
25	Computer Software/Hardware Maintenance	25	21	39	40	15
	<u>Organisational Development, HR & Communications & Events</u>					
1,654	Employee Costs	1,594	1,265	1,252	1,579	(15)
	<u>Miscellaneous</u>					
(371)	Internal Resource Interest	(226)	0	0	(300)	(74)
	<u>ICT</u>					
(23)	Sales Fees & Charges	(26)	(20)	(57)	(46)	(20)
49	Supplies & Services - Comp hardware Maint	29	24	41	40	11
423	Supplies & Services - Comp software Maint	465	387	550	450	(15)
30	Supplies & Services - White Board Maintenance	20	170	6	10	(10)
100	Administration costs - Telephones/Line Rental	114	95	86	101	(13)
	<u>Legal & Democratic Services</u>					
54	Admin - Various Budgets	63	53	35	46	(17)
31	Admin - Postages (Franking Machine)	49	41	27	29	(20)
(88)	Income - Liquor Licences	(116)	(97)	(87)	(96)	20
(12)	Income - Recharges (Franking Machine)	(28)	(23)	(7)	(10)	18
(33,812)	TOTAL MATERIAL VARIANCES	(33,451)	(27,597)	31,253	(33,621)	(192)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	Total Funding 2013/14 £000	Phased Budget To Period 10 2013/14 £000	Actual To Period 10 2013/14 £000	Projected Spend 2013/14 £000	Amount to be Earmarked for 2014/15 & Beyond £000	Lead Officer Update
Early Retirement/Voluntary Severance Reserve	Alan Puckrin	4,135	0	0	1,800	2,335	To meet costs of early release of employees arising from the 2013/16 budget. Commitments to date for 2013/14 are £1,761k which is expected to be incurred at year end. Update on this EMR elsewhere on the agenda.
Modernisation Fund	Alan Puckrin	570	36	17	59	511	Various modernisation projects, proposals on utilisation being developed. Approval given for £50k CHCP backscanning. Options for Channel Shift projects being discussed, 2 x Temp posts funding agreed. CHCP Backscanning post to be funded from 1st March 14
Procurement Development Fund	Alan Puckrin	124	50	38	45	79	To be spent on Procurement Development. Temporary Project officer funded to 31/03/15.
RVJB Capital Contribution	Alan Puckrin	27	0	0	10	17	Annual recharge at year end.
Workforce Development Fund	Alasdair Moore	22	23	0	0	22	Sum set aside for Finance Development Capacity Plan courses and setting up the new Port Glasgow Training suite. £5k for Finance Development Capacity Plan is now expected to be spend in 2014/15 instead of Feb / Mar 2014 as previously envisaged. £17k will be utilised to set up the new Port Glasgow Training Suite which will now be incurred in 2014/15.
Revenue Expenditure Transferred from Capital	Alan Puckrin	76	0	0	40	36	Sum set aside and utilised as part of the accounts closure process to allow expenditure incorrectly charged to Capital to be funded from Revenue. Spend to be incurred at year end.
Welfare Reforms	Alan Puckrin	303	99	120	138	165	Funding from DWP & Government used for upgrading systems & extra temporary staff to address Welfare Reforms.
Implementation of Saving Workstreams	Alan Puckrin	79	20	0	10	69	New workstream programme approved. Envisaged that delivery of the workstreams will result in some one-off costs. No spend incurred to date.
ICT Shared Services	Aubrey Fawcett	32	13	33	32	0	Budget of £68k transferred to Modernisation Fund. Full spend of remaining budget incurred with a £1k refund due within this financial year based on spend information provided by East Renfrewshire Council.
Protection of Vulnerable Groups	Alasdair Moore	208	55	36	64	144	PV/G expenditure is phased over 3 years starting from November 2012. An 18.5hr Grade C Admin post starting beginning of November 2012 is being funded from this budget. This post has been vacant from end of October 2013 and therefore projected spend for 2013/14 has been reduced by £3k. Spend expected to be incurred throughout the year.

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2013/14</u>	<u>Phased Budget To Period 10 2013/14</u>	<u>Actual To Period 10 2013/14</u>	<u>Projected Spend 2013/14</u>	<u>Amount to be Earmarked for 2014/15 & Beyond</u>	<u>Lead Officer Update</u>
Feasibility Study - Hydro Electric Scheme	John Mundell	11	4	0	11	0	To fund Hydro Electric Project Feasibility and assist current project implementation. Costs relate to potential partnership with Scottish Water Horizons for Hydro Project. Full spend is expected to be incurred in period 11.
Microsoft Licensing	Robert Stoakes	138	15	12	12	126	To fund 3 year contract for Microsoft licenses. Spend expected to start from October 2013 onwards.
2013/16 Revenue Contingency	Alan Puckrin	550	60	0	92	458	Sum set aside for unforeseen items over the 3 year budget 2013/14. Current commitments are £45k WEL, £28k Newark Castle Lighting, £50k for Kelburn Park improvements and upgrades along with other Council parks and £44k for City Deal. For 2013/14 full spend is projected for WEL, £3k for Newark Castle Lighting and £41k for City deal. The Parks spend is projected to be incurred in 2014/15.
Increased Officer Capacity - Equalities Officer	Wilma Bain	60	21	14	19	41	1 fte Equalities Officer (Grade 1) started on 15/7/13. Hours were reduced to 0.6fte from 16/09/13 with no backfill anticipated. Post will return to 1 fte during University summer holidays. Cost for 2 year contract now projected to be £56k. Post in place until 15/07/15.
Increased Officer Capacity - Communications Assistant	Alasdair Moore	55	17	17	21	34	New Grade F post for 2 year period to support Communications Officer (Media). Post started 28 May 2013.
Discretionary Housing Payments / Welfare Reform	Alan Puckrin	250	0	0	0	250	This new reserve was approved at Policy & Resources Committee on 24 September 2013 and is additional funding to support those affected by the 'bedroom tax' and other aspects of welfare reform.
Loan Charge EMR - To meet spike in loan charges from 2016/17	Alan Puckrin	1,200	0	0	0	1,200	This new reserve was approved at Feb 2014 Budget Setting and is to meet potential spike in loan charges from 2016/17.
Total		7,840	413	287	2,353	5,487	

REVENUE BUDGET MONITORING REPORT 2013/14PERIOD 10 : 1st April 2013 to 31st January 2014

	Final Outturn 2012/13	Approved Budget 2013/14	Budget to Date 2013/14	Actual to Date 2013/14	Projected Outturn 2013/14
<u>PROPERTY COSTS</u>	18,520	5,000	4,100	12,230	6,500
Repairs & Maintenance	9,680	4,000	3,300	20	3,500
Rates 1	8,700			12,210	0
Property Insurance	140	1,000	800		1,000
Marketing Costs					2,000
<u>ADMINISTRATION COSTS</u>	11,620	8,500	300	2,700	11,200
Sundries	3,420	300	300	2,700	3,000
Commercial Rent Management Recharge	2,200	2,200	0		2,200
Recharge for Accountancy	6,000	6,000	0		6,000
<u>OTHER EXPENDITURE</u>	147,180	132,800	130,100	112,900	129,770
Christmas Lights Switch On	9,530	10,500	10,500		10,500
Christmas Dinners/Parcels	16,570	18,000	18,000	16,530	18,000
Christmas Decorations	35,400	35,400	35,400	35,400	35,400
Gourock Highland Games	29,400	29,400	29,400	26,370	26,370
Armistice Service	5,470	8,300	8,300	7,990	8,300
Comet Festival	13,300	13,300	13,300	13,300	13,300
Fireworks	12,600	12,600	12,600	10,310	12,600
Contingency for future Community Events		2,200	0		2,200
Society of the Innocents Rent Rebate	3,750	3,100	2,600	3,000	3,100
Bad Debt Provision	21,160	0	0		0
<u>INCOME</u>	(212,590)	(146,300)	(120,200)	(94,680)	(292,200)
Property Rental	(144,550)	(188,800)	(157,300)	(94,600)	(188,800)
Void Rents 2		44,500	37,100		53,600
Internal Resources Interest	(1,540)	(2,000)	0	(80)	(2,000)
Donations	(1,500)				0
Lease Premium	(65,000)				0
Disposal of Land 3					(155,000)
<u>NET ANNUAL EXPENDITURE</u>	(35,270)	0	14,300	33,150	(144,730)
<u>EARMARKED FUNDS</u>	6,270	249,000	0	1,760	249,000
Replacement of SV Comet	6,270	0			0
John Wood St/Bay St Shop Improvemnts		95,000			95,000
Contribution to Parade - Royal Regiment of Scotland		4,000		1,760	4,000
Contribution to Regeneration Projec 4		150,000			150,000
<u>TOTAL NET EXPENDITURE</u>	(29,000)	249,000	14,300	34,910	104,270

Fund Balance as at 31st March 2013

249,560

Projected Fund Balance as at 31st March 2014

145,290**Notes:****1 Rates (Empty Properties)**

Rates are currently being paid on empty properties, the Assessor has been contacted with a view to obtaining empty Property relief on these properties, it is hoped that 100% relief will be obtained but this is yet to be confirmed and there may be some cost to the Common Good.

2 Current Empty Properties are:Vacant since:

4 John Wood Street	May 2010 - Remedial Works Scheduled
15 John Wood Street	December 2012
74 Port Glasgow Road	September 2012

It should also be noted that 10 John Wood Street, which had been vacant since November 2009, has recently been let out under "Business Start Up" conditions. While there is an initial rent free period for part of this year full year rent should be achieved in future years.

3 Disposal of Land

Following a marketing exercise of the site at Port Glasgow Road, Greenock, offers have been received and it is proposed to dispose of the site for a receipt of £155,000.

4 Contribution to Regeneration Projects, Lower Port Glasgow

On 20th February 2014 Council agreed a contribution of £150,000 from the Common Good to part fund £500,000 of Regeneration projects within Lower Port Glasgow.

Report To:	Policy & Resources Committee	Date: 25 March 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No: FIN/18/14/JB/LA
Contact Officer:	Jan Buchanan	Contact No: 01475 712223
Subject:	2013/14 General Revenue Budget as at 31st January 2014	

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the position of the General Fund Revenue Budget as at 31 January 2014 and to update Committee in respect of the position of the General Fund Reserves and Workstream Savings.

2.0 SUMMARY

- 2.1 The Council approved a three year Revenue Budget in February 2013 and within that a 2013/14 Revenue Budget with a budgeted contribution to the General Fund Reserve of £4.677 million.
- 2.2 It can be seen from Appendix 1 that as at the 31st January 2014 the General Fund is projecting a £1.173million underspend which represents 0.61% of the net Revenue Budget. This is a increase in the underspend reported to the last Committee of £0.243million and is mainly due to:
- Additional underspends in Service budget of £101,000 mainly due to additional turnover and early achievements of savings in Education and Policy and Resources partially off set by increased costs in CHCP due to increase demand in client commitments.
 - Reduction in the loans charges projection of £150,000 due to slippage in the capital projects.
- 2.3 From Appendix 1 it can be seen that all 4 Service Committees are currently projecting underspends for the current year.
- 2.4 Appendix 2 shows the latest position in respect of Earmarked Reserves from where it can be seen that as at 31st January 2014 expenditure totalled £12.946 million which equates to 51.79% of the projected spend in 2013/14. It can also be seen from appendix 2 that as at the 31st January 2014 actual expenditure is 21.88% behind phased spend.
- 2.5 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at the 31st March 2014 is £5.095 million which is £1.295 million greater than the minimum recommended balance of £3.8 million. The February Council meeting agreed use of all useable free reserves for the remainder of the 2013/16 budget period.
- 2.6 Appendix 4 and Appendix 5 give an update in respect of the Savings Workstreams. From this it can be seen that as at the 31st January 2014 92.6% of the projected savings in 2013/14 have already been delivered.

-
- 2.7 Section 7 of the report provides an update in respect of the 2015/16 settlement and discussions within Cosla and between Cosla and the Government. In September Cosla Leaders agreed that for 2015/16 the grant should be given on a “Flat Cash” basis. On 21 February the Cabinet Secretary provided an exemplification of the flat cash settlement of £158.662m for Inverclyde but also the ‘Needs Based Indicator’ settlement: £159.609m for Inverclyde. Committee is asked to note that irrespective of the ultimate outcome which Leaders will vote at the April meeting the Council will receive more funding in 2015/16 than allowed for in the 2013/16 budget.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the latest position of the 2013/14 Revenue Budget and General Fund Reserves.
- 3.2 It is recommended that the Committee note the 2013/16 Workstream Savings position.
- 3.3 It is recommended that the Committee note the latest position of the 2015/16 Grant settlement.

Jan Buchanan
Head of Finance

4.0 BACKGROUND

4.1 The Council confirmed the 2013/16 General Fund Revenue Budget in February 2013. In the process the Council agreed a 2013/14 Revenue Budget on the basis of a contribution to the General Fund Reserve of £4.677 million.

5.0 POSITION AS AT 31st JANUARY 2014

5.1 It can be seen from Appendix 1 that as at the 31st January 2014 the General Fund is projecting an underspend of £1.173 million which equates to 0.61% of the net General Revenue Fund Budget. This is an increase in the underspend reported to the last Committee of £0.243 million and is mainly due to:

- Additional underspends in Service budget of £101,000 mainly due to additional turnover and early achievements of savings in Education and Policy and Resources partially off set by increased costs in CHCP due to increase demand in client commitment projection.
- Reduction in the loans charges projection of £150,000 due to slippage in the capital projects.

5.2 It can also be seen from Appendix 1 that all 4 Service Committees are currently projecting underspends.

5.3 In summary the main issues relating to the four Service Committees are as follows:-

Policy & Resources Committee – Projected underspend of £257,000 and increase of £63,000 since last reported and mainly due to employee cost turnover savings in Legal and Democratic Services, an underspend within ICT Administration budget and over-recovery within Benefit Subsidy income.

Environment & Regeneration – Projected underspend of £41,000 and increase of £7,000 since last reported and is mainly due to excess turnover savings and a projected underspend in vehicle fuel offset by an underrecovery in planning and property income.

Education & Communities - £150,000 underspend an increase of £108,000 since last report and mainly due to further employee savings within Communities and Education arising from early achievements of savings. One off saving within Non Domestic Rates offset by a reduction in income from other Local Authorities.

Health & Social Care – Underspend £7,000 – The reduction in underspend is mainly due to an increase in client commitment costs. This also reflects the one off contribution in year of £145,000 for the refurbishment of Caladh House.

5.4 Appendix 2 shows the latest position in respect of the Earmarked Reserves and also provide information on performance against phased budget. Committee is asked to note that the phasing will not be amended during the year and should provide a useful benchmark for Officers and Members to monitor performance against originally envisaged targets.

5.5 It can be seen that as at 31st January 2014 the Council has spent £12.946 million against a phased budget target of £16.573 million. This represents a shortfall of 21.88% against target and 51.79% of the projected spend of £24.998 million for the year. Performance in respect of Earmarked Reserves is reviewed on a monthly basis by the Corporate Management Team and reported in detail to each Service Committee.

5.6 Appendix 3 shows the projected General Fund Reserves position as at 31st March 2014. The projected balance at this date is shown as £5.095 million which is £1.295 million greater than the minimum reserve balance of £3.8 million recommended and approved via the reserves strategy. This is after the allocation of £1.5 million for the specific initiatives approved at the September Committee. The Council Meeting in February 2014 agreed the use of all useable free reserves until the end of the 2013/16 budget period.

6.0 WORKSTREAM SAVINGS

6.1 Appendix 4 gives an update from the Corporate Management Team on each of the approved Savings Workstreams.

6.2 Appendix 5 gives an update in respect of the achievement of Workstream Savings for 2013/14 from which it can be seen that 92.6% of the target of £387,000 has been achieved to date. In addition the 2015/16 Workstreams now reflect the targets agreed at the February, 2014 Council meeting.

7.0 OTHER FINANCIAL MATTERS

7.1 Cabinet Secretary Mr John Swinney presented the 2014/15 Scottish Government Budget on the 11th September 2013. At the same time he announced indicative figures for 2015/16, In September Cosla Leaders agreed that for 2015/16 the grant should be given on a "Flat Cash" basis, this request was responded to by the Cabinet Secretary on the 21st February.

7.2 The Cabinet Secretary provided figures to all Councils giving an exemplification of the 2015/16 settlement on the basis of either "Flat Cash" a settlement of £158.622m and the usual updated "Needs Based Indicators" approach a settlement of £159.609m. The detail behind the 'Needs Based Indicators' settlement has still to be validated by Cosla AND Local Authorities. In both cases the Council fares better than allowed for in the 2015/16 budget.

7.3 Discussions are ongoing within Cosla and between Cosla and the Government about the distribution approach to use in 2015/16 and Committee will be advised once agreement is reached Leaders will vote on the settlement at April Leaders meeting.

8.0 CONSULTATION

8.1 This report has been produced in consultation with the Corporate Management Team.

9.0 IMPLICATIONS

9.1 There are no HR or Legal implications arising from this report.

10.0 EQUALITIES

10.1 There are no equality issues arising from this report.

11.0 REPOPULATION

11.1 There are no repopulation issues arising from this report.

Policy & Resources CommitteeRevenue Budget Monitoring ReportPosition as at 31st January 2014

Committee	Approved Budget 2013/2014	Revised Budget 2013/2014	Projected Out-turn 2013/2014	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	22,587	15,329	15,072	(257)	(1.68%)
Environment & Regeneration	22,733	20,474	20,433	(41)	(0.20%)
Education & Communities (Note 1)	86,405	80,590	80,440	(150)	(0.19%)
Health & Social Care	48,491	48,939	48,932	(7)	(0.01%)
Committee Sub-Total	180,216	165,332	164,877	(455)	(0.28%)
Loan Charges (Including SEMP)	13,160	16,889	16,389	(500)	(2.96%)
Unallocated Savings (Note 2)	(311)	(87)	(29)	58	(66.67%)
Contribution to General Fund Reserve	4,677	4,677	4,677	0	0.00%
One off contribution to Reserves (Note 3)	0	0	(327)	(327)	0.00%
Workstream Savings Slippage (Note 4)	0	(51)	0	51	0.00%
Earmarked Reserves	0	5,953	5,953	0	0.00%
Total Expenditure	197,742	192,713	191,540	(1,173)	(0.61%)
Financed By:					
General Revenue Grant/Non Domestic Rates	(164,728)	(165,565)	(165,565)	0	0.00%
Council Tax	(33,014)	(33,014)	(33,014)	0	0.00%
Council Tax Reduction Scheme	0	5,866	5,866	0	0.00%
Net Expenditure	0	0	(1,173)	(1,173)	

Note 1 - Reduction in budget reflects SEMP earmarked reserve allocated to loans charges and earmarked reserve.

Note 2 - Procurement/Utilities Workstream Saving to be allocated plus slippage in roll-reduction saving.

Note 3 - Relates to Corporate NDR appeals process

Note 4 - Relates to slippage of utilities workstream savings offset by procurement over-recovery

Earmarked Reserves Position Statement

Appendix 2

Summary

<u>Committee</u>	<u>Total Funding 2013/14</u> £000	<u>Phased Budget to 31 Jan 14</u> £000	<u>Actual Spend To 31 Jan 14</u> £000	<u>Variance Actual to Phased Budget</u> £000	<u>Projected Spend 2013/14</u> £000	<u>Earmarked 2014/15 & Beyond</u> £000	<u>2013/14 %age Spend Against Projected</u>	<u>2013/14 %age Spend Against Phased Budget</u>
Education & Communities	21,686	10,367	8,677	(1,690)	15,266	6,420	56.84%	83.70%
Health & Social Care	3,668	1,969	1,493	(476)	2,249	1,419	66.39%	75.84%
Regeneration & Environment	12,713	3,824	2,489	(1,335)	5,130	7,583	48.52%	65.09%
Policy & Resources	7,840	413	287	(126)	2,353	5,487	12.20%	69.49%
	45,907	16,573	12,946	(3,627)	24,998	20,909	51.79%	78.12%

Actual Spend v Phased Budget

(£3,627k)

(21.88%)

Appendix 3

GENERAL FUND RESERVE POSITION
Position as at 31/01/14

	<u>£000</u>	<u>£000</u>
Balance 31/03/13		14355
Projected Surplus/(Deficit) 2013/14	1173	
2014/16 Increased DHP allocation - Approved August 2013	(118)	
Contribution to General Fund Reserve 2013/14	4677	
Use of Reserves approved November 2012 (See Undernote)	(3500)	
Use of Reserves approved February 2013 (See Undernote)	(9992)	
Use of Reserves approved September 2013 (See Undernote)	<u>(1500)</u>	(9260)
Projected Unallocated Balance 31/03/14		<u><u>5095</u></u>

Minimum Reserve required is £3.8million

Use of Reserves approved November 2012

Adoption Earmarked Reserve	(300)	
2013/16 Revenue Contingency	(600)	
Contribution to 2013/16 Capital Programme	(2000)	
Increased costs Inverkip Community Facility	(250)	
Increased Officer Capacity - Corporate Projects	<u>(350)</u>	(3500)

Approved Usage February 2013:

Roads Asset Management Plan (2013/16)	(5900)	
Repopulating/Promoting Inverclyde	(1000)	
Community Facilities - Capital Investment	(750)	
Community Grants	(52)	
Play Areas/MUGA's	(300)	
Blaes Football Park Replacement	(830)	
Employment Support	(330)	
Broomhill Area	(250)	
PG Town Centre	(250)	
Creative Scotland - Match Funding	(250)	
Greenock Town Centre - Extra Police	<u>(80)</u>	(9992)

Approved Usage September 2013:

Joint Equipment Store	(50)	
Support for Young Carers	(65)	
Extend Hillend Respite Provision	(80)	
Employability Initiatives	(150)	
Grnk Municipal Bldgs Tourism Initiative	(150)	
Play Areas	(200)	
Improvement in Parks & cemeteries	(100)	
Shopfront Improvement Grants	(50)	
Aids and Adaptations	(100)	
Contribution to Match Funding for Second I Youth Zone	(75)	
Expansion of Summer Playschemes	(30)	
Regeneration of Clune Park Area	(200)	
Discretionary Housing Payments / Welfare Reform	<u>(250)</u>	(1500)

Workstream Updates as at: **13/02/13**

<u>Lead Officer</u>	<u>Workstream Saving</u>		<u>Update</u>	<u>Target (2013/16)</u> <u>£000</u>
A Gerrard	1	Utility Cost Reductions/Energy Management	Report on proposals to November Finance CMT approved. This details the proposals which will achieve £29,450 savings in 2013/14 and £113,000 in 2014/15. The shortfall of £7,500 will be met from other measures to be developed.	150k To be achieved: 2013/14 29k 2014/15 121k
A Puckrin	2	SEMP Model	SEMP Model has been adjusted to reflect the £190k saving and is showing a net surplus throughout the SEMP timescale. SAVING COMPLETE	190k
A Puckrin	3	AMP	2013/14 saving to be achieved by taking £1.0million from the accumulated balance. This was done as part of the 2012/13 year end accounts. £100k 2014/15 saving applied to the revised AMP model in the June Finance Strategy Update. Further £33k achieved from the NDR Appeals Process. Model still in surplus overall. SAVING COMPLETE	160k Over achieved by £33k.

J Buchanan	4	Procurement	<p>£11k saving achieved in disposal of ICT equipment , £138k in respect of waste disposal, £7k (over 3 years) in respect of Northgate Maintenance, £19k for mobile phone tariffs, £10k school transport and £16k PPE.</p>	<p>313k</p> <p>To be achieved: 2014/15 34k 2015/16 78k</p>
B Moore	5	Homecare	<p>£64k internal staff savings – impact of CM2000 with 5 posts deleted.</p> <p>£36k external from review of cases not achievable based on reviews to date, alternative identified and two posts deleted.</p> <p>£25k external from part year implementation of CM2000 external equivalent (further £75k in 2014/15). Pilot (Evergreen) commenced August 2013, Carewatch and Confident Care went live January 2014. All providers expected to be live April 2014 with the exception of Cottage Care who have declined to use CM2000. However savings unlikely from pilot, still expected in 2014/15 from full implementation. £25k for current year will be contained within bottom line.</p> <p>Development of management information continues, with templates designed to capture month on month changes.</p> <p>All Homecare savings overview takes place monthly. Work continues on developing a framework agreement for providers, with local negotiations to be complete for April 2014.</p>	<p>200k</p> <p>To be achieved: 2014/15 75k</p>

A Puckrin	6	2015/16 Operational Saving	CMT have agreed to split the savings equally over the 3 Directorates. Proposals to be drafted by June with a view to going to P&R Committee in September	750k To be achieved: 2015/16 750k
		<u>Workstreams – Target to be allocated to the following</u>	Target confirmed at February P&R Committee.	800k To be achieved: 2015/16 800k
J Mundell	7	Shared Services	Discussions ongoing with Renfrewshire and East Renfrewshire regarding Roads & ICT opportunities. Chief Executives to progress projects. Options for potential collaboration in Roads are being developed and a report is scheduled for consideration June 2014. Additional service areas have been identified for consideration as possibilities for shared provision between the three Councils and options will be developed in due course. Savings expected beyond 2016.	Target £0k
A Puckrin	8	Charging	Council agreed target of £470k. Officers to report back on detail later in 2014.	Target £470k

A Puckrin	9	Modernisation	<p>Opportunities to be channelled initially via the Modernisation CIG.</p> <p>CIG approved investment in ATLAS benefits software. Saving £15k identified from 15/16.</p> <p>Digital Access Strategy approved at February P&R. Heavily linked to ICT Collaboration proposals. Agreed to add this target to Directorates £750k target for 2015/16.</p>	Target £200k
I Moffat	10	Social Transport	<p>Discussions and information gathering are ongoing between E&CS, Education, CHCP and Procurement to identify additional areas of efficiency.</p> <p>CMT received a report in January providing rationale and breakdown of the proposed savings.</p> <p>Report to come Committee in due course.</p>	Target £50k.
B McQuarrie	11	Terms & Conditions	Council agreed a target of £30,000 and a report to be submitted to Committee later in 2014.	Target £30k
B McQuarrie	12	Sessional Budgets	Target proposed to be a top slice and a budget reduction, group no longer need to meet as operational system changes are in place and work will continue with each service as necessary.	Target £30k
B McQuarrie	13	Travel and Subsistence	Proposals to be developed around work of the Energy Saving Trust.	Target £20k

Savings Workstreams - 13/02/13

Appendix 5

(Page 1 of 2)

Lead Officer	Savings Achieved	Target	2013/14	2014/15	2015/16	Total 2013/16	Over/(Under) Recovery
		£000	£000	£000	£000	£000	£000
A Gerrard	1/ Utility Cost Reductions/Energy Management	150	0	0	0	0	0
A Puckrin	2/ SEMP Model	190	0	190	0	190	0
A Puckrin	3/ AMP	160	60	133	0	193	33
A Puckrin	4/ Procurement	313	173	26	2	201	0
	Disposal of ICT Equipment	0	11	0	0	11	
	Waste Disposal	0	138	0	0	138	
	Northgate Systems	0	2	3	2	7	
	Vodafone	0	15	4	0	19	
	SPT School Transport	0	7	3	0	10	
	PPE	0	0	16	0	16	
B Moore	5/ Homecare	200	125	0	0	125	0
A Puckrin	6/ 2015/16 Operational Savings	750	0	0	0	0	0
	Workstreams - Targets to be allocated	800	0	0	0	0	0
J Mundell	7/ Shared Services	0	0	0	0	0	
A Puckrin	8/ Charging	0	0	0	0	0	
A Puckrin	9/ Modernisation	0	0	0	0	0	
I Moffat	10/ Social Transport	0	0	0	0	0	
B McQuarrie	11/ Terms & Conditions	0	0	0	0	0	
B McQuarrie	12/ Sessional Budgets	0	0	0	0	0	
Sub-Total		2563	358	349	2	709	33

Savings Workstreams - 13/02/13

Lead Officer	Savings Planned	2013/14	2014/15	2015/16	Total 2013/16
		£000	£000	£000	£000
A Gerrard	1/ Utility Cost Reductions/Energy Management	29	121	0	150
A Puckrin	2/ SEMP Model	0	0	0	0
A Puckrin	3/ AMP	0	0	0	0
A Puckrin	4/ Procurement	0	34	78	112
	Unidentified	0	34	78	
B Moore	5/ Homecare	0	75	0	75
A Puckrin	6/ 2015/16 Operational Savings	0	0	750	750
	<u>Workstreams - Targets to be allocated</u>				
J Mundell	7/ Shared Services	0	0	0	0
A Puckrin	8/ Charging	0	0	470	470
A Puckrin	9/ Modernisation	0	0	200	200
I Moffat	10/ Social Transport	0	0	50	50
B McQuarrie	11/ Terms & Conditions	0	0	50	50
B McQuarrie	12/ Sessional Budgets	0	0	30	30
B McQuarrie	13/ Travel & Subsistence	0	0	20	20
Sub-Total		29	230	1648	1907
Total		387	579	1650	2616

Report To:	Policy & Resources Committee	Date:	25 March 2014
Report By:	Corporate Director, Education, Communities & Organisational Development	Report No:	PR/107/14/AH/KM
	Acting Corporate Director, Environment, Regeneration & Resources		
Contact Officer:	Karen McCready Corporate Policy Officer	Contact No:	712146
Subject:	Corporate Services Performance Report		

1.0 PURPOSE

- 1.1 The purpose of this report is to provide Committee with an update on the progress made by the Council's corporate services towards achieving their key objectives and meeting performance targets, as detailed in the Education, Communities and Organisational Development and the Environment, Regeneration and Resources Corporate Directorate Improvement Plans (CDIPs) for 2013/16.

2.0 SUMMARY

- 2.1 Directorate Plans are a key component of the Council's Strategic Planning and Performance Management Framework. They are the principal vehicle for managing and delivering the strategic outcomes identified in Inverclyde's Single Outcome Agreement and Corporate Statement.
- 2.2 The Council's new Corporate Directorate Improvement Plans (CDIPs) were approved in May 2013 and cover the period 2013-2016. It was recognised that both the Education, Communities and Organisational Development and the Environment, Regeneration & Resources CDIPs contain a number of improvement actions that are of a corporate nature and therefore a separate Corporate Services progress report should be presented for consideration to every second meeting of this Committee. The remaining service improvement actions within the CDIPs will also be reported to every second meeting of the appropriate Committee.
- 2.3 This is the second report detailing the progress that has been made in delivering the respective CDIP corporate improvement actions that sit within:
- Finance
 - ICT
 - Legal & Democratic Services
 - Corporate Policy
 - Organisational Development, HR & Communications

Appendix 1 provides details of the progress that has been made as at mid-February, some examples include:

- Data protection policies and procedures have been updated. A training module has also been developed and is currently being rolled out.
- New performance pages have been designed and were published on the Council's website in early February. The web pages will develop further as new performance information is published, e.g. further updates to the SOLACE benchmarking indicators.
- A number of new policies, such as Re-employment, Family Friendly, Disciplinary, Worklife Balance and a Noise at Work Policy have been completed.

2.4 There has been significant slippage in the delivery of the following improvement action:

- Review and design of a new Council website, including online services.

The reason for this slippage is detailed in 5.2 and Appendix 1.

2.5 Each improvement action has been designated a 'BRAG' status, i.e. Blue means that the action is complete; Red means that the action has significant slippage; Amber means that the action has slight slippage; Green means that the action is on track. A commentary of performance is also provided where appropriate.

2.6 Appendix 2 contains an update on the key performance indicators contained within the respective CDIPs where new performance information is available.

2.7 KPI performance has improved in a number of areas, for example:

- There has been a 0.19% increase in the number of invoices paid on time compared to the same period last year.
- There has been a 0.1% increase in the council tax collection rate compared to the same period last year.

2.8 As the CDIPs have completed almost a year of their three year lifespan, it is appropriate to carry out a review. This review will take into account the progress that has been made, whether the improvement actions are still relevant and any significant changes or new challenges that have emerged since the Plans were implemented.

2.9 The outcome of the review of the CDIPs will be submitted to a future meeting of this Committee.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee note:

- a. That this report reflects the progress made by the Council's Corporate Services in delivering their improvement actions as detailed within their respective Corporate Directorate Improvement Plans 2013-16.
- b. That progress in delivering the remaining improvement actions that sit within the Education, Communities and Organisational Development and the Environment Regeneration and Resources CDIPs has been reported to the appropriate Committee.

- c. That an annual review of the Education, Communities and Organisational Development and the Environment, Regeneration and Resources Corporate Directorate Improvement Plans will be carried out and the corporate actions submitted to a future meeting of this Committee.
- d. That further Corporate Service progress reports will continue to be submitted to every second meeting of this Committee.

Albert Henderson
Corporate Director
Education, Communities &
Organisational Development

Alan Puckrin
Acting Corporate Director
Environment, Regeneration &
Resources

4.0 BACKGROUND

- 4.1 The Corporate Directorate Improvement Plan is a Directorate's key improvement planning document which sets out the projects and improvement actions that will be implemented to help the Council deliver the strategic wellbeing outcomes identified within the Single Outcome Agreement and Corporate Statement. These wellbeing outcomes are Safe, Healthy, Achieving, Nurturing, Active, Respected & Responsible and Included (SHANARRI).
- 4.2 The Council's Corporate Directorate Improvement Plans were approved in May 2013 and cover the period 2013-2016. Each CDIP contains a number of improvement actions to be delivered over the next three years.
- 4.3 It was recognised that both the Education, Communities and Organisational Development and the Environment, Regeneration & Resources CDIPs contain a number of improvement actions that are of a corporate nature and therefore a separate Corporate Services progress report should be presented for consideration to every second meeting of this Committee. The remaining service improvement actions within the CDIPs will also be reported to every second meeting of the appropriate Committee. Appendix 1 contains details of the progress that has been made as at mid February 2014.
- 4.4 Each improvement action has been designated with a 'BRAG' status, i.e Blue – complete; Red – significant slippage; Amber – slight slippage; Green – on track. Performance information has been recorded and can be viewed on the Council's electronic performance management system, Inverclyde Performs.
- 4.5 The CDIP also contains a number of key performance indicators, consisting of a mixture of statutory performance indicators (SPIs) and operational indicators. These indicators provide an important measure of how each service's individual performance contributes to the Council's overall strategic aims. A number of key performance indicators (KPIs) within the CDIP are gathered on an annual basis, whilst others are compiled on a more frequent basis. Appendix 2 contains an update on performance for the following KPIs:
- Creditor Payments
 - Council Tax Payments
 - Benefits Processing
 - Incident Resolution Time (ICT)
 - Service Request Resolution Times (ICT)
 - Network Availability (ICT)
 - Key Applications Availability (ICT)
 - Corporate Absence Rate (ICT)

5.0 PROGRESS

- 5.1 Since May 2013 progress has been made in implementing the CDIP projects and improvement actions that are of a corporate nature. Some examples of the progress that has been made include:
- Data protection policies and procedures have been updated. A training module has also been developed and is currently being rolled out.
 - New performance web pages have been designed and were published on the Council's website in early February. The web pages will develop further as new performance information becomes available e.g. further updates to the SOLACE benchmarking indicators.
 - A number of new policies, such as Re-employment, Family Friendly, Disciplinary, Worklife Balance and a Noise at Work Policy have been completed.
- 5.2 There has been significant slippage in the delivery of the following improvement action:

- Review and design of a new Council website, including online services

Work is ongoing to move forward with the new website. ICT are developing a report for presentation to CMT regarding options going forward. Graphic design have created potential themes for a new look website. Additional sites are to be developed for the Repopulation Outcome Delivery Group setting out information on 'Inverclyde Living' and for an Inverclyde Heritage Trail. Part of the process also involves integrating developments with LAGAN (Customer Relationship Management Software) for online services. Weblabs, the current provider for the website, have been asked for indicative costs and ICT are engaging with procurement regarding the development of site.

5.3 KPI performance has improved in a number of areas, for example:

- There has been a 0.19% increase in the number of invoices paid on time compared to January 2013.
- There has been a 0.1% increase in the council tax collection rate compared to the same period 2013.

5.4 Full details of the progress that has been achieved in the delivery of the improvement actions is provided in Appendix 1 whilst key performance indicator information is provided in Appendix 2. Performance can also be viewed on the Council's electronic performance management system, Inverclyde Performs.

5.5 As the CDIPs are now almost one year into their three year lifespan, it is appropriate to carry out a review of the improvement actions. This review will take into account the progress that has been made, whether the improvement actions are still relevant and any significant changes or new challenges that have emerged since the Plans were implemented.

5.6 A review of the Education, Communities and Organisational Development and the Environment, Regeneration and Resources Corporate Directorate Improvement Plans will be submitted to a future meeting of this Committee.

6.0 IMPLICATIONS

6.1 Finance

The cost of delivering the improvement actions identified in the CDIPs will be contained within approved budgets.

6.2 Legal

None

6.3 Human Resources

None

6.4 Equality & Diversity

None

6.5 Repopulation

The delivery of the improvement actions within the CDIPs will make the Council a more efficient organisation and improve the quality of our services to the public. This in turn will help to make Inverclyde a more attractive place to live, work and visit.

7.0 CONSULTATION

7.1 Information on the progress that has been made in delivering the ECOD CDIP has been provided by the

lead officers of each improvement action.

8.0 BACKGROUND PAPERS

8.1 None

Appendix 1

Safe

Directorate	Where Do We Want To Be?	How Will We Get There? (Improvement Action)	BRAG Status (Blue, Red, Amber Green)	Comment
ER&R	<u>Data Protection</u> The Council's approach to data protection is fully developed	Develop training, policies and procedures	● Complete	Policies and procedures have been updated. Training module has been developed and is currently being rolled out.
ER&R	<u>Regulatory of Investigatory Powers (Scotland) Act (RIPSA)</u> Implement recommendations regarding improvements to be made at last inspection by Surveillance Commissioner	Carry out actions required to meet recommendations and report to Council on progress	● On Track	Report submitted to Policy & Resources containing Action Plan. Steps underway to implement plan, particularly regarding training improvements. Latest Commissioner visit took place 27 February 2014
ER&R	<u>Risk Management</u> Implement and embed risk management in key business / management processes	Develop a Risk Management Action Plan by 31 August. Action Plan fully implemented by 31 March 2015	● Complete ● On Track	
ER&R	<u>Software Asset Management</u> Be confident that all software deployed on the network is fully licensed and all asset records are accurate	Working with services and suppliers to ensure compliance	● Complete	Action 1 - Servicedesk staff will now only install software where clear evidence exists of licences being available. Evidence available from Service desk of instances where users have claimed that software should be installed but couldn't provide evidence and the application wasn't installed. Action 2 - Domain Security settings prevent installation of system files in

● Blue – Complete
 ● Green – On Track
 ● Amber – Slight Slippage
 ● Red – Significant Slippage

Appendix 1

Directorate	Where Do We Want To Be?	How Will We Get There? (Improvement Action)	BRAG Status (Blue, Red, Amber Green)	Comment
				local or networked drives, however staff can still run executable files that may allow copying of non-application files to folders that they have read/write access. There is no satisfactory method to prevent this without impacting on day to day use.

● Blue – Complete

● Green – On Track

● Amber – Slight Slippage

● Red – Significant Slippage

Achieving

Directorate	Where Do We Want To Be?	How Will We Get There? (Improvement Action)	BRAG Status (Blue, Red, Amber Green)	Comment
ER&R	<p><u>Service Accountancy</u></p> <p>Improve the budget management by budget holders whilst managing a reduction in accountancy staff by 4 FTE</p>	<p>Improve systems and associated management information. Improve budget holder knowledge and increase self reliance</p>	<p>● On Track</p>	<p>Implemented a bi-monthly monitoring reporting system, maintaining monthly information to CMT. Budget holder training has been delivered to non teaching budget holders and planned for teaching staff. Move towards full monitoring for Committee reporting progressing</p>
ER&R	<p><u>Finance Related Systems</u></p> <ul style="list-style-type: none"> - Implementation of SWIFT finance module - Full on-line payment capability 24 hour access - Reduction in face to face payments 	<p>Pilot implemented by March 2013, full roll out programme during 2013/14</p> <p>Upgrade systems and implement new procedures</p>	<p>● On Track</p> <p>● Complete</p>	<p>On track, rolled out to a number of services within CHCP.</p> <p>Upgrade completed October 13.</p>
ER&R	<p><u>Customer Service Centre Channel Shift Strategy</u></p> <p>Greater online and telephone contacts speeding up service delivery and making efficiencies</p>	<p>Work with ICT and Corporate Communications to ensure that effective systems and processes are in place to facilitate channel shift. Progress will be tracked through the Customer Service Action Plan. Rolling programme over 3 years.</p>	<p>● On Track</p>	<p>A channel shift Project Board has been established and work is underway to procure an ICT platform that will facilitate self-service which is essential in order to deliver effective channel shift. Work has also begun to set priority levels for areas where it has been identified that channel shift could bring about efficiencies.</p> <p>Channel shift progress is reported and reviewed through the modernisation CIG.</p>

● Blue – Complete ● Green – On Track ● Amber – Slight Slippage ● Red – Significant Slippage

Appendix 1

Directorate	Where Do We Want To Be?	How Will We Get There? (Improvement Action)	BRAG Status (Blue, Red, Amber Green)	Comment
ER&R	<u>Customer Service Centre</u>	In line with the CS Strategy, have Service Level Agreements in place between the CSC and all relevant services.	● Slight Slippage	The appointment of the Development Officer in Customer Services has helped progress the task of completing Service Level Agreements.
ER&R	<u>Customer Service Centre Development</u> Expand the range of customer service enquiries at first point of contact	Migration of appropriate services into the Customer Service Centre for front facing and telephony contact with customers. Progress will be tracked through the Customer Service Action Plan and the Corporate Improvement Group	● On Track	This task will run concurrently with channel shift and the procurement of a self service module will also be an enabler for the migration of services along with the roll out of the corporate Electronic Document Records Management System. Progress on this task is also reported and reviewed through the modernisation CIG.
ER&R	<u>Welfare Reform Agenda</u> Introduce and deliver the council tax reduction scheme, the Scottish Welfare Fund and the changes to Housing Benefit legislation from April 2013 and manage the impact of the move to universal credit	Oversight from the Project Board with regular reports to Committee on key milestones	● On Track	On target with reports going to every Committee updating on Scottish Welfare Fund, Discretionary Housing Payments, Financial Inclusion and the move to Universal Credit
ER&R	<u>Procurement</u> Deliver Strategic Procurement Framework and achieve improved PCA performance	Monitored via the Procurement Board and regular committee updates	● Complete	PCA score assessed at 'Improved' Performance in October. Score of 54% achieved.
EC&OD	<u>Competitiveness</u> Effective processes are in place to	Enhancement of self evaluation guidelines and processes regarding	● On Track	Performance Corporate Improvement Group has undertaken to develop this within the self evaluation guidance.

● Blue – Complete
 ● Green – On Track
 ● Amber – Slight Slippage
 ● Red – Significant Slippage

Appendix 1

Directorate	Where Do We Want To Be?	How Will We Get There? (Improvement Action)	BRAG Status (Blue, Red, Amber Green)	Comment
	ensure challenge and improvement. These are used consistently across services.	competitiveness and challenge		The Council is also involved in benchmarking via the SOLACE Benchmarking indicators.
EC&OD	<u>Self Evaluation</u> Self Evaluation is embedded into everyday performance and management and planning processes	Training rolled out across services and guidance distributed across the Council by December 2014	● On Track	Training complete and self-evaluation guidance 'Planning for Delivery and to Secure Improvement' distributed. CMT have also approved a further round of service self-evaluation using the Public Service Improvement Framework (PSIF).
EC&OD	<u>Strategic Planning & Performance Management Framework</u> All employees are aware of the Council's vision, outcomes and values and these are embedded in service planning Integration of the wellbeing outcomes across all planning and performance management across the Council and Inverclyde Alliance Partners	Information readily accessible on ICON Develop Information Packs Provide further training sessions Provision of drop in sessions to support services in the development of plans and strategies June – December 2013	● Complete ● Complete ● Complete ● Complete	Information for employees was updated on ICON in June 2013. Revised information and new links placed on ICON in June. Workshops held over July - September where further information on the SPPMF was circulated to senior managers. As above A series of fortnightly drop in sessions was established.
EC&OD	<u>Public Performance Reporting</u> PPR is easily accessible to members	Improve information on web from all services	● On Track	New performance web pages have been designed and were published in early February. The web pages will

● Blue – Complete
 ● Green – On Track
 ● Amber – Slight Slippage
 ● Red – Significant Slippage

Appendix 1

Directorate	Where Do We Want To Be?	How Will We Get There? (Improvement Action)	BRAG Status (Blue, Red, Amber Green)	Comment
	of the public All services play a role in making performance information accessible	Provide information in varying formats Provide information in different formats to ensure that it is meaningful at all levels of the organisation Work with libraries to assess demand and to facilitate access via the web to members of the public (by March 2016) Utilise INVIEW as a means of providing performance information to all households	● On Track ● On Track Not yet started ● On Track	develop further as new performance information becomes available. This is an ongoing action. Discussions taking place with Corporate Communications around including performance information, such as new SOLACE indicators, in Spring edition of Inview
EC&OD	<u>Inverclyde Performs</u> Inverclyde Performs is used to record and report all performance across the Council Inverclyde Performs is used for both performance management and	Further training for Inverclyde Performs Users Work with DMTs and EMTs to establish training needs and develop a training plan	● On Track ● On Track	Training was carried out in December 2013 with Educational Psychology Service, further training planned with Active Living Strategy Group. CDIPs lead officers are all using the system. As above

● Blue – Complete
 ● Green – On Track
 ● Amber – Slight Slippage
 ● Red – Significant Slippage

Appendix 1

Directorate	Where Do We Want To Be?	How Will We Get There? (Improvement Action)	BRAG Status (Blue, Red, Amber Green)	Comment
	ongoing self evaluation by managers, officers and Councillors	Work with services to identify which plans, strategies and projects should be developed on Inverclyde Performs	● On Track	Ongoing development of system, SOA Outcome Delivery Group Action Plans have been uploaded to the system. New SOLACE indicators will be uploaded once published.
EC&OD	<p><u>HR 21</u></p> <p>The maximum number of employees are able to use HR21 to manage their personal information requests for leave, employee development etc</p> <p>Sickness Absence recording and statistics drawn from Chris 21</p> <ul style="list-style-type: none"> - Pensions auto enrolment - Real time information from HMRC 	<p>HR21 to be rolled out to Education, CHCP in 2013 and Environmental Services & PA&FM March 2014</p> <p>Pilot for compiling statistics from Chris 21 in OD, HR & Comms in September 2013 Extend pilot to other services in parallel with self service April 2014</p> <p>Software installation and process review to ensure compliance; liaison with the Pensions Regulator, SPFO and SPPA by May 2013</p> <p>Software installation and process review to ensure compliance; liaison with the HMRC and BACS software provider by August 2013</p>	<p>● On Track</p> <p>● On Track</p> <p>● Slight Slippage</p> <p>● Complete</p>	<p>Pilot ongoing for PA&FM, CHCP completed.</p> <p>Report to go to March P&R Committee, Services given training in pulling data from Chris 21.</p> <p>Appropriate software has not yet been installed due to supplier failure. Manual workarounds are in place to ensure compliance</p>

● Blue – Complete
 ● Green – On Track
 ● Amber – Slight Slippage
 ● Red – Significant Slippage

Appendix 1

Directorate	Where Do We Want To Be?	How Will We Get There? (Improvement Action)	BRAG Status (Blue, Red, Amber Green)	Comment
EC&OD	<u>Recruitment Portal</u> Recruitment portal to be upgraded. On / Grasp software	Training / e-learning / development of new Recruitment Handbook for Managers Move to Talent Link	● On Track ● On Track	Awaiting software from Cosla. As above
EC&OD	<u>Workforce Development Plan</u> To deliver the four themes as outlined in the Workforce Development Plan	Implement the actions as identified within the 4 workstreams within the Plan	● On Track	Plan in full progress
EC&OD	<u>Corporate Communications Strategy</u> To have an agreed Corporate Communications Strategy	Development of Communications Strategy working with services and the CMT	● On Track	Draft Strategy initiated, research being undertaken. To be completed by June 2014.
EC&OD	<u>Social Media</u> Use of Social Media as a co-ordinated means of communication and customer contact across the organisation	Creation of social media guidelines for use across the Council and schools	● Complete	
EC&OD	<u>Website</u> Review and design a new Council website including online services	Review content of the website via a cross departmental content review team Draft a new design and agree with CMT	● Significant Slippage ● Significant Slippage	ICT developing paper for presentation to CMT regarding options going forward. Graphic design have created potential themes for new look website. Additional sites to be developed covering Inverclyde Living for Repopulation Outcome Delivery Group and Heritage Trail. Also integrating

● Blue – Complete
 ● Green – On Track
 ● Amber – Slight Slippage
 ● Red – Significant Slippage

Appendix 1

Directorate	Where Do We Want To Be?	How Will We Get There? (Improvement Action)	BRAG Status (Blue, Red, Amber Green)	Comment
				developments with LAGAN (Customer Relationship Management Software). Have asked weblabs for indicative costs and engaging with procurement regarding development of site. Slippage from Jan 2014 timescale.
EC&OD	<u>Events</u> Carry out reviews of certain events - Fireworks, Gourock Highland Games and Christmas Lights Switch On Improved events listing on website	Cross service events group to be set up and to report to the CMT	● On Track	Council events are ongoing.
EC&OD	<u>Press & Media</u> Conduct a review of the Media Relations Protocol	Prepare draft media relations protocol and issue to CMT and Senior Councillors by end June 2013 Carry out media training events for key Council staff by end December 2013	● Complete ● Slight Slippage	Looking at alternative Media training.
EC&OD	<u>Inview</u> Review the design, layout and frequency of publication of Inview	Create Reader Survey to assess readership views of InView by November 2013	● Complete	

● Blue – Complete
 ● Green – On Track
 ● Amber – Slight Slippage
 ● Red – Significant Slippage

Nurtured

Directorate	Where Do We Want To Be?	How Will We Get There? (Improvement Action)	BRAG Status (Blue, Red, Amber Green)	Comment
EC&OD	<p><u>SOA</u></p> <p>New revised SOA available with new approaches developed to meet Scottish Government expectations, including preventative and early intervention work and policy and resources across partnership</p>	<p>Hold workshops with all partners</p> <p>Subgroups set up to deal with resource development and measurement</p>	<p>● Complete</p> <p>● On Track</p>	<p>Workshops were held earlier in summer 2013.</p> <p>Questionnaire designed for partners and workshops to follow.</p>
EC&OD	<p><u>Absence Management</u></p> <p>Reduce the absence rate across the Council to below 4.75%</p> <p>Consider standardised reporting to align with the SOLACE indicators</p>	<p>Continuation of the automation of processes(links to HR21 development)</p> <p>New HR interventions / pilots to assist management and reduce absence level</p> <p>Report to CMT and P&R Committee on standardisation of KPIs</p> <p>- August 2014</p>	<p>● Slight Slippage</p> <p>● On Track</p> <p>● On Track</p>	<p>Quarter 4 2013 absence rate 5.14% (below target)</p> <p>Draft SOLACE performance data shows that we have an improved national ranking in relation to absence management.</p> <p>Preparing systems, a report has been considered by CMT and a report is being prepared to go to the P&R Committee</p>

● Blue – Complete ● Green – On Track ● Amber – Slight Slippage ● Red – Significant Slippage

Appendix 1

Respected & Responsible

Directorate	Where Do We Want To Be?	How Will We Get There? (Improvement Action)	BRAG Status (Blue, Red, Amber Green)	Comment
ERR	<u>FOI Publication Scheme</u> FOI Publication Scheme. New scheme in place for implementation 31 May 2013	Develop and populate new Scheme liaising with services as required	● Complete	Complete. New Scheme has been available to view on the Council's website since 31 May 2013.
ERR	<u>Community Councils Liaison</u> Updated and established processes and procedures in place to reflect best practice	Develop a suite of guidance materials for use by the service and Community Councils by 31 July 2013	● Slight Slippage	A comprehensive handbook for community councils has been prepared. Final internal consultation is ongoing prior to issue to all community councils. It is anticipated this internal consultation should be completed by the end of April 2014 at the latest.
EC&OD	<u>Public Information Notices Portal</u> Council public notices published online	Redevelopment of the Council website and public notices published on Public Information Notices (PINS) portal by December 2014.	● Complete	
EC&OD	<u>Policy Development</u> Remaining corporate policies to be updated and brought into line with current legislation, case law and guidance / good practice	Identify priority policies based on legislative need, risk to the council and information gaps	● On Track	Re-employment Policy, Family Friendly, Disciplinary, Worklife Balance and Noise at Work Policy have been completed.

● Blue – Complete
 ● Green – On Track
 ● Amber – Slight Slippage
 ● Red – Significant Slippage

Included

Directorate	Where Do We Want To Be?	How Will We Get There? (Improvement Action)	BRAG Status (Blue, Red, Amber Green)	Comment
EC&OD	<p><u>Gender Equality</u></p> <p>The percentage of female employees in the top 2% of earners is increased (currently 42%)</p>	<p>Monitor application of Council's Equal Opportunity policies by services</p> <p>Link with Corporate Equalities Officer to include as part of overall Equality Strategy for the Council</p>	<p>● On Track</p> <p>● On Track</p>	<p>Monitoring ongoing.</p> <p>Collaborative work ongoing.</p>

● Blue – Complete ● Green – On Track ● Amber – Slight Slippage ● Red – Significant Slippage

Appendix 2

The Council's corporate services have a core set of key performance indicators that help to demonstrate performance in terms of their strategic and operational objectives. These indicators include Statutory Performance Indicators and Local Performance Indicators. Some of these indicators are gathered on an annual basis and performance will be reported to Committee following the end of this financial year. Other indicators are gathered on a more frequent basis and the most recent performance information is provided here.

Key Performance Measure	Current Performance (April – January)	Target 2013/14	Frequency of monitoring	Commentary on performance
Creditor Payments	96.01%	96.5%	Monthly	There has been a 0.19% increase in the number of invoices paid on time compared to January 2013.
Council Tax Collection in year	90.6% (collection total year to date)	94% (year end target)	Monthly	0.1% ahead of same period last year. On target
Benefits Processing - New Claims - Change of Circumstances	22 days 6 days	23 days 8 days	Monthly Monthly	1 day ahead of same time last year. On target 2 days ahead of same time last year. On target
Incident Resolution Times	90.18%	85%	Monthly	Above target
Service Request Resolution Times	91.90%	85%	Monthly	Above target
Network Availability	100%	99.5%	Monthly	Above target
Key Applications Availability	100%	99.5%	Monthly	Above target
Corporate Absence Rate	5.14% (quarter 4)	4.75%	Quarterly	Performance is below target. Quarter 4 relates to the period Oct – Dec 2013

Report To:	Policy & Resources Committee	Date:	25 March 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	FIN/19/14/JB/KJ
Contact Officer:	Jan Buchanan	Contact No:	01475 712223
Subject:	TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY - 2014/15-2016/17		

1.0 PURPOSE

- 1.1 The purpose of this report is to present to Committee the Treasury Management Strategy Statement and Annual Investment Strategy for 2014/17, Treasury Policy Limits, the Council's Prudential and Treasury Management Indicators for the next 3 years, and the List of Permitted Investments.

2.0 SUMMARY

- 2.1 The report sets out the Council's proposed Treasury Management Strategy and Annual Investment Strategy for 2014/17, Treasury Policy Limits, and Prudential and Treasury Management Indicators for the next 3 years.
- 2.2 The report also proposes a List of Permitted Investments listing the types of investments and limits for those investments. There is one change to the list of permitted investments from that agreed in 2013 – it is proposed to add Money Market Funds as a type of investment that could be used if required.
- 2.3 The Treasury Management Strategy, Annual Investment Strategy, Treasury Policy Limits, Prudential Indicators, and Treasury Management Indicators have been set based on the Council's current and projected financial position (including projected capital expenditure) and on expected interest rate levels.
- 2.4 In line with the Council's Financial Regulations, the proposals in this report require approval by the Full Council.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee remits to the Full Council, for their approval, the following, as outlined in this report:
- Treasury Management Strategy
 - Annual Investment Strategy
 - Treasury Policy Limits
 - Prudential Indicators
 - Treasury Management Indicators
 - List of Permitted Investments (including those for the Common Good Fund).
- 3.2 It is recommended that the Committee approves, until the end of June 2015, a revised £60m limit for investments that may be held with the Bank of Scotland.

Jan Buchanan
Head of Finance

4.0 BACKGROUND

Statutory Requirements

- 4.1 The Local Government in Scotland Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act and included as paragraphs 5.25 to 5.40 of this report) which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

CIPFA Requirements

- 4.2 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2011) was adopted by this Council on 12th April 2012.
- 4.3 Treasury Management is defined in the Code 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."
- 4.4 The primary requirements of the Code are as follows:
1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 2. 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. Receipt by the Full Council of an annual Treasury Management Strategy Statement - including the 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. 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. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Policy & Resources Committee.
- 4.5 The proposed strategy for 2014/17 in respect of the following aspects of the treasury management function is based upon the officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury consultants.

The strategy covers:

- treasury limits in force which will limit the treasury risk and activities of the Council;
- Prudential and Treasury Management Indicators;
- the current treasury position;
- the borrowing requirement;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy;
- policy on the use of external service providers; and
- any extraordinary treasury issues.

- 4.6 It is a statutory requirement for the Council to produce a balanced budget. In particular, a local authority must calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue are affordable within the projected income of the Council for the foreseeable future.
- 4.7 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 4.

5.0 PROPOSED TREASURY STRATEGY, PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT INDICATORS

Treasury Limits For 2014/15 To 2016/17

- 5.1 It is a statutory duty under part 7 of the Local Government in Scotland Act 2003 and supporting regulations for the Council to determine and keep under review how much it can afford to allocate to capital expenditure. This amount is termed the "Affordable Capital Expenditure Limit".
- 5.2 The Council must have regard to the Prudential Code when setting the Affordable Capital Expenditure Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is 'acceptable'.
- 5.3 Whilst termed an "Affordable Capital Expenditure Limit", the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability (such as PPP and finance lease arrangements). The affordable capital expenditure limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

Prudential and Treasury Management Indicators For 2014/15 To 2016/17

- 5.4 Inverclyde Council has adopted the CIPFA Code of Practice on Treasury Management which was last revised in November 2011.
- 5.5 **Members should note that, due to changes in accounting rules from 2009/10 onwards, the Prudential and Treasury Management Indicators include, where required, the effect of assets being provided to the Council under PPP and finance lease arrangements.**

Current Portfolio Position

- 5.6 The Council's treasury portfolio position at 19/2/2014 (Number 9 – Prudential Indicator) comprised:

		Principal		Average Rate
		£000	£000	
Fixed rate funding	PWLB	117,336		
	Market	<u>55,000</u>	172,336	4.00%
Variable rate funding	PWLB	0		
	Market	<u>52,943</u>	52,943	4.55%
			225,279	4.13%
Other long term liabilities			71,819	---
TOTAL DEBT			<u>297,098</u>	
TOTAL INVESTMENTS			60,957	0.80%

Borrowing Requirement

5.7 The Council's borrowing requirement is as follows:

	2012/13	2013/14	2014/15	2015/16	2016/17
	£000 Actual	£000 Projected	£000 Estimate	£000 Estimate	£000 Estimate
New borrowing	30,000	0	1,200	18,800	0
Alternative financing arrangements	0	0	0	0	0
Replacement borrowing	0	0	5,800	1,200	4,000
TOTAL	30,000	0	7,000	20,000	4,000

5.8 The main Prudential and Treasury Management Indicators are as follows:

	2013/14 Estimate	2013/14 Probable Outturn	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Capital Expenditure (Number 5 - Prudential Indicator)	£000	£000	£000	£000	£000
Capital Programme	46,609	35,067	27,872	39,040	10,699
PPP Schools/Finance Leases (incl. accounting adjustments)	(1,953)	(1,985)	(2,109)	(1,931)	(2,051)
Total	44,656	33,082	25,763	37,109	8,648
Ratio of financing costs (including PPP/ Finance Leases) to net revenue stream (Number 1 - Prudential Indicator) #					
Non – HRA	11.47%	11.93%	12.27%	13.07%	14.55%
Net external borrowing and capital financing requirement (Number 4 - Prudential Indicator)	£000	£000	£000	£000	£000
As At 31 March	(53,669)	(71,736)	(56,638)	(45,788)	(44,019)
Capital Financing Requirement as at 31 March (Number 6 - Prudential Indicator)	£000	£000	£000	£000	£000
Non – HRA	313,606	304,768	307,429	321,793	311,851
Upper limit for total principal sums invested for over 364 days (Number 14 - Treasury Management Indicator)	£10,000,000	£0 *	£10,000,000	£10,000,000	£10,000,000

- The Council's General Revenue Grant has been reduced for these years due to the loss of the Police and Fire Joint Boards. As a result, the Council's ratio of financing costs to its now-reduced GRG and other income increases from that reported in previous years.

* - This is the probable outturn of investments beyond 364 days as at 31/3/14 (against an upper limit of £10,000,000). There were no sums invested beyond 364 days during 2012/13.

	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Authorised limit for external debt (Number 7 - Treasury Management Indicator)	£000	£000	£000	£000
Borrowing	266,000	262,000	280,000	271,000
Other long term liabilities	71,900	74,000	72,000	70,000
TOTAL	337,900	336,000	352,000	341,000
Operational boundary for external debt (Number 8 - Treasury Management Indicator)	£000	£000	£000	£000
Borrowing	258,800	255,000	272,000	264,000
Other long term liabilities	71,900	72,000	70,000	68,000
TOTAL	330,700	327,000	342,000	332,000

	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Incremental impact of capital investment decisions			
Incremental increase in council tax (band D) per annum (Number 2 - Prudential Indicator)	£0.04	£0.08	£0.01
Upper limit for fixed interest rate exposure (Number 11 - Treasury Management Indicator)	140%	130%	120%
Upper limit for variable rate exposure (Number 12 - Treasury Management Indicator)	40%	40%	40%

5.9 The limits on the maturity of fixed rate borrowing during 2014/15 (Number 13 – Treasury Management Indicator) are as follows:

Maturity Structure	Upper Limit	Lower Limit	2013/14 Probable Outturn
Under 12 months	40%	0%	3.46%
12 months and within 24 months	40%	0%	20.71%
24 months and within 5 years	40%	0%	21.14%
5 years and within 10 years	40%	0%	26.33%
10 years and within 30 years	40%	0%	5.15%
30 years and within 50 years	40%	0%	23.21%
50 years and within 70 years	40%	0%	0.00%

This Indicator has been prepared in accordance with the revised Treasury Management Code which requires that the Council's Market debt (see 5.6 above) is shown based not on when the debt is due to actually mature but on when the lender could request an increase in the interest rate (when the Council could accept the increase or repay the debt).

Treasury Policy Limits

5.10 In addition to the Prudential Indicators and Treasury Management Indicators, the Council has Policy Limits, as follows:

	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2013/14 Probable Outturn at Year-End
Maximum Percentage of Debt Repayable In Any Year	25%	25%	25%	18.17%
Maximum Proportion of Debt At Variable Rates	40%	40%	40%	21.78%
Maximum Percentage of Debt Restructured In Any Year	30%	30%	30%	0.000%

Prospects For Interest Rates

5.11 The Council has appointed Sector Treasury Services Ltd (who use the trading name "Capita Asset Services") as treasury consultants and part of their service is to assist the Council to formulate a view on interest rates. The table in 5.12 gives the Sector view.

5.12 Sector interest rate forecasts – 21th February 2014

As At	Bank Rate	Investment (LIBID) Rates			PWLB Borrowing Rates			
		3 month	6 month	1 year	5 year	10 year	25 year	50 year
	%	%	%	%	%	%	%	%
March 2014	0.50	0.50	0.60	0.80	2.60	3.70	4.40	4.40
June 2014	0.50	0.50	0.60	0.80	2.60	3.70	4.40	4.50
Sept 2014	0.50	0.50	0.60	0.80	2.70	3.80	4.50	4.50
Dec 2014	0.50	0.50	0.60	0.80	2.80	3.80	4.60	4.60
March 2015	0.50	0.50	0.60	0.90	2.90	3.90	4.70	4.70
June 2015	0.50	0.60	0.70	1.10	2.90	3.90	4.70	4.80
Sept 2015	0.50	0.70	0.80	1.20	3.00	4.00	4.80	4.90
Dec 2015	0.75	0.80	1.00	1.40	3.10	4.10	4.90	5.00
March 2016	0.75	0.90	1.20	1.60	3.20	4.20	5.00	5.10
June 2016	1.00	1.00	1.30	1.70	3.20	4.30	5.00	5.10
Sept 2016	1.25	1.20	1.50	1.90	3.30	4.40	5.10	5.10
Dec 2016	1.50	1.50	1.70	2.10	3.40	4.50	5.10	5.20
March 2017	1.75	1.70	2.00	2.30	3.50	4.50	5.10	5.20

5.13 Appendix 1 explains the Economic Background affecting the proposed Treasury Management Strategy and Annual Investment Strategy.

Borrowing Strategy

- 5.14 Sector advise that, until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. Growth has, however, rebounded during 2013 to surpass all expectations, propelled by recovery in consumer spending and the housing market. Forward surveys are also currently very positive in indicating that growth prospects are strong for 2014, not only in the UK economy as a whole, but in all three main sectors (services, manufacturing and construction). This is very encouraging as there needs to be a significant rebalancing of the economy away from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. This therefore means that labour productivity must improve significantly for this situation to be corrected by the warranting of increases in pay rates. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.
- 5.15 The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:
- As for the Eurozone, concerns have subsided considerably in 2013. However, sovereign debt difficulties have not gone away and major concerns could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
 - Investment returns are likely to remain relatively low during 2014/15 and beyond;
 - Interest rates for new borrowing, whilst still relatively historically low, have risen during 2013 and are on a rising trend.
 - There will remain a possible cost of carry – any borrowing undertaken that results in an increase in investments could incur a revenue loss between borrowing costs and investment returns.
- 5.16 In normal circumstances the main sensitivities of the forecast are likely to be the two scenarios noted below. Officers, in conjunction with the treasury consultants, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:
- If it was felt that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would be postponed, and potential rescheduling from fixed rate funding into short term borrowing would be considered.
 - If it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be reappraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

5.17 Gross Debt v. Capital Financing Requirement

Comparison of Gross Debt and Capital Financing Requirement At Year-End	2012/13	2013/14	2014/15	2015/16	2016/17
	£000 Actual	£000 Projected	£000 Estimate	£000 Estimate	£000 Estimate
External Debt (Including PPP and Finance Leases)	298,215	291,930	290,983	307,863	304,283
Capital Financing Requirement	296,906	304,768	307,429	321,793	329,688
Under/(Over) Against Latest CFR Projection For Year	(1,309)	12,838	16,446	13,930	7,568

As shown in 5.7 above, the Council borrowed earlier in 2012/13 to fund its estimated capital expenditure in year but some of that estimated expenditure was rephased to 2013/14 (as advised in reports on the Capital Programme), hence the 2012/13 position shown in the table above.

5.18 Against this background, caution will be adopted with the 2014/15 treasury operations. The Chief Financial Officer will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to the Policy & Resources Committee.

5.19 Policy on Borrowing in Advance of Need

The Council does not and will not borrow more than its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

In determining whether borrowing will be undertaken in advance of need the Council will:

- Consider the definition of such borrowing within the Code on the Investment of Money By Scottish Local Authorities
- Ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
- Ensure the ongoing revenue liabilities created, and the implications for the future plans and for the budgets have been considered
- Evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
- Consider the merits and demerits of alternative forms of funding
- Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use
- Consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk and other risks and the level of such risks given the controls in place to minimise them.

The maximum extent to which borrowing in advance would be undertaken by this Council is the borrowing requirement identified above for 2014/2017.

Debt Rescheduling

5.20 The introduction by the PWLB in 2007 of a spread between the rates applied to new borrowing and repayment of debt has been compounded since 20 October 2010 by a considerable further widening of the difference between new borrowing and repayment rates. This has meant that PWLB-to-PWLB debt restructuring is now much less attractive than it was before both of these events. In particular, consideration would have to be given to the large premiums which would be incurred by prematurely repaying existing PWLB loans and it is very unlikely that these could be justified on value for money grounds if using replacement PWLB refinancing. Some interest savings might, however, still be achievable through using LOBO (Lenders Option Borrowers Option) loans and other market loans in rescheduling exercises rather than using PWLB borrowing as the source of replacement financing.

- 5.21 As short term borrowing rates will be considerably cheaper than longer term rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of their short term nature and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio.
- 5.22 The Council is more likely to look at making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on currently held debt.
- 5.23 The reasons for any rescheduling to take place will include:
- The generation of cash savings and/or discounted cash flow savings but at minimum risk;
 - Helping to fulfil the strategy outlined above; and
 - Enhancing the balance of the portfolio (amending the maturity profile and/or the balance of volatility).
- 5.24 All rescheduling will be reported to the Policy & Resources Committee and the Full Council and will be within the Treasury Policy Limits.

Annual Investment Strategy

5.25 Investment Policy

The Council will have regard to the Local Government Investment (Scotland) Regulations 2010 and accompanying finance circular and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross-Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities are:

- (a) The security of capital
and
- (b) The liquidity of its investments.

The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to the security of its investments.

- 5.26 The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.
- 5.27 There are a large number of investment instruments that the Council could use. The list of investment instruments proposed for possible use by the Council (including those for the Common Good Fund) are listed in Appendix 2 along with details of the risks from each type of investment. The list of proposed investments reflects a low risk appetite and approach to investments by the Council.

There is one change to the list of permitted investments from that agreed in 2013 – it is proposed to add Money Market Funds as a type of investment that could be used if required.

Money Market Funds are highly regulated investment products into which funds can be invested and they offer the highest possible credit rating (AAA) whilst offering instant access and the diversification of risk. Such Funds are used by an increasing number of other Councils. The placing of funds into a Money Market Fund would only be undertaken if appropriate and in line with the Council's Treasury Strategy and Investment Strategy.

- 5.28 Counterparty limits will be as set through the Council's Treasury Management Practices.
- 5.29 Appendix 3 is a list of forecasts of investment balances.

5.30 Bank of Scotland – Counterparty Limit

The Council's Counterparty Limit for investments with the Bank of Scotland is currently £70m but is due to revert back to £50m at the end of June 2014.

The Council has a continuing unusual situation with a high level of approved capital investment and it needs to ensure it has sufficient funds to meet its requirements as they arise. This means holding a high level of investments.

In light of ongoing and forthcoming activity in the next 12-18 months, the Committee is requested to approve, until the end of June 2015, a £60m limit of investments that may be held with the Bank of Scotland.

5.31 Creditworthiness Policy

The Council uses the creditworthiness service provided by Sector Treasury Services. This service uses a sophisticated modelling approach using credit ratings from the three main rating agencies - Fitch, Moody's, and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies (indicating the likelihood of ratings changes for a counterparty or the expected direction of ratings for a counterparty)
- Credit Default Swap ("CDS") spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries.

5.32 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments.

5.33 The Council will use counterparties within the following durational bands and with the following limits per counterparty:

Colour Category	Maximum Period for Individual Investments	Limit for Total Investments with Individual Counterparty
Purple	2 Years	£15m
Blue (Nationalised or Semi-Nationalised UK Banks)	1 Year	£15m
Orange	1 Year	£15m
Red	6 Months	£15m
Green	100 Days	£10m
No Colour	Not To Be Used	£NIL

The maximum period for individual investments with the Council's own bankers will be as in accordance with the above table whilst the limit for total investments will be £50m or as agreed by Committee.

Members should note that these are the maximum periods for which any investment with a counterparty meeting the criteria would take place but subject to the Council's policy on Investment instruments.

5.34 The Sector creditworthiness service uses a wider array of information than just primary ratings and, by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of Short Term rating F1, Long Term rating A-, Viability ratings of A-, and a Support rating of 1. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

- 5.35 All credit ratings are monitored on an ongoing basis. The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.
- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
 - In addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap spreads against a benchmark (the iTraxx index) and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. The Council also uses (where available) market data and market information, information on government support for banks and the credit ratings of that government support.

5.36 Country Limits

It is proposed that the Council will only use approved counterparties from the UK or from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). Countries currently meeting this criterion include Australia, Canada, France, Germany, Sweden, the USA, and the UK.

5.37 Investment Strategy

The Bank Rate has been unchanged at 0.50% since March 2009. It is forecast to remain at this level until quarter 4 of 2015 and then to rise gently from thereon. Bank Rate forecasts for financial year ends (March) are as follows:

- 2013/14 0.50%
- 2014/15 0.50%
- 2015/16 0.75%
- 2016/17 1.75%

There are upside risks to these forecasts (i.e. the start of increases in Bank Rate occurs sooner) if economic growth remains strong and unemployment falls faster than expected. However, should the pace of growth fall back, there could be downside risk, particularly if Bank of England inflation forecasts for the rate of fall of unemployment were to prove to be too optimistic.

- 5.38 Sector advise that, for 2014/15, clients should budget for an investment return of 0.50% on investments placed during the financial year for periods of up to 100 days.

- 5.39 The Council will avoid locking into longer term deals while investment rates are down at historically low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and within the risk parameters set by this Council.

5.40 End of Year Investment Report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

Policy on Use of External Service Providers

- 5.41 The Council uses Sector Treasury Services Ltd as its external treasury management advisers and uses the services of brokers for investment deals as required.
- 5.42 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 5.43 The Council also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Policy on Scrutiny, Monitoring and Change of Investment Policies and Practices

- 5.44 The Treasury Management Practices (TMPs) of the Council set out the operational policies and procedures in place to implement the treasury management strategy and the principles set out in the treasury management policy statement. They are intended to minimise the risk to the capital sum of investments and for optimising the return on the funds consistent with those risks.
- 5.45 The TMPs are kept under review, with a full revision every 3 years. The last full revision was in 2011 and so the TMPs have been fully revised in 2014.
- 5.46 A copy of the TMPs may be obtained from Finance Services.

6.0 IMPLICATIONS

Finance

- 6.1 Adopting the Treasury Strategy and the Investment Strategy for 2014/15 and the following two years will allow a balance to be maintained between opportunities to continue to generate savings for the Council and minimising the risks involved.

Legal

- 6.2 There are no Legal implications arising from this report.

Human Resources

- 6.3 There are no HR implications arising from this report.

Equalities

- 6.4 There are no equalities implications arising from this report

Repopulation

- 6.5 There are no repopulation implications arising from this report.

7.0 CONSULTATIONS

- 7.1 This report has been produced based on advice from the Council's treasury consultants (Sector Treasury Services Limited).

8.0 LIST OF BACKGROUND PAPERS

- 8.1 CIPFA - Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes – 2011 Edition
CIPFA – The Prudential Code for Capital Finance in Local Authorities – 2011 Edition
Scottish Government – The Local Government Investments (Scotland) Regulations 2010 (Scottish Statutory Instrument 2010 No. 122)
Scottish Government - Finance Circular 5/2010 Investment of Money by Scottish local authorities 1.4.10.

ECONOMIC BACKGROUND

The following economic background is based on information from the Council's treasury consultants, Sector Treasury Services Ltd:

1. The UK Economy

- a. Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth strongly rebounded in 2013 - quarter 1 (+0.3%), quarter 2 (+0.7%) and quarter 3 (+0.8%), to surpass all expectations as all three main sectors (services, manufacturing and construction) contributed to this strong upturn. The Bank of England has, therefore, upgraded growth forecasts in the August and November quarterly Inflation Reports for 2013 from 1.2% to 1.6% and for 2014 from 1.7% to 2.8%, (2015 unchanged at 2.3%). The November Report stated that: -
 “In the United Kingdom, recovery has finally taken hold. The economy is growing robustly as lifting uncertainty and thawing credit conditions start to unlock pent-up demand. But significant headwinds - both at home and abroad - remain, and there is a long way to go before the aftermath of the financial crisis has cleared and economic conditions normalise. That underpins the MPC's intention to maintain the exceptionally stimulative stance of monetary policy until there has been a substantial reduction in the degree of economic slack. The pace at which that slack is eroded, and the durability of the recovery, will depend on the extent to which productivity picks up alongside demand. Productivity growth has risen in recent quarters, although unemployment has fallen by slightly more than expected on the back of strong output growth.”
- b. Forward surveys are currently very positive in indicating that growth prospects are also strong for 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to be a significant rebalancing of the economy away from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. This therefore means that labour productivity must improve significantly for this situation to be corrected by the warranting of increases in pay rates.
- c. The Bank of England issued Forward Guidance in August which stated that the Bank will not start to consider raising interest rates until the jobless rate (Labour Force Survey/International Labour Organisation) has fallen to 7% or below. This would require the creation of about 750,000 jobs and was forecast to take three years in August, but revised to possibly quarter 4 2014 in November. The UK unemployment rate has already fallen to 7.4% on the three month rate to October 2013 (although the rate in October alone was actually 7.0%). The Bank's guidance is subject to three provisos, mainly around inflation; breaching any of them would sever the link between interest rates and unemployment levels. This actually makes forecasting Bank Rate much more complex given the lack of available reliable forecasts by economists over a three year plus horizon. The recession since 2007 was notable for how unemployment did NOT rise to the levels that would normally be expected in a major recession and the August Inflation Report noted that productivity had sunk to 2005 levels. There has, therefore, been a significant level of retention of labour, which will mean that there is potential for a significant amount of GDP growth to be accommodated without a major reduction in unemployment. However, it has been particularly encouraging that the strong economic growth in 2013 has also been accompanied by a rapid increase in employment and forward hiring indicators are also currently very positive. It is therefore increasingly likely that early in 2014, the MPC will need to amend its forward guidance by reducing its 7.0% threshold rate and/or by adding further wording similar to the Federal Reserve's move in December (see below).

- d. While the Bank Rate has remained unchanged at 0.5% and quantitative easing has remained unchanged at £375bn in 2013, the Funding for Lending Scheme (FLS) was extended to encourage banks to expand lending to small and medium size enterprises. The second phase of Help to Buy, aimed at supporting the purchase of second hand properties, started in earnest in January 2014. These measures have been so successful in boosting the supply of credit for mortgages, and so of increasing house purchases, (though levels are still far below the pre-crisis level), that the Bank of England announced at the end of November that the FLS for mortgages would end in February 2014. While there have been concerns that these schemes are creating a bubble in the housing market, house price increases outside of London and the south-east have been much weaker. However, bank lending to small and medium enterprises continues to remain weak and inhibited by banks still repairing their balance sheets and anticipating tightening of regulatory requirements.
- e. Inflation (measured by the Consumer Prices Index) has fallen from a peak of 3.1% in June 2013 to 1.9% in January 2014. It is expected to remain near to the 2% target level over the MPC's two year time horizon.
- f. The UK lost its AAA ratings from Fitch and Moody's during 2013 but that caused little market reaction.

2. The Global Economy

Eurozone

- a. The sovereign debt crisis has eased considerably during 2013 which has been a year of comparative calm after the hiatus of the Cyprus bailout in the spring. In December, Ireland escaped from its three year Eurozone bailout programme as it had dynamically addressed the need to substantially cut the growth in government debt, reduce internal price and wage levels and promote economic growth. The Eurozone finally escaped from seven quarters of recession in quarter 2 of 2013 but growth is likely to remain weak and so will dampen UK growth. The European Central Bank's pledge to buy unlimited amounts of bonds of countries which ask for a bail out has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2012 figures) of Greece 176%, Italy 131%, Portugal 124%, Ireland 123% and Cyprus 110%, remain a cause of concern, especially as many of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are continuing to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US. Greece remains particularly vulnerable and continues to struggle to meet Eurozone targets for fiscal correction. Whilst a Greek exit from the Euro is now improbable in the short term, as Greece has made considerable progress in reducing its annual government deficit and a return towards some economic growth, some commentators still view an eventual exit as being likely. There are also concerns that austerity measures in Cyprus could also end up in forcing an exit. The question remains as to how much damage an exit by one country would do and whether contagion would spread to other countries. However, the longer a Greek exit is delayed, the less are likely to be the repercussions beyond Greece on other countries and on EU banks.
- b. Sentiment in financial markets has improved considerably during 2013 as a result of firm Eurozone commitment to support struggling countries and to keep the Eurozone intact. However, the foundations to this current "solution" to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under Eurozone imposed austerity programmes, especially in countries like Greece and Spain which have unemployment rates of over 26% and unemployment among younger people of over 50%. The Italian political situation is also fraught with difficulties in maintaining a viable coalition which will implement a Eurozone imposed austerity programme and undertake overdue reforms to government and the economy. There are also concerns over the lack of political will in France to address issues of poor international competitiveness.

USA

- c. The economy has managed to return to robust growth in Q2 2013 of 2.5% year-on-year and 4.1% year-on-year in Q3, in spite of the fiscal cliff induced sharp cuts in federal expenditure that kicked in on 1 March 2013, and increases in taxation. The Federal Reserve therefore decided in December to reduce its \$85bn per month asset purchases programme of quantitative easing by \$10bn. It also amended its forward guidance on its pledge not to increase the central rate until unemployment falls to 6.5% by adding that there would be no increases in the central rate until 'well past the time that the unemployment rate declines below 6.5%, especially if projected inflation continues to run below the 2% longer run goal'. Consumer, investor and business confidence levels have all improved markedly in 2013. The housing market has turned a corner and house sales and increases in house prices have returned to healthy levels. Many house owners have, therefore, been helped to escape from negative equity and banks have also largely repaired their damaged balance sheets so that they can resume healthy levels of lending. All this portends well for a reasonable growth rate looking forward.

China

- d. There are concerns that Chinese growth could be on an overall marginal downward annual trend. There are also concerns that the new Chinese leadership have only started to address an unbalanced economy which is heavily dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

Japan

- e. The initial euphoria generated by "Abenomics", the huge Quantitative Easing operation instituted by the Japanese government to buy Japanese debt, has tempered as the follow through of measures to reform the financial system and the introduction of other economic reforms, appears to have stalled. However, at long last, Japan has seen a return to reasonable growth and positive inflation during 2013 which augurs well for the hopes that Japan can escape from the bog of stagnation and deflation and so help to support world growth. The fiscal challenges though are huge; the gross debt to GDP ratio is about 245% in 2013 while the government is currently running an annual fiscal deficit of around 50% of total government expenditure. Within two years, the central bank will end up purchasing about Y190 trillion (£1,200 billion) of government debt. In addition, the population is ageing due to a low birth rate and, on current trends, will fall from 128m to 100m by 2050.

3. Sector's Forward View

- a. Economic forecasting remains difficult with so many external influences weighing on the UK. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds.
- b. There could well be volatility in gilt yields over the next year as financial markets anticipate further tapering of asset purchases by the Federal Reserve. The timing and degree of tapering could have a significant effect on both Treasury and gilt yields. Equally, while the political deadlock and infighting between Democrats and Republicans over the budget has almost been resolved the raising of the debt limit, has only been kicked down the road. A final resolution of these issues could have a significant effect on gilt yields during 2014.
- c. 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. Increasing investor confidence in economic recovery is also likely to compound this effect as a continuation of recovery will further encourage investors to switch back from bonds to equities.
- d. The overall balance of risks to economic recovery in the UK is currently evenly weighted. However, only time will tell just how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

- e. The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the Eurozone debt crisis, or a break-up of the Eurozone, but rather that there will be a managed, albeit painful and tortuous, resolution of the debt crisis where Eurozone institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the Eurozone will be tepid for the next couple of years and some Eurozone countries experiencing low or negative growth, will, over that time period, see a significant increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a resurgence of the Eurozone debt crisis. While the ECB has adequate resources to manage a debt crisis in a small Eurozone country, if one, or more, of the large countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to Eurozone politicians.
- f. Downside risks currently include:
- UK strong economic growth is currently very dependent on consumer spending and recovery in the housing market. This is unlikely to endure much beyond 2014 as most consumers are maxed out on borrowing and wage inflation is less than CPI inflation, so disposable income is being eroded.
 - A weak rebalancing of UK growth to exporting and business investment causing a major weakening of overall economic growth beyond 2014
 - Weak growth or recession in the UK's main trading partners - the EU and US, depressing economic recovery in the UK.
 - Prolonged political disagreement over the raising of the US debt ceiling.
 - A return to weak economic growth in the US, UK and China causing major disappointment in investor and market expectations.
 - A resurgence of the Eurozone sovereign debt crisis caused by ongoing deterioration in government debt to GDP ratios to the point where financial markets lose confidence in the financial viability of one or more countries and in the ability of the ECB and Eurozone governments to deal with the potential size of the crisis.
 - The potential for a significant increase in negative reactions of populaces 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; this will cause major difficulties in implementing austerity measures and a programme of overdue reforms. Italy has the third highest government debt mountain in the world.
 - Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts, especially if it looks likely that one, or more countries, will need to leave the Eurozone.
 - A lack of political will in France, (the second largest economy in the Eurozone), to dynamically address fundamental issues of low growth, poor international competitiveness and the need for overdue reforms of the economy.
 - Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
 - Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds.
- g. The potential for upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -
- A sharp upturn in investor confidence that sustainable robust world economic growth is firmly expected, causing a surge in the 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.
 - UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
 - In the longer term - an earlier than currently expected reversal of Quantitative Easing in the UK; this could initially be implemented by allowing gilts held by the Bank of England to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.

PERMITTED INVESTMENTS

The Council approves the following forms of investment instrument for use as Permitted Investments:

	Minimum Credit Criteria	Liquidity Risk	Market Risk	Max % of Total Investments	Max. Maturity Period
Deposits					
Debt Management Agency Deposit Facility (DMADF)	---	Term	No	Unlimited	6 Months
Term Deposits – Local Authorities	---	Term	No	80%	2 Years
Call Accounts – Banks and Building Societies	Sector Colour Category GREEN	Instant	No	Unlimited	Call Facility
Notice Accounts – Banks and Building Societies	Sector Colour Category GREEN	Notice Period	No	50%	3 Months
Term Deposits – Banks and Building Societies	Sector Colour Category GREEN	Term	No	80%	2 Years
Deposits With Counterparties Currently In Receipt of Government Support / Ownership					
Call Accounts – UK Nationalised/ Part-Nationalised Banks	Sector Colour Category BLUE	Instant	No	Unlimited	Call Facility
Notice Accounts – UK Nationalised/ Part-Nationalised Banks	Sector Colour Category BLUE	Notice Period	No	50%	3 Months
Term Deposits – UK Nationalised/ Part-Nationalised Banks	Sector Colour Category BLUE	Term	No	95%	2 Years
Securities					
Certificates of Deposit – Banks and Building Societies	Sector Colour Category GREEN	See Note 1 Below	See Note 1 Below	80%	2 Years
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)					
Money Market Funds	AAAmmf with Fitch or equivalent with Moody's/Standard & Poors	See Note 2 Below	See Note 2 Below	50%	Call Facility

Notes:

1. The Liquidity Risk on a Certificate of Deposit is for the Term of the Deposit (if the Certificate is held to maturity) or the Next Banking Day (if sold prior to maturity). There is no Market Risk if the Certificate is held to maturity, only if the Certificate is sold prior to maturity (with an implied assumption that markets will not freeze up and so there will be a ready buyer).
2. The objective of Money Market Funds is to maintain the value of assets but such Funds hold assets that can vary in value. The credit ratings agencies, however, require the unit values to vary by almost zero.

Investments will only be made with banks/building societies that do not have a credit rating in their own right where the Council's treasury consultants have confirmed that any obligations of that bank/building society are guaranteed by another bank/building society with suitable ratings.

The Council will only use approved counterparties from the UK or from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). Countries currently meeting this criterion include Australia, Canada, France, Germany, Sweden, the USA, and the UK.

Non-Treasury Investments

In addition to the table of treasury investments above, the definition of “investments” under the Investment Regulations includes the following items:

- “(a) All share holding, unit holding and bond holding, including those in a local authority owned company, is an investment.
- (b) Loans to a local authority company or other entity formed by a local authority to deliver services, is an investment.
- (c) Loans made to third parties are investments.
- (d) Loans made by a local authority to another authority or harbour authority using powers contained in Schedule 3, paragraph 10 or 11 of the Local Government (Scotland) Act 1975 are not investments.
- (e) Investment property is an investment.”

The Council approves items in categories (a), (b), (c), and (e) above as Permitted Investments as set-out below:

	Minimum Credit Criteria	Liquidity Risk	Market Risk	Max % of Total Investments	Max. Maturity Period
Non-Treasury Investments					
(a) Share holding, unit holding and bond holding, including those in a local authority owned company	Assessment would be made of company in which any holding was to be made	Period of holding	Yes	10%	---
(b) Loans to a local authority company or other entity formed by a local authority to deliver services	Assessment would be made of company or entity to which any loan was to be made	Period of loan	No	20%	---
(c) Loans made to third parties	Assessment would be made of third party to which any loan was to be made	Period of loan	No	15%	---
(e) Investment property	Assessment would be made of property to be held as investment property	Period of holding	Yes	10%	---

In relation to the above, Members should note that the Council is unlikely to become involved with category (a), has a loan under category (b) (for the BPR), will have loans to third parties (category (c)) arising from decisions on such loans made by the Council, and may have investment property (category (e)) should there be a reclassification, due to accounting rules, of individual properties held by the Council.

Permitted Investments – Common Good

The Common Good Fund’s permitted investments are approved as follows:

	Minimum Credit Criteria	Liquidity Risk	Market Risk	Max % of Total Investments	Max. Maturity Period
Funds deposited with Inverclyde Council	---	Instant	No	Unlimited	---
Share holding, unit holding and bond holding, including those in a local authority owned company	Assessment would be made of company in which any holding was to be made	Period of holding	Yes	10%	---
Investment property	Assessment would be made of property to be held as investment property	Period of holding	Yes	95%	---

Treasury Risks Arising From Permitted Instruments

All of the investment instruments in the above tables are subject to the following risks:

1. **Credit and counter-party risk**

This is the risk of failure by a counterparty (bank or building society) to meet its contractual obligations to the Council particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or current (revenue) resources. There are no counterparties where this risk is zero although AAA-rated organisations have a very high level of creditworthiness.

2. **Liquidity risk**

This is the risk that cash will not be available when it is needed. While it could be said that all counterparties are subject to at least a very small level of liquidity risk as credit risk can never be zero, in this document liquidity risk has been treated as whether or not instant access to cash can be obtained from each form of investment instrument. The column in the above tables headed as 'market risk' will show each investment instrument as being instant access, notice period i.e. money is available after the notice period (although it may also be available without notice but with a loss of interest), or term i.e. money is locked in until an agreed maturity date.

3. **Market risk**

This is the risk that, through adverse market fluctuations in the value of the principal sums that the Council borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately. However, some cash rich local authorities may positively want exposure to market risk e.g. those investing in investment instruments with a view to obtaining a long term increase in value.

4. **Interest rate risk**

This is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately. This authority has set limits for its fixed and variable rate exposure in its Treasury Management Indicators in this report.

5. **Legal and regulatory risk**

This is the risk that the Council, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Council suffers losses accordingly.

The risk exposure of various types of investment instrument can be summarised as:

- low risk = low rate of return
- higher risk = higher rate of return.

For liquidity, the position can be summarised as:

- high liquidity = low return
- low liquidity = higher returns.

Controls on Treasury Risks

1. **Credit and counter-party risk**

This Council has set minimum credit criteria to determine which counterparties and countries are of high creditworthiness to enable investments to be made safely.

2. **Liquidity risk**

This Council undertakes cash flow forecasting to enable it to determine how long investments can be made for and how much can be invested.

3. **Market risk**

The only instruments that the Council may purchase which can have market risk are Certificates of Deposit. Although they have a market value that fluctuates, the market risk does not arise if the Certificates are retained until maturity - only if they were traded prior to maturity if the need arose.

4. Interest rate risk

This Council manages this risk by having a view of the future course of interest rates and then formulating a treasury management strategy accordingly which aims to maximise investment earnings consistent with control of risk or alternatively, seeks to minimise expenditure on interest costs on borrowing.

5. Legal and regulatory risk

This Council will not undertake any form of investing until it has ensured that it has all necessary powers and also complied with all regulations.

Unlimited Investments

Investment Regulation 24 states that an investment can be shown in the above tables as being 'unlimited' in terms of the maximum amount or percentage of the total portfolio that can be put into that type of investment. However, it also requires that an explanation must be given for using that category.

The authority has given the following types of investment an unlimited category:

1. Debt Management Agency Deposit Facility (DMADF)

This is considered to be the lowest risk form of investment available to local authorities as it is operated by the Debt Management Office which is part of H.M. Treasury i.e. the UK Government's high credit rating stands behind the DMADF. It is also a deposit account and avoids the complications of buying and holding Government issued treasury bills or gilts.

2. High Credit Worthiness Banks and Building Societies

See paragraphs 5.31 to 5.36 for an explanation of this authority's definition of high credit worthiness. While an unlimited amount of the investment portfolio may be put into banks and building societies with high credit worthiness, the authority will seek to ensure diversification of its portfolio with the following limits:

- Limit for any single institution (except Council's bankers): £15m
- Limit for Council's bankers (Bank of Scotland): £70m (or as approved by the Council or Committee)
- Limit for any one group of counterparties: £30m (£70m or as approved by the Council or Committee for the group including the Council's bankers).

3. Funds Deposited with Inverclyde Council (for Common Good funds)

This has been included so that, under the Permitted Investments, all funds belonging to the Common Good can be deposited with Inverclyde Council (and receive interest from the Council) rather than requiring the Common Good funds to be invested under separate Treasury Management arrangements.

Objectives of Each Type of Investment Instrument

Investment Regulation 25 requires an explanation of the objectives of every type of investment instrument which an authority approves as being 'permitted':

1. Deposits

The following forms of 'investments' are actually more accurately called deposits as cash is deposited in an account until an agreed maturity date, or until the end of an agreed notice period, or is held at call.

a) Debt Management Agency Deposit Facility (DMADF)

This offers the lowest risk form of investment available to local authorities as it is effectively an investment placed with the Government. It is also easy to use as it is a deposit account and avoids the complications of buying and holding Government issued treasury bills or gilts. As it is low risk it also earns low rates of interest. It is, however, very useful for authorities whose overriding priority is the avoidance of risk at a time when many authorities are disappointed at the failure in 2008 of credit ratings to protect investors from the Icelandic bank failures and are both cautious about other forms of investing and are prepared to bear the loss of income to the treasury management budget compared to earnings levels in previous years. The longest term deposit that can be made with the DMADF is 6 months.

b) Term deposits with high credit worthiness banks and building societies

See paragraphs 5.31 to 5.36 for an explanation of this authority's definition of high credit worthiness. This is the most widely used form of investing used by local authorities. It offers a much higher rate of return than the DMADF (dependent on term) and now that measures have been put in place to avoid over reliance on credit ratings, the Council feels much more confident that the residual risks around using such banks and building societies are at a low, reasonable and acceptable level. The Council will seek to ensure diversification of its portfolio of deposits as explained above. In addition, longer term deposits offer an opportunity to increase investment returns by locking in high rates ahead of an expected fall in the level of interest rates. At other times, longer term rates can offer good value when the markets incorrectly assess the speed and timing of interest rate increases. This form of investing therefore, offers a lot of flexibility and higher earnings than the DMADF. Where it is restricted is that once a longer term investment is made, that cash is locked in until the maturity date.

c) Notice accounts with high credit worthiness banks and building societies

The objectives are as for 1.b) above but there is access to cash after the agreed notice period (and sometimes access without giving notice but with loss of interest). This generally means accepting a lower rate of interest than that which could be earned from the same institution by making a term deposit.

d) Call accounts with high credit worthiness banks and building societies

The objectives are as for 1.b) above but there is instant access to recalling cash deposited. This generally means accepting a lower rate of interest than that which could be earned from the same institution by making a term deposit. However, there are a number of call accounts which at the time of writing, offer rates 2-3 times more than term deposits with the DMADF. Some use of call accounts is highly desirable to ensure that the authority has ready access to cash when needed to pay bills.

2. Deposits With Counterparties Currently In Receipt of Government Support/Ownership

These institutions offer another dimension of creditworthiness in terms of Government backing through either direct (partial or full) ownership or the banking support package. The view of this Council is that such backing makes these banks attractive institutions with whom to place deposits, and that will remain our view even if the UK sovereign rating were to be downgraded in the coming year.

a) Term deposits, notice accounts and call accounts with high credit worthiness banks which are fully or semi nationalised

As for 1.b), 1.c) and 1.d) above but Government ownership implies that the Government stands behind this bank and will be deeply committed to providing whatever support that may be required to ensure the continuity of that bank. This Council considers that this indicates a low and acceptable level of residual risk.

3. Securities

a) Certificates of Deposit

These are shorter term securities issued by deposit taking institutions (mainly banks) so they can be sold if the need arises. However, that liquidity (and flexibility) comes at a price so the interest rate on a Certificate of Deposit is less than placing a Fixed Term Deposit with the same bank.

4. Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)

a) Money Market Funds (MMFs)

By definition, MMFs are AAA rated and are widely diversified, using many forms of money market securities including types which this authority does not currently have the expertise or risk appetite to hold directly. However, due to the high level of expertise of the fund managers and the huge amounts of money invested in MMFs, and the fact that the weighted average maturity (WAM) cannot exceed 60 days, MMFs offer a combination of high security, instant access to funds, high diversification and good rates of return compared to equivalent instant access facilities. They are particularly advantageous in falling interest rate environments as their 60 day WAM means they have locked in investments earning higher rates of interest than are currently available in the market. MMFs also help an authority to diversify its own portfolio as e.g. a £2m investment placed directly with HSBC is a 100% risk exposure to HSBC whereas £2m invested in a MMF may end up with say £10,000 being invested with HSBC through the MMF. For authorities particularly concerned with risk exposure to banks, MMFs offer an effective way of minimising risk exposure while still getting much better rates of return than available through the DMADF. They also offer a constant Net Asset Value (NAV) i.e. the principal sum invested has high security.

5. Non-Treasury Investments

b) Share holding, unit holding and bond holding, including those in a local authority owned company

The objectives for the holding of shares, units, or bonds (including those in a local authority owned company) will vary depending on whether the Council wishes to undertake actual investments in the market or has the holding as a result of a previous decision relating to the management or provision of Council services. This Council will not undertake investments in the market in shares, units, or bonds but may, if required, hold shares, units, or bonds arising from any decisions taken by the Council in relation to the management or provision of Council services.

c) Loans to a local authority company or other entity formed by a local authority to deliver services

Having established a company or other entity to deliver services, a local authority may wish to provide loan funding to assist the company or entity. Any such loan funding would be provided only after consideration of the reasons for the loan, the repayment period for the loan, and the likelihood that the loan would be able to be repaid by the company or entity.

d) Loans made to third parties

Such loans could be provided for a variety of reasons such as economic development or to assist local voluntary groups. Any such loan funding would be provided only after consideration of the reasons for the loan, the repayment period for the loan, and the likelihood that the loan would be able to be repaid by the third party concerned.

e) Investment property

An investment in property would give the Council exposure to risks such as market risk (movements in property prices), maintenance costs, tenants not paying their rent, leasing issues, etc. This Council does not undertake investments involving property but may have investment property should there be a reclassification, due to accounting rules, of individual properties held by the Council.

FORECASTS OF INVESTMENT BALANCES

Investment Regulation 31 requires the Council to provide forecasts for the level of investments for the next three years, in line with the time frame of our capital investment programme. These forecasts are as follows:

INVESTMENT FORECASTS	2014/15	2015/16	2016/17
	Estimate	Estimate	Estimate
	£000	£000	£000
Cash balances managed in house			
1 st April	58,899	40,192	31,858
31 st March	40,192	31,858	36,451
Change in year	(18,707)	(8,334)	4,593
Average daily cash balances	49,546	36,025	34,155
Cash balances managed by cash fund managers			
1 st April	0	0	0
31 st March	0	0	0
Change in year	0	0	0
Average daily cash balances	0	0	0
TOTAL CASH BALANCES			
1 st April	58,899	40,192	31,858
31 st March	40,192	31,858	36,451
Change in year	(18,707)	(8,334)	4,593
Average daily cash balances	49,546	36,025	34,155
Holdings of shares, bonds, units (includes authority owned company)			
1 st April	2	2	2
Purchases	0	0	0
Sales	0	0	0
31 st March	2	2	2
Loans to local authority owned company or other entity to deliver services			
1 st April	0	0	0
Advances	0	0	0
Repayments	0	0	0
31 st March	0	0	0
Loans made to third parties			
1 st April	2,321	2,282	2,256
Advances	14	10	10
Repayments	53	36	36
31 st March	2,282	2,256	2,230
Investment properties			
1 st April	0	0	0
Purchases	0	0	0
Sales	0	0	0
31 st March	0	0	0

INVESTMENT FORECASTS (Continued)	2014/15	2015/16	2016/17
	Estimate	Estimate	Estimate
	£'000	£'000	£'000
TOTAL OF ALL INVESTMENTS			
1 st April	61,222	42,476	34,116
31 st March	42,476	34,116	38,683
Change in year	(18,746)	(8,360)	4,567

The movements in the forecast investment balances shown above are due largely to ongoing treasury management activity in accordance with the Council's treasury management strategy or, for loans made to third parties, in accordance with Council decisions made in respect of such loans.

The "holdings of shares, bonds, units (includes authority owned company)" are for Common Good whilst the Investment properties includes Council property and Common Good property.

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 18 countries: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, 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 goods and services produced by that economy over time. Negative growth in an economy is a reduction in the amount of 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.

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.

Finance Services
Inverclyde Council
March 2014.

Report To:	Policy & Resources Committee	Date:	25 March 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	ICT 25-3-14 Modernisation Update
Contact Officer:	Robert Stoakes	Contact No:	712764
Subject:	Modernisation Update		

1.0 PURPOSE

1.1 The purposes of this report are to update Members on the status of the Council's ongoing Modernisation Programme and to request authorisation to proceed with the procurement of Lagan Enterprise 14R1 upgrade and Integrated Self Service, in support of the Council's Digital Access Strategy.

2.0 SUMMARY

2.1 The Council's Modernisation Programme consists of:-

- Office Rationalisation
- Electronic Document Records Management System (EDRMS) Implementation
- Customer Service and Digital Access Developments
- Flexible Working

2.2 **Office Rationalisation.** Work is progressing broadly to plan, with a number of major projects (Central Library Offices, Port Glasgow Hub Office, Wallace Place and Greenock Municipal Buildings) already under way and other work at the planning / feasibility stage.

2.3 **EDRMS Implementation.** The new EDRM solution is now live in Revenues, Benefits and Customer Services. Supplementary work is now progressing that will allow integration between the EDRMS and the Council's eForms solution and Atlas.

2.4 Work is now developing to roll out the EDRMS in CHCP and to transfer Educational Psychology records to the new product and a business case for implementation in Planning and Building Control will be issued to the next Modernisation CIG.

2.5 A tender for backscanning and disposal of paper records in CHCP has been awarded. CHCP staff are now working on preparing records for the bulk back-scanning work.

2.6 Work is also progressing to fit out the Kingston Business Unit for the temporary storage of records.

2.7 **Digital Access.** Work agreed as part of the Council's Digital Access Strategy is progressing. This work breaks down into a number of project workstreams.

- Web Site Redesign. ICT is working with Corporate Communications and other services to draft a range of design approaches for consideration
- Kana/Lagan Developments
 - Citizen record data cleansing
 - Upgrade to Lagan Enterprise 14R1

- Procurement of Kana Self-Service Portal and Employee/Citizen Smartphone Reporting applications
- Prioritisation of service requirements and business process redesign

ICT are working with Environmental and Commercial Services to map business processes in relation to Roads and Lighting Fault Reporting, in advance of introducing mobile reporting and recording of faults.

Inverclyde CHCP wish to examine the feasibility of introducing a Single Point of Access to CHCP services and are working with ICT to examine the feasibility of using Lagan for this purpose.

- 2.8 **Flexible Working.** This work aims to improve staff productivity, reduce office accommodation requirements and minimise travel time and costs by giving staff the ability to work from a number of locations around the Council, so that staff have access to email, calendars, telephony services and the normal range of network access to files, folders and records.

Education

- Educational Psychologists
- Bring Your Own Device Trial in Clydeview Academy – Pupils and Teachers
- Education – ‘More Choices More Chances’ tablet use trial and Virtual School database development
- Education – QIO tablet use trial

CHCP

- CHCP – Children & Families at Port Glasgow
- CHCP – Welfare Rights at Port Glasgow

Corporate

- Corporate – Management tablet use trial
- Planning / Building Standards – trial of laptops for site visits

- 2.9 In order to meet the timescales of the above projects, ICT propose to extend the contract of the ICT Project Support Officer for an additional year subject to Committee approving the funding.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the current position of the projects that form the overall Modernisation Programme for the Council.
- 3.2 That the Committee authorise the procurement of Lagan Enterprise 14R1 upgrade and self-service software from the Modernisation Earmarked Reserve.
- 3.3 That the Committee approve funding from the Modernisation Earmarked Reserve to allow a 12 month extension to the Project Officer’s appointment.

Alan Puckrin
Acting Corporate Director Environment, Regeneration & Resources

4.0 BACKGROUND

4.1 The Council's Modernisation Programme consists of:-

- Office Rationalisation
- Electronic Document Records Management System (EDRMS) Implementation
- Customer Service and Digital Access Developments
- Flexible Working

4.2 **Office Rationalisation.** Work is progressing broadly to plan, with a number of major projects (Central Library Offices, Port Glasgow Hub Office, Wallace Place and Greenock Municipal Buildings) already under way and other work at the planning / feasibility stage.

4.3 The Port Glasgow Hub is due to complete in late March / early April. The accommodation will house CHCP staff, a small Customer Service function and a training function, for both CHCP and Corporate training. The office will have space for flexible workers in the form of hot desks and wifi availability.

4.4 **EDRMS Implementation.** The new EDRM solution is now live in Revenues, Benefits and Customer Services. Supplementary work is now progressing that will allow integration between the EDRMS and the Council's eForms solution and Atlas.

4.5 Initial discussions are underway regarding aspects of HR/OD implementation and a reference visit is being set up to Argyll & Bute Council for this purpose. Work is developing to roll out the EDRMS in CHCP and to transfer Educational Psychology records to the new product.

4.6 A tender for back scanning and disposal of paper records in CHCP has been awarded. CHCP staff are now working on preparing records for the bulk back-scanning work. Work is also progressing to fit out the Kingston Business Unit for the temporary storage of records.

4.7 **Digital Access.** Work associated with the Council's agreed Digital Access Strategy is progressing. This work breaks down into a number of project workstreams.

- Web Site Redesign - ICT is working with Corporate Communications and other services to draft a range of design approaches for the new Council website to support more transactional nature required by offering citizen self-service.
- Kana/Lagan Developments
 - Citizen record data cleansing
 - Upgrade to Lagan Enterprise 14R1
 - Procurement of Kana Self-Service Portal and Employee/Citizen Smartphone Reporting applications
- Prioritisation of service requirements and business process redesign

ICT are working with Environmental and Commercial Services to map business processes in relation to Roads and Lighting Fault Reporting, in advance of introducing mobile reporting and recording of faults. In addition, the Council is looking to participate in the 2nd stage pilot of a nationally-hosted system for recording Fly-Tipping incidents – FlyMapper.

Inverclyde CHCP wish to examine the feasibility of introducing a Single Point of Access to CHCP services and are working with ICT to examine the feasibility of using Lagan for this purpose. It is important to note that the Lagan 14R1 upgrade is required for this project.

4.8 **Flexible Working.** This work aims to improve staff productivity, reduce office accommodation requirements and minimise travel time and costs by giving staff the ability to work from a number of locations around the Council. The technology solutions provided will ensure that staff have access to email, calendars, telephony services and the normal range of network facilities, so that files, folders and records are available. PSN requirements will place some restrictions on access to certain types of information from locations outwith Council premises. These will be discussed in detail where relevant.

Education

- Educational Psychologists
- Bring Your Own Device (BYOD) Trial in Clydeview Academy – Pupils and Teachers
- Education – ‘More Choices More Chances’ tablet use trial and Virtual School database development
- Education – QIO tablet use trial

CHCP

- CHCP – Children & Families at Port Glasgow
- CHCP – Welfare Rights at Port Glasgow

Corporate

- Corporate – Management tablet use trial
- Planning / Building Standards – trial of laptops for site visits

4.9 **Existing ICT Project Officer Post.** In order to meet the timescales of the above projects, ICT propose to extend the contract of the ICT Project Support Officer for an additional year, subject to Committee approving the funding.

5.0 IMPLICATIONS

Finance

- 5.1 Financial Implications. One-off costs associated with the purchase of Lagan 14R1 Upgrade, the purchase of Self-Service – Web Portal and Smartphone application and with Web Site Redesign consisting of CMS Upgrade, potential SQL Server Licence Upgrade and potential changes to hosting charges.
- 5.2 Annual recurring charges – support / maintenance of Lagan Self-Service and potential changes to hosting charges. These costs will be offset from savings generated via the Modernisation investment.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
EMR	Modernisation Fund	2014-15	£27 (est)		Kana/Lagan Upgrade
EMR	Modernisation Fund	2014-15	£52 (est)		Kana/Lagan Self Service
EMR	Modernisation Fund	2014-15	£13 (est)		Web Site Redesign & Content Management System Upgrade
EMR	Modernisation Fund	2015-16	£42		ICT Project Officer Extension

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
ICT	Maintenance	2014-15	£15 pa (est)		Annual Support and Maintenance
ICT	Maintenance	2014-15	£5.5 (est)		Potential hosting charges

Legal

- 5.3 Legal and Procurement advice has been sought regarding the purchase of Lagan Enterprise 14R1.

Human Resources

- 5.4 The extension of the ICT Project Officer post is proposed to be funded from the Modernisation Earmarked Reserve.

Equalities

- 5.5 There are no equalities issues arising from this report.

Repopulation

- 5.6 There are no repopulation implications other than these developments will portray the Council as an innovative organisation and that Inverclyde is a desirable area to live in.

6.0 CONSULTATIONS

- 6.1 ICT is working with relevant Council services in order to establish service requirements for all the above work.
- 6.2 ICT is in the process of establishing contact with the Improvement Service regarding a number of initiatives that may be of benefit to the Council.

7.0 BACKGROUND PAPERS

- 7.1 None.

COMMITTEE: Policy & Resources

Project Name	1			2	3	4	6
	Est Total Cost	Actual to 31/03/13	Approved Budget 2013/14	Actual to 31/01/14	Projection 2013/14	Projection 2014/15	Projection Future Years
	£000	£000	£000	£000	£000	£000	£000
Revenue Costs - One-off (Earmarked Reserve)							
Mobile Working	10	8	2	1	2	0	0
EDRMS Staffing	10	0	5	5	5	5	0
CHCP Backscanning	45	0	5	0	5	30	10
Scanners	5	0	5	0	5	0	0
CHCP Backscanning post	35	0	0	0	3	32	0
Customer service development	150	0	150	11	24	75	51
Unallocated Budgets	323	0	39	0	0	0	323
	578	8	206	17	44	142	384
Capital Costs							
Civica Upgrade	9	0	9	9	9	0	0
Civica training & Development	15	0	3	2	3	12	0
EDRMS	80	52	28	27	28	0	0
Telephony System (CSC)	30	13	17	0	0	0	0
Liberata - Atlas Upgrade	9	0	9	9	9	0	0
CHCP Agile Working	22	0	22	22	22	0	0
Unallocated Budgets	367	0	0	0	0	0	367
	532	65	88	69	71	12	367
TOTAL	1,110	73	294	86	115	154	751

Report To: Policy & Resources Committee

Date: 25 March 2014

**Report By: Acting Corporate Director
Environment, Regeneration &
Resources**

**Report No: ICT 25-3-14
PSN Compliance Update**

Contact Officer: Robert Stoakes

Contact No: 01475 712765

Subject: PSN Accreditation Update 2014

1.0 PURPOSE

- 1.1 The purpose of this report is to update Committee on the current position with the Public Services Network (PSN) Accreditation process and to highlight changes that may be required to allow for continued accreditation.

2.0 SUMMARY

- 2.1 The Public Services Network provides the Council with secure access to a number of services provided by National, Regional and Local Government departments; Registers of Scotland (Births, Deaths and Marriage records), DWP, Violent and Sex Offender Register (ViSOR) as well as providing secure interdepartmental communications via GSX Email. Each year, the Council is required to accredit its compliance with PSN Code of Connection. The new accreditation process began in April 2012 and Council was awarded its PSN Accreditation on 31st July 2013, thereby granting continued access the secure PSN Network until 1st August 2014.
- 2.2 ICT Services has begun preparing for the next round of accreditation with the commissioning of the annual IT Health check. ICT is aware of developments and clarifications from the Cabinet Office which will require additional work from the Council for successful reaccreditation.
- 2.3 ICT Services and the Information Governance Steering Group (IGSG) have identified a number of areas of action that will be addressed as part of the process for re-accreditation. These include further Disclosure Checks, changes to some external web sites, Data Sharing and Mapping and the introduction of Two Factor Authentication for remote access. Work on these areas has been agreed and is underway for completion by the next submission date.
- 2.4 ICT Services has also identified a number of further changes that **may** be required, dependent on the development and clarification of policies in a number of areas. These will be clarified throughout the year and, at present, none is seen as causing significant difficulty, although all will require resources and time to address.

3.0 RECOMMENDATIONS

It is recommended that:

- 3.1 Committee note that the Council successfully completed the PSN accreditation process for 2013/2014.

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- 3.2 Committee note that accreditation is an on-going process and that there will be further changes required to Information Security policies, practices, and infrastructure.
 - 3.3 Committee note that ICT will continue to work in conjunction with Services and the Information Governance Steering Group to ensure the implementation of the necessary changes required to maintain the Council's PSN accreditation.

Robert Stoakes
Transitional Head of ICT

4.0 BACKGROUND

- 4.1 The Public Services Network provides the Council with secure access to a number of services provided by National and Regional Government departments; Registers of Scotland (Births, Deaths and Marriage records), Department of Work and pensions, Violent and Sex Offender Register (ViSOR), as well as providing secure interdepartmental communications via GSX email. Each year, the Council is required to accredit its compliance with PSN Code of Connection. The Council was awarded PSN Accreditation on 31st July 2013 granting continued access the secure PSN Network until 1st August 2014.
- 4.2 The Cabinet Office introduced a new accreditation process in April 2012 with the publication of a new Set of PSN Standards, Code of Connection Documentation and guidance on a new “zero tolerance” approach to the compliance process.
- 4.3 The general approach taken by the Council mirrors the requirements set by the Cabinet Office, so the effect on ICT service delivery by the new accreditation process has been minimal.

The core tenets of the process all broadly matched the Council's approach and infrastructure practices:

- segregated Networks (Corporate, Education and Libraries)
 - separate, secure PSN Infrastructure
 - separate GSX Mailboxes
 - no PSN data to be accessed from outside our core physical corporate network
 - no unmanaged devices (BYOD)
- 4.4 ICT Services has begun preparing for the next round of accreditation with the commissioning of the annual IT Health Check to be completed by May 2014. ICT is also aware of developments and clarifications from the Cabinet Office which will require additional work from the Council for successful reaccreditation. However this is no different from the previous (GSX) regime where the compliance process evolved as new threats and challenges were identified.
 - 4.5 ICT Services and the Information Governance Working Group have identified a number of areas of action that will be addressed as part of the process for re-accreditation. A full Action Plan (Appendix 1) has been developed and work is underway to review requirements, implement any changes and introduce new policies required to support continued PSN compliance. It should be noted that not all actions require to be completed for the 2014 assessment.
 - 4.6 Further Policies and Procedures may need to be developed to manage the flow of data used by Elected Members to ensure “official” Council information is not forwarded to home email addresses or stored on home or personal devices.
 - 4.7 The “zero tolerance” approach taken by the Cabinet Office means that there is now no leeway in the compliance process. If a service identifies and proposes a new way of working which would have an impact on the accreditation process, they must be aware that the costs to ensure compliance must be funded from within the project.

- 4.8 In particular, any significant changes to the Council's approach to agile working or any consideration for data sharing must be carefully considered and may require the use of significant external resources to ensure that the network design and infrastructure is provided in a secure and sustainable way that meets compliance requirements. Advice from SOCITM continues to be that Councils should refrain from planning or implementing any form of BYOD initiative until the Cabinet Office has completed its recommended design strategy.
- 4.9 A new Government Classification Scheme (GCS) replacing the existing Government Protective Marking Scheme (GPMS) will be introduced in April 2014. Indications suggest that the approach will be much simplified with the majority of data generated by the Council simply known as "Official" this should streamline how data is managed within the organisation.

5.0 IMPLICATIONS

Finance

- 5.1 Financial Implications. Potential additional costs are unknown at present. This will be clarified once the Council's annual ICT Health Check has been completed and an action plan agreed. At this point in time it is not envisaged that there will be any costs that cannot be contained in approved budgets.

CMT has agreed to fund the one-off costs of the Disclosure Scotland Basic Disclosure Check requirements of the Baseline Personnel Security Standard. It is anticipated that circa 1200 employees will require Basic Disclosure Checks at £25 per employee plus administration costs (£30,000 + £15,000). These costs are to be met from earmarked reserves.

One-off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
			To be confirmed		

Annual Recurring Costs / Savings

Cost Centre	Budget Heading	With Effect From	Annual Net Impact	Virement From (if applicable)	Other Comments
			To be confirmed		

Legal

- 5.2 There are no Legal implications.

Human Resources

- 5.3 There are new requirements related to safe recruitment processes that HR/OD are progressing.

Equalities

- 5.4 There are no equalities implications.

Repopulation

- 5.5 There are no repopulation implications.

6.0 CONSULTATIONS

- 6.1 The Cabinet Office is responsible for managing PSN Compliance for all local authorities. ICT consult fully with the allocated PSN Project Manager at The Cabinet Office.
- 6.2 SOCITM, the professional association for ICT Management, is working closely with The Cabinet Office on a number of aspects of the compliance process. ICT is liaising closely with SOCITM as this progresses.
- 6.3 PSN Scottish Design Workshop, the Council has been invited to work with other Las to design solutions for common issues affecting all PSN certified agencies.

7.0 BACKGROUND PAPERS

- 7.1 None.

Appendix 1 – PSN 2014/2015 Action Plan

Section 1 – Physical Security			
Control	Detailed Requirement	Action Required	Target Date
The connecting organisation shall ensure that physical access to buildings and rooms holding PSN equipment and terminals are secured.	Where a council or department uses PSN Services, the Server and Network Cabinet must be locked and the keys must be stored and controlled centrally by ICT. If possible the Cabinet must be in a locked room that only IT has access to (at the very least it must not be accessible except for custodial/security staff). Existing Hub rooms will no longer be permitted to be used for storage of non ICT Equipment.	Review all current ICT Cabinet Locations, confirm security requirements. Liaise with sites regarding security in hub rooms.	Site Surveys to be completed by 1 st October 2014
	Security enhancements to ICT hub rooms and network cabinets in locations out with Greenock Municipal Buildings. This will impact locations such as schools where hub rooms will no longer be permitted to be used as storage by the schools. Where necessary, additional security such as code locks will need to be installed – access will also have to be restricted to ICT Staff only.	Review Comms & Hub rooms in all Schools and remote locations – remove all non ICT equipment.	Site Surveys to be completed by 1 st October 2014
	We will need to implement key controls to the cabinets in remote location - discuss with Servicedesk requirements etc.	Replace locks and doors where required	Site Surveys to be completed by 1 st October 2014
	All PSN Services should be co-located in a separate and physically secure cabinet	Relocate PSN equipment to secure cabinet in Data Centre	10 th Jan 2014 - Completed
Section 2 – Personnel Security			
Safe Recruitment/BPSS	The customer shall ensure that any user, supplier or 3rd party involved in the consumption or provision of PSN Services receives appropriate security vetting. The vetting standards shall be based on the Baseline Personnel Security Standard (BPSS) or comparable	OD&HR have updated the Council's Safer Recruitment Policy to ensure compliance with BPSS	1 st Feb 2014 - Completed
	– OD&HR To review all existing employees and ensure Basic Disclosure Scotland Checks are completed for all staff by August 2015	OD&HR have begun the disclosure process for all staff	1 st August 2015
	Confirm details of PSN System users and confirm ongoing access requirements	Access confirmed for all PSN applications (BBIS, DWP, ViSOR) - ongoing work to confirm GSX Mail users.	1 st April 2014

	Third Party Users – all third party contractors and support staff will require to meet BPSS standards to work on any council system that can access the core Corporate network	Liaise with procurement to ensure requirement is included in general terms and conditions	1 st June 2014
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Section 3 – Data Sharing and Mapping

PSN Originating Data	It is a condition of access to the PSN that data originating from that source (PSN Originating Data) is treated with an appropriate level of security. It is forbidden to forward PSN originating data onto a less secure environment e.g. devices on the Schools Network or at home without the explicit consent of the data owner. Policies must be refreshed to ensure employees are aware of this restriction.	The IGSG has implemented a number of initiatives that will ensure compliance with this process. Information Asset Owners will be nominated for each service.	31 st October 2014
Data Mapping	An exercise to model the flow of traffic from PSN systems to ensure that they are understood and that no sensitive data is being copied onto insecure or otherwise inappropriate locations. Work being undertaken by the IGSG to implement an Information Asset Register and identifying Data Owners will be key to ensuring compliance with this requirement	As part of the Data Mapping exercise being carried out by IGSG all Data owners are being asked to identify Data Flow and Mapping.	TBC – following identification of Information Asset Owners
Data Sharing	The Information Governance Steering Group has recently reported to committee progress on robust data sharing agreements must be established with partner agencies to ensure that other organisation know exactly what actions can be taken with data sent to or from the Council. Work being undertaken by the IGSG to consolidate and enhance Data Sharing Agreements will be key to ensuring compliance with this requirement	IGSG Managing data sharing and use agreements.	TBC – following identification of Information Asset Owners
Secure data in Schools	There will be an increasing requirement to process sensitive data within schools and other educational establishments. It is likely that we will need to increase the number of corporate workstations available for use by teachers to provide a secure network environment in which to send, receive, record and process sensitive information about pupils.	ICT Services are initially responding to requests on a case by case basis. Longer term there will be a requirement to review the data stored on school networks	TBC

Section 4 – Remote Access

Implement Aventail	2 Factor Authentication (an additional form	Implement	11 th June
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Tokenless 2FA	of identification) will be required for all remote access to the Corporate Network. ICT has begun the work required to implement this requirement, utilising a facility within our existing SonicWALL Aventail SSL VPN and this work will be complete by the reaccreditation date. A unique 4 digit pin will be sent by SMS text message. This will be entered as part of the login process.	Aventail Tokenless 2FA, Create User instructions and implement changes.	2014
Home Working	There is still anecdotal evidence of staff emailing work to personal accounts to complete on their home/personal PCs. As there is no way to securely manage these devices and ensure that they are virus or spyware free, the Council must reinforce, with suitable sanctions, the current policy that forbids using home PCs for official purposes.	Remind all staff of current Acceptable Use Policy.	1 st June 2014
PSN Access	It will still not be permissible for PSN Services to be accessed by remote devices	Controlled by Firewall Rules to prevent onward transmission of data	1 st February 2014 - Completed
Authentication	It may be necessary for a unique username and password to be used to log in to the network from an external location(i.e. independent of normal log-ins)	Clarification to be issued by Cabinet Office	Awaiting advice from Cabinet Office
Device Security Settings	it may be necessary to implement further security enhancements on smartphones and PDAs. This may include restricting access to services and applications that are not managed by the Council.	Review Exchange Settings - business requirement for cameras etc. for individual staff groups.	1 st May 2014
HTTPS Authentication	Access to VPN via a secure/encrypted web connection	Completed – staff redirected to https: URL	1st Dec 2013 - Completed
Firewall Configuration	Amend configuration to support AP2 – walled garden	Minor network change required – will require downtime for remote network users	17 th May 2014

Section 5 - Configuration			
External Web Services	HTTPS and authentication will be required for any secured web sites and services. This will require an update to the online Planning System to reinstate online comments. This work has been agreed with the service and will be complete before the reaccreditation date.	Discussions ongoing with supplier	1 st June 2014
Managed Endpoints	Only devices owned, supplied and fully managed by the Council will be permitted to be attached and to access the Council's Corporate network. This will have implications for guests who will no longer be permitted to use their own laptops/notebooks on the Council network. The RVJB Staff within the Contact Centre will need to migrate to a Council-managed PC to access their systems. Solus screens and NHS PCs and notebooks will not be allowed to access Council IT systems (Although the current approach of allowing NHS staff to use Council systems to access NHS applications can continue)	The council had previously allowed guest access to internet services via wired or wireless network services. This will no longer be permitted	10 th January 2014 - Completed
Endpoint Security	No Mobiles to be connected via USB for charging/synchronisation. All connectivity to the council network via Aventura - attaching personal devices (iPods, iPhones and other personal mobiles) to corporate PCs for charging is seen as a security risk, as there is a possibility that the device could be compromised and present a security risk to the host device. This practice will need to cease	Updated advice to be issued to all staff – ICT will review system reports to identify devices attached to council equipment.	1 st July 2014
Review group policies for Windows 7	Follow guidelines at: followinghttps://www.gov.uk/government/publications/end-user-devices-security-guidance-windows-7-and-windows-8	Update group Policies where required	1 st March 2014 - Completed
Review general guidance for End User Devices	Follow guidelines at: https://www.gov.uk/government/publications/end-user-devices-security-guidance-enterprise-considerations	Update group Policies where required	1 st March 2014 - Completed
Review Wireless Network Configuration	Review existing Wireless configuration against AP12. Confirm existing restrictions including access to PSN Services via a wireless LAN	Update configuration as appropriate	3 rd March 2014 - Completed
Section 6 – Secure Email			
GSX Email	This system must only be used for receiving or sending data to other external secure email systems. The practice of using GSX mail for internal mail will no longer be	Updated advice to be issued to all staff – ICT will review system	1 st August 2014

	permitted. Updated user guidelines will be issued to staff.	reports to identify internal email or non-secure email.	
GSX Email	GSX Email - It is likely that we will need to move away from the current Lotus Notes-based GSX Email system as this moves out of support. A number of cloud-based secure email services are available via G-Cloud and it is anticipated that ICT will look to this solution.	Likely date will be mid-2015 ICT will investigate options.	1st June 2015
Section 7 – Unsupported Applications and Systems			
MS Windows XP and Office 2003	There is a requirement to migrate from our current Windows XP Operating System and MS Office 2003 Office suite, as they will no longer be supported by Microsoft from April 2014 and it is a requirement of the PSN process that all systems and applications are fully supported and receive regular security and functionality updates from the manufacturer. A project to update all PCs on the Corporate network has been implemented and is well underway	ICT Services are currently mid-way through a refresh programme to upgrade all corporate PCs to Windows 7 and Office 2010	1 st August 2014
Legacy Applications	All applications and systems on the Corporate Network must be fully supported and be receiving security and system updates. A number of systems have been identified that will no longer be permitted to be used and we will work with system users to provide alternative, fully supported systems.	Discussions ongoing with a number of services to ensure a smooth migration to supported applications.	1 st August 2014
Section 8 - Policy & procedures			
Security policy Framework	The Government Security Policy Framework (SPF) will continue to provide the overall template for the Council's approach to ICT Security, although greater emphasis will also be given to supplementary Good Practice guides and Architectural models published by the Cabinet Office.	Review SPF to ensure continued compliance/alignment of local ICT Security policies with national standards	1 st March 2014 - Completed
Network Security – IL2	The Scottish Government and the Cabinet Office have agreed to the recommendation that Scottish Local Authority ICT networks should be redesignated as Impact Level 2 from Impact level 3 – bringing Scottish LA's in line with other UK counterparts.	Awaiting change process from Cabinet Office.	1 st June 2015 Estimated
AUP	An updated AUP will be required to reflect and enhance the current security framework.	ICT and the IGSG to produce updated AUP for	1 st August 2014

		Committee approval	
Protective Marking	Introduction of the new Government Security Classifications	Update Council Scheme to reflect GSC – IGSG to review	TBC
Network Diagrams & Scope	A high level/logical network schematic shall be provided	ICT To Produce Updated Diagram	11 th June 2014
Remote Access network Diagrams	Provide Network Diagrams showing Dell SonicWALL Aventail design.	ICT To Produce Updated Diagram	11 th June 2014
Section 9 – IT Health Check			
Organisations shall implement an annual programme of IT Health Checks to validate equipment not provided as part of a PSN service that interacts with PSN services.	Third Party Penetration test to be commissioned and completed by 1st May 2014 Order placed & test scheduled for March/April 2014	Order placed & test scheduled for March/April 2014	1 st May 2014

Annex B - Glossary of Terms and Abbreviations

2FA	2 Factor Authentication; A two-step verification process to verify the identity of a user on a remote device such as a laptop or tablet.
AP2	Architectural Pattern 2 - UK Government approved internal network design for remote access to official system
AP11	Architectural Pattern 11 – UK Government approved network design for mobile remote access of official systems
AP12	Architectural Pattern 2 – UK Government approved network design for enterprise wireless networking.
AUP	Acceptable Use policy – Council policy governing use of ICT Systems.
BPSS	Baseline Personnel Security Standard – Foundation level of employment screening required by UK Government
BYOD	Bring Your Own Device – use of personally owned devices to access official information.
CESG	Communications-Electronics Security Group - The UK Government's National Technical Authority for Information Assurance (IA). Part GCHQ
CoCo	Code of Connection – Accreditation agreement and document detailing our responsibilities towards Information Assurance and ICT Security
GCHQ	Government Communications Headquarters – British Intelligence Agency responsible for UK Government Information Assurance
GCS	Government Classification Scheme – Document marking/classification scheme to be implemented on 1 st April 2014
GCSX	Government Secure Extranet – UK Government secure interdepartmental network classified to Impact Level 2
GSX	Government Secure Extranet – UK Government secure interdepartmental network classified to Impact Level 3
GCSX	Government Secure Extranet – UK Government secure interdepartmental network classified to Impact Level 2
GPMS	Government Protective Marking Scheme – Current document marking/classification scheme – to be replaced on 1 st April 2014
IL2	Impact Level 2 – Data up to the level of PROTECT under GPMS. Now no mapped link between IL and GCS
IL3	Impact Level 3 – Data up to the level of RESTRICTED under GPMS. Now no mapped link between IL and GCS
ITHC	IT Health Check – review by third party/external consultancy of the Councils ICT Systems and Network.
Legacy System	System retained for historical records or services – no longer supported by supplier.
PSN	Public Service Network
SoCITM	Society of IT Management – Professional body representing IT Managers primarily in the Public Sector or who deliver services for public benefit.

Report To:	Policy & Resources Committee	Date:	25 March 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	2014/P&R/03/AP
Contact Officer:	Alan Puckrin	Contact No:	712764
Subject:	Repopulation Outcome Delivery Group - Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to update Committee in respect of the work of the Repopulation Outcome Delivery Group (ODG) which supports the delivery of the Repopulation Outcome of the Single Outcome Agreement.

2.0 SUMMARY

- 2.1 The Policy & Resources Committee allocated £1m towards initiatives to help arrest the depopulation of the area and to attract individuals to move into the area.
- 2.2 The Repopulation ODG which reports to the Inverclyde Alliance is currently chaired by the Acting Corporate Director Environment, Regeneration & Resources and meets on an approximate six weekly basis, and receives updates from Lead Officers in respect of the nine Workstreams.
- 2.3 The main areas of progress to highlight to Committee at present are –
- a) Council Tax Discount Scheme to be launched during March 2014;
 - b) Self Build Plots Mid Term Report expected Mid-March and on target for presentation as part of the New Homes Exhibition in May 2014;
 - c) Relocation Officer in post from 10th March and beginning to build links with local services/groups;
 - d) Additional express train services from Gourock to Glasgow due to be implemented from Summer of 2014;
 - e) Mid market rental study complete and work progressing in respect of a Housing Options Guide;
 - f) Graduate entry scheme implemented and applications being processed;
 - g) Marketing grants and informal training grants for local businesses being issued;
 - h) Promotional campaign endorsed by the Corporate Management Team with a large banner being displayed on the M8 at Tradeston from 14th February for a period of three months. In addition, good progress being made in respect of a new “Inverclyde Living” website to be launched in the near future.
- 2.4 There have been delays in a couple of areas and these, plus the associated reasons for the delay, are outlined below –
- a) Start Up Grants/Interest Free Loans – delayed due to late arrival of Scottish Government confirmation of match funding;
 - b) Tourism Business Liaison – the post was advertised on three occasions with a limited response and as such no appointment was made. Discussions ongoing with Riverside Inverclyde as to a potential secondment to deliver the required outputs.

2.5 As part of the Graduate Entry programme, it is proposed that in order to encourage graduates to relocate to Inverclyde, assistance with housing costs be provided from the Repopulation funding. Proposals in this regard are outlined in the report.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee note the progress being made in respect of promoting Inverclyde and developing strategies to repopulate the area.

3.2 It is recommended that the Committee approve the proposal in respect of the Graduate Entry Scheme outlined in paragraph 5.4.

Alan Puckrin
Acting Corporate Director Environment, Regeneration & Resources

4.0 BACKGROUND

- 4.1 Repopulation has been identified as a key priority for the Council and as such was afforded a specific Outcome within the Single Outcome Agreement.
- 4.2 The Repopulation ODG is currently chaired by the Acting Corporate Director Environment, Regeneration & Resources and has membership from most Council services in addition to Police Scotland, Chamber of Commerce and Oak Tree Housing Association.
- 4.3 A budget of £1m was allocated by the Policy & Resources Committee to this initiative and the funding was spread over nine Workstreams on which regular updates are provided by Lead Officers.

5.0 CURRENT POSITION

- 5.1 The latest update in respect of each of the nine Workstreams is detailed in Appendix 1.
- 5.2 Good progress is being made in most areas and specifically the Committee is asked to note the following –
 - a) Relocation Support Grants – Council Tax Discount Scheme for owner/occupiers moving into Inverclyde is due to be formally launched in March in time for the 2014/15 Council Tax year. Policies and processes have been agreed and the newly appointed Relocation Officer will be responsible for promoting the scheme and signposting potential beneficiaries to the Revenues Team within Finance Services. Expectations are that the sum allocated will become oversubscribed and as such Officers are considering virement within the £1m to provide further support to this initiative;
 - b) Sites for Self Build – a site at Leperstone Avenue in Kilmacolm has been identified and it is estimated that eight houses could be built on the site. A report is due to be concluded by Mid-March in respect of the initial costings and value of the plots and the next stage will be to develop a full plan in time for the May 2014 Scottish Homebuilding Show in Glasgow where the site will be promoted;
 - c) Relocation Service – the Relocation Officer has been appointed and has recently commenced in post. The initial task for this Officer will be to establish links with local services/providers and to quickly build up a presence within the area to enable prospective incoming individuals/families to be directed to this service;
 - d) Additional Express Train Services – as previously reported, ScotRail have agreed that from Summer 2014 there will be additional express train services running from Gourock to Glasgow. This has been achieved with no financial contribution from the Council, although the Council will promote this service as part of its wider promotional campaign. Committee had previously requested that an approach be made to ScotRail in respect of increasing the frequency of trains from Wemyss Bay to Glasgow, and whilst contact has been made in this regard there is no further update at this point in time;
 - e) Mid Market Housing and Other Housing Related Opportunities – the mid market rent study was completed in February and will feed into the Repopulation Outcome Delivery Plan as well as key Council priorities such as the Broomhill Regeneration Masterplan. The Repopulation ODG has also agreed that a Housing Options Guide be prepared which will assist the Relocation Officer in attracting individuals to the area;
 - f) Graduate Entry Programme – the Employer Engagement Team are promoting the Graduate Programme and there are currently four graduate applications pending plus two individuals already attracted to work in Texas Instruments. Further promotional work is being undertaken via a press release and via the Chamber of Commerce to

identify other companies who can benefit from the Scheme;

- g) Grant Assistance for Local Businesses (Starts Ups and Growth) – Business Support Grants are progressing with 27 commitments totalling just over £33,000;
- h) Promotional Campaign – Appendix 2 shows the key constituents of the Repopulation Marketing Campaign. A visible manifestation of the level of ambition has been the large M8 banner which was launched at Tradeston on 14 February 2014. The Council has rented a three month use of the site which is viewed by tens of thousands of people every day. A key aspect of the Spring/Summer Campaign will be the launch of an Inverclyde Living website which will connect all key partners in the Repopulation agenda within Inverclyde to a single website. A presentation of the website and other related initiatives was made to the Inverclyde Alliance on 24 March. In addition the Council will be attending two national exhibitions in Glasgow during May 2014 to promote the various strands of the repopulation agenda in conjunction with key local partners including the Chamber of Commerce, Riverside Inverclyde and Inverclyde Leisure.

5.3 There has been slippage in two specific areas which are highlighted in the appendix and these are:

- a) Tourism Business Liaison – despite advertising the post on three occasions, the quality of response for this post has been poor and as such no appointment has been made. Discussions are currently ongoing with Riverside Inverclyde regarding a potential secondment into the post;
- b) Start Up Grants and Interest Free Loans – this initiative is reliant on confirmation of ERDF funding from the Scottish Government. This confirmation has only recently been received but the scheme is now underway.

5.4 At present, the financial incentive to relocate to Inverclyde is channelled through the Council Tax Discount proposal for owner/occupiers. It is requested that financial assistance be offered as part of the Graduate Entry Programme to encourage graduates to move into Inverclyde who if renting property are afforded assistance with their Council Tax costs to a similar level as that offered to owner/occupiers. This funding will be contained within the overall £1m allocation.

6.0 IMPLICATIONS

Finance

6.1 The overall detail of the phasing and spend of the Workstreams is shown in Appendix 3.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Earmarked Reserves	Repopulation	2013/16	£1m	-	

Annually Recurring Costs/ (Savings)

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

Legal Implications

6.2 There are no legal implications arising from this report.

Human Resources

6.3 There are no HR implications arising from this report.

Equalities

6.4 There are no equalities implications arising from this report.

Repopulation

6.5 The allocation of £1m and the delivery of the nine agreed Workstreams will provide key information in respect of the initiatives the Council should invest in further to reverse the population decline and begin to grow Inverclyde's population. The impact of the initiatives outlined in the report are being measured and reported back to Committee as appropriate.

7.0 CONSULTATIONS

7.1 This report has been produced in consultation with the Repopulation Outcome Delivery Group and the Interim Chief Executive of Riverside Inverclyde.

8.0 LIST OF BACKGROUND PAPERS

8.1 None.



Inverclyde Alliance

Repopulation Outcome Delivery Group

Action Plan Progress Report

January 2014

Local Outcome:	Repopulation
Covering Period:	October 2013 – January 2013
Lead Officer:	Alan Puckrin, Acting Corporate Director, Environment, Regeneration and Resources

Summary of progress since last report:

(A short concise summary of the progress made during the reporting period)

The Repopulation Outcome Delivery Group met on the 20th of January and the 24th of February. The group reviewed progress in regard to the actions set out in the outcome delivery plan, as well as a subgroup meeting taking place regarding population statistics and a variety of issues with the Migration assumptions issued by the National Records of Scotland. Progress on the actions includes:

Relocation Support Grants/Council Tax reduction: It is anticipated that this will be launched before April. All the paperwork is in order and a date will be set in the near future.

Additional Train services: Broader Inverclyde promotional campaign will include promotion of additional train service.

Mid-Market Rent Study: Work completed re the Mid-Market Rent Housing study. Will have final meeting with consultants to complete and sign off report in early February. The Repopulation group will receive an exec summary of the report and key points. MMR study will also feed into Broomhill Regeneration Masterplan.

Relocation Service: The Relocation Officer has been appointed and commences with Economic Development shortly. The officer will be located at the Business Store.

Graduate Entry Programme: The Employer Engagement Team are promoting the graduate programme with the companies they are already engaged with and to date have recruited 9 graduates in the community sector and 4 in the private sector. However, this initiative is aimed at graduates prepared to relocate to Inverclyde. To date there has been one graduate recruited from Northern Ireland to work in Texas Instruments.

Promotional Campaign: M8 banner has been agreed, with RI contribution to complement Council funding. High profile location to launch campaign. Banner launched on 14 February.

Membership of group

Organisation	Name
Inverclyde Council (Lead Officer)	Alan Puckrin
Stepwell	Steve Watson
OakTree Housing Association	Nick Jardine
River Clyde Homes	Angela Spence
Police Scotland	Allan O'Hare
Inverclyde Council, Property and Facilities Management	Alan McClintock
Inverclyde Council, Planning	Fergus MacLeod
Inverclyde Council, Housing Strategy	Ronny Lee
Inverclyde Council, Education	Elizabeth Robertson
Inverclyde Council, Economic Development	Jackie Hill
Inverclyde Council, ICT	Gregor Gillespie
Inverclyde Council, Corporate Communications	George Barbour
Inverclyde Council, Safer and Inclusive Communities	Drew Hall
Inverclyde Council, Corporate Policy and Partnership	Miriam McKenna
Inverclyde CHCP, Planning, Health Improvement and Commissioning	Andrea Connolly

Affiliated groups/Groups reporting to Outcome Delivery Groups: N/A

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DRAFT

1. Relocation Support Grants

Name: Liz Brown **Contact Email:** liz.brown@inverclyde.gov.uk

Description of Proposed Action: Council Tax Reduction (over 2 years) for Owner-Occupiers moving into Inverclyde

Progress:
Ready to go when launch date decided. Policy and forms agreed. Will inform staff once date decided. AP, LB, JH and GB to agree date. Will be launched well before April.

Indicator	Target	Current Performance 31.1.14	Status (RAG)	Commentary
Launch of Council Tax Reduction for New Owner Occupiers	April 2014	Liz Brown & George Barbour to liaise re launch of scheme. Date of launch and publicity details to be agreed and implemented	Green	Policy agreed
No. of new residents applying for reduction from budget of £30,000	Up to 30 reductions of £1,000 awarded	Project not commenced	Amber	Awaiting formal launch

2. Identify Sites for Self Build

Name: Alan McClintock **Contact Email:** alan.mcclintock@inverclyde.gov.uk

Description of Proposed Action:
Support the development of self build sites as part of the housing development strategy of the Local Development Plan. Possibility of three sites with around 12 to 15 homes created. Funding will cover detailed site assessment, site particulars, appointment of planning consultants, architectural services and promotion of self build sites. Funding would not include site infrastructure work at this stage.

- Can be subsumed into Local Development Plan (2014 for fully adopted plan)
- Could create a Developer Forum, to sell the message that 'Inverclyde is Open for Business' to housebuilders
- Can 'market' to people the identified sites in the LDP on the 'Self Build Scotland' forum/site
- Could also develop Homesteading approach, where people are given opportunities to bring sub standard housing up to scratch with either grant aid or low cost/no cost for property (link to Empty Homes Initiative)
- Potential to support self builders to establish a self build housing co-operative
- Possible focus on self build green homes.

Progress:

Have appointed architects, looked at the site in more detail and developing the plan. 8 no. of houses possible on Leperston Avenue site. To engage with various bodies e.g. Planning, Scottish Power, Scottish Water, to confirm capacity of existing infrastructure. Will have full plan pulled together for the May exhibition. Still to develop the approach as to how will facilitate the common areas, e.g. infrastructure. Will only be able to plan a vehicle for this once have all the costs in and the value of the plots. Should have this at the end of February. Will need to bring in appropriate skills to identify how will deliver project e.g. whether through a Co-operative etc.

Other sites that have been identified are different – part of developments anticipated to be private sector development, therefore infrastructure will be provided by the company developing the site.

Indicator	Target	Current Performance 31.1.14	Status (RAG)	Commentary
Identify Sites for Self Build	Identify sites	Complete	Green	The Council undertook a masterplanning exercise for 5 sites identified across Inverclyde. Leperston in Kilmacolm is the initial focus.
Leperston Drive in Kilmacolm				
Appoint Consultant	November 2013	Complete	Green	Consultant appointed
Mid term report with budget costs	February 2014	In progress	Green	Study in progress
Submit Report	April 2014	In progress	Green	On Target
Establish Self Build model	April 2014		Amber	No action to date
Project Presentation	May 14 Exhibition		Amber	Presentation drawings should be ready but focus of presentation subject to self build model
Establish Self Build Group	August 2014		Amber	Not defined to date
Sell Plots	March 2015	Not Commenced	Amber	
Install infrastructure	August 2015	Not Commenced	Amber	
Plot Development Commencement	August 2015	Not Commenced	Amber	
Second Development				
Progress further Schemes	Dependant on success of Leperston Drive Project	Not started	Amber	N/A

3. Relocation Service/Inverclyde Migration Service

Name: Jackie Hill

Contact Email: Jackie.hill@inverclyde.gov.uk

Description of Proposed Action:

Development of a Relocation Service which provides a personalised support package for people moving into the area / investigating the area as a place to live. This service could provide substantial follow-up to web portal requests, where people note their interest in moving to Inverclyde.

Support to “clients”, based on self-indicated areas of interest:

- Discussion of options
- Personalised Information gathering for / on behalf of clients
- Supporting / organising “Reconnaissance Visits” to the area
- Linking in with local provisions / services / groups / individuals as relative to client needs – start to build picture of the client’s community
- Legwork on behalf of the client – facilitating practical aspects of investigation / move
- Distribution of free legal fees
- Engagement with local ‘champions’ who can help to sell the area to prospective migrants.

Bearing in mind the demographic groups we are trying to target into Inverclyde, this service may be attractive in appealing to young professionals as an aspirational / lifestyle service, and to young families as a consolidative / timesaving service.

Clear link with Housing Options Guide development by Strategic Housing Team. Will require to link with this to reduce duplication.

Link with Corporate Communications on developing the website to promote Inverclyde.

Progress:

Relocation Officer has now been recruited and has a start date of 10 March. The officer will be based within the Economic Development Team at the Business Store.

Indicator	Target	Current Performance 31.1.14	Delivery Dates	Status (RAG)	Commentary
Appoint Relocation Officer	Interviews – mid Dec.	0	31 Dec 2013	Green	Candidate recruited. Starts 10.3.14
No. of Clients Relocating to area	Up to 10 families per annum	0	31 March 2015	Not Started	£96k – Relocation Support Costs

4. Lobby for and Promote Additional Express Train Services

Name: George Barbour

Contact Email: george.barbour@inverclyde.gov.uk

Description of Proposed Action:

Lobby for Additional Express Train Services.

Progress:

Scotrail have agreed to introduce an additional service from 2014. Update discussion required with ScotRail – Aubrey Fawcett to take forward.

AF to investigate whether the Wemyss Bay service could be increased.

Scotrail have no plans for an active promotion of our new service (other than a new timetable), but could contribute to our campaign e.g. offering annual season tickets as promotional gifts, and potentially opening up access to some of their advertising mechanisms. Broader Inverclyde promotional campaign will include promotion of additional train service.

5. Analysis of potential for Mid-Market Rent Housing and other housing related opportunities

Name: Ronny Lee

Contact Email: Ronny.Lee@inverclyde.gov.uk

Description of Proposed Action:

Undertake analysis of the potential uptake of mid-market rent (MMR) housing in the Inverclyde Council area to inform future investment decisions by the council and by key partners in RSLs. The proposed research will also consider the potential for converting existing RSL stock for use as MMR housing following recent Scottish Government approval of a pilot project by an RSL.

Progress:

Work completed re the Mid-Market Rent Housing study. Will have final meeting with consultants to complete and sign off report in early February. The Repopulation group will receive an exec summary of the report and key points. MMR study will also feed into Broomhill Regeneration Masterplan.

Housing Options Guide: Short life working group formed, interest from housing providers, e.g. estate agents. Letting agents, GSPC. Moving forward, meeting shortly. Looking at how we would present a housing options guide, how it would look on the web, access and linkages. Relocation officer will attend the meeting.

Landlord accreditation scheme: £2000 will enable us to join a nation-wide Landlord Accreditation Scotland scheme, starting April 2014, to run it for a calendar year. Private landlords have been engaged with. Accreditation provides benefits, (homelessness). Will tie in with Housing Options Guide. Publicity will be

out in late March. Free for Landlords to register, but they will have access to reduced cost training. (Broomhill regen project – mid market rent study will feed into this.)

Indicator	Target	Current Performance 31.1.14	Status (RAG)	Commentary
<i>Undertake analysis of potential for Mid Market Rent Housing in Inverclyde from budget of £25,000.</i>	Delivery of Final Report	Completed December 2013	Green	Final Report completed on target Cost £7,000
<i>Future use of Mid Market Rent Research</i>	HNDA2 to be produced by mid-2014	On target	Green	Research findings to inform production of HNDA2, due for completion by mid-2014
<i>Develop Housing Options Guide (HOG) for the Inverclyde Council area from budget of £25,000.</i>	Develop HOG by mid-2014	On target	Green	Being developed as part of LHS Action Plan. Short life working group in place to lead development, on target for completion by mid-2014
<i>Establish Landlord Accreditation Scheme (LAS) in Inverclyde Council area from budget of £25,000.</i>	Commence LAS within IC area	Commence LAS within IC area	Green	Registration and commencement of scheme due 1 April 2014
<i>LAS training for Private Landlords</i>	Early 2014	On target	Green	Training events to be provided on LAS for private landlords prior to 'going live' in April 2014

Note: HNDA = Housing Need and Demand Assessment produced for the Glasgow and the Clyde Valley area conurbation and for the Inverclyde Council area.

6. Graduate Entry Programme

Name: Jackie Hill

Contact Email: Jackie.hill@inverclyde.gov.uk

Description of Proposed Action:

The National Data hub has been developed by Scottish Government and Skills Development Scotland to support post 16 transitions in Scotland. This is a means of tracking young people after they leave school, in order to keep routes open for continued support if / when needed.

The data hub will essentially provide a means of communication with all Inverclyde young people, post 16. For the purposes of this proposed development, we would be particularly interested in those who have accessed Further and Higher education.

It will be possible to identify those young people who are approaching the end of their studies (and which courses they have studied) in order to resume actual contact to support them in making positive transitions post-university. At this point, analysis could be done to consider promotion of available careers options locally, and to promote the return to Inverclyde with local(ish) job prospects to start their careers. It will be possible to build up contact lists of graduates to market local jobs to them which match their areas of study.

This proposal is entirely in line with the Scottish Government publications relating to Post 16 Transitions “Data Practice Framework” and “Revised Policy & Practice Framework” which outline the relationships that Universities and Community Planning Partnership will have / could have in supporting young people as much as possible as they leave tertiary education. *Refer to pg 11 of the Data Practice Framework and to pg 29 of the Policy & Practice Framework for examples of this.*

The Council's Employability Pipeline Graduate Programme has recently been extended allowing suitable candidates to be placed in private sector business for a period of 12 months. It is proposed to extend this programme to allow a further seven places to be created for a period of two years per graduate at 50% intervention, in line with state aid guidelines. The candidates will be required to demonstrate that they have moved into Inverclyde for the period of employment.

Progress:

The Business Development Team are making contact with Account Managed companies with less than 250 employees as these companies are eligible for our business support products which we will promote alongside the graduate programme.

The Employer Engagement Team are promoting the graduate programme with the companies they are already engaged with and to date have recruited 9 graduates in the community sector and 4 in the private sector. However, this initiative is aimed at graduates prepared to relocate to Inverclyde. To date there has been one graduate recruited from Northern Ireland to work in Texas Instruments. A wage subsidy of £13,468, divided into monthly instalments, is paid to Texas Instruments for 52 weeks. £2,072 has been paid to date.

There are currently 4 graduate applications pending. If there are no suitable candidates locally, we will advertise more widely with the aim of attracting

graduates willing to relocate to the area.

SW will update the Chamber of Commerce to attempt to identify additional companies who can benefit from the graduate scheme, and outline commitment etc.

Contact has been made with Inverclyde's current university students to link them with future opportunities.

Indicator	Target	Current Performance 31.1.14	Delivery Dates	Status (RAG)	Commentary
£150,000 to Graduate Programme: No. of businesses engaged in Graduate Programme	Up to 8	1	31 March 2015	Green	SE Account Managers informed. EE Unit working with employers. Bus Dev't Team engaging with local businesses
No. of Graduate places offered	Up to 8	1	31 March 2015	Green	Budget - £150k. Up to £16k @ 50% intervention for up to 2 yrs

7. Grant Assistance for Local Business Start Ups and Growth

Name: Jackie Hill

Contact Email: jackie.hill@inverclyde.gov.uk

Description of Proposed Action:

Provide grant assistance for local businesses.

Progress:

£100,000 has been allocated to this action. Have used £50,000 as match funding for an ERDF SME growth programme jointly working with East Renfrewshire and Renfrewshire, making £104,000 available for Inverclyde. This is a 2 year programme ending on 31 March 2015. It should have commenced in July 2013 but Scottish Government approval was not received until September 2013. Promotion of the programme will be undertaken by Business Gateway via their E-Zine.

The remaining £50,000 is split between £25,000 for Marketing Grants and £25,000 for Informal Training Grants.

To date:

- £7,542 committed to Marketing grants of which £1,237 has been paid
- £5,678 committed to Informal Training grants of which £790.50 has been paid

- £6,000 committed to Young Company Development Fund. No payments made

This initiative is additional to Business Gateway programmes and referrals will come through Business Gateway. It is not available for Advisory Services.

A new marketing campaign has been launched to promote the support available.

Indicator	Target	Current Performance 31.1.14	Delivery Dates	Status (RAG)	Commentary
<i>No. of businesses accessing grants or loans from budget of £100,000 of which:</i>	- Up to 10 Start Up Grants of up to £1,000	0	31 March 2015	Amber	Start delayed due to late arrival of Scottish Govt offer letter, now received.
£50,000 match funding to ERDF Project	- Up to 14 grants from Young Company Development Fund averaging £6,000 @ 50% intervention rate	1 commitment of £6,000	31 March 2015	Amber	
	- 2 Interest Free Loans of up to £5,000 each	0	31 March 2015	Amber	
£50,000 to business support of which: £25k to Marketing Grants	- Up to 25 Marketing Grants of up to £1,000 @ 50% intervention rate	7 commitments totalling £6,542 of which £1,237 has been paid.	31 March 2015	Green	Ongoing
£25k to Informal Training Grants	- Up to 25 Informal Training Grants of up to £1,000 @ 50% intervention rate	9 commitments totalling £6,678 3 grants paid totalling £790.50	31 March 2015	Green	Ongoing

8. Tourism Business Liaison

Name: Jackie Hill

Contact Email: jackie.hill@inverclyde.gov.uk

Description of Proposed Action:

The post holder will develop and deliver an ambitious tourism and events programme to promote Inverclyde as a tourism destination. The key role is to co-ordinate and support Inverclyde's businesses and tourism organisations in order to contribute to the wider economic growth agenda for the area. The post holder will provide a high level of service delivery in order to attract visitors and generate significant economic benefits on behalf of Inverclyde Alliance, the Community Planning Partnership.

Progress:

Quality of applications have been poor. Interviews were held, but no suitable candidate was found. Head of Regeneration & Planning to discuss with Interim Chief Executive of RI. Possibility of a secondment into the post.

Indicator	Target	Current Performance 31.1.14	Delivery Dates	Status (RAG)	Commentary
Appoint Tourism & Business Liaison Co-ordinator	Appoint temporary postholder	0	31 March 2014	Amber	Tourism post being readvertised again
No. of Tourism Events Supported via Tourism & Business Liaison Co-ordinator	2 per annum over 2 years	0	1 by Sept 2014 1 by March 2015	Amber	Not yet started

9. Promotional Campaign

Name: George Barbour

Contact Email: george.barbour@inverclyde.gov.uk

Description of Proposed Action:

1. Create an overall campaign to promote Inverclyde which incorporates developing an annual activity which would bring people in to visit the area e.g. a river festival and build on existing activity, especially events we're not currently engaged with.
2. Change/update the signage for the area, especially on entry to Inverclyde.

Progress:

M8 banner has been agreed, with RI contribution to complement Council funding. High profile location to launch campaign. Launched on February 14. .

The Herald are looking to relaunch their Scotland's Homes website and there are attractive packages, which we could take advantage of. Been engaging with Right Move re targeted promotion.

Attendance at events – subgroup to be set up to identify how to spread the benefits. Now have outline design in place can now develop this and use at events. Would like to make space available for local businesses at the Ideal Homes Show and will engage with the Chamber of Commerce and Economic Development.

Chamber of Commerce will work to identify how to take advantage of the promotional campaign, particularly with the M8 banner coming up.

Will need to start developing the website to match the advertising campaign. The social media site has been set up and there will be direct social media advertising.

GB setting up subgroup regarding attendance at Ideal Homes Exhibition and the Scottish Homebuilders Show in May.

Indicator	Target	Current Performance 31.1.14	Status (RAG)	Commentary
Attendance at national events	Attend two national events – Ideal Home Show and Scottish Homebuilding Show			
Create social media and e-newsletter presence to promote Inverclyde	Create and maintain social media and e-newsletter presence	Facebook profile created with 1,000 followers as a platform to build in 2014		
Increase profile of Inverclyde through advertising and promotion	Identify 'opportunities to see' for each advertising and promotional mechanism			

Inverclyde Living : Outline marketing spend

Mechanism	Budget	Date	Partners
Event attendance/display material	£25,000		
-Ideal Home Show held at the SECC, Glasgow (display material; event attendance, leaflet production, hand-outs and give-aways)		Ideal Home Show SECC, Glasgow (23 – 26 May 2014)	Inverclyde Council; Greenock Chamber of Commerce; Riverside Inverclyde; Housing associations; Inverclyde Leisure; estate agents; local leisure and tourism providers; housebuilders.
-Scottish Homebuilding Show held at the SECC, Glasgow (display material; event attendance, leaflet production, hand-outs and give-aways)		Scottish Homebuilding show SECC, Glasgow (17 – 18 May 2014)	
Print advertising/feature sponsorship/print material	£35,000		
-Information pack		March 2014	
-Flyers/leaflets (as required)		March 2014	
-Advertising in national publications (to be negotiated) and focussed on key events in Inverclyde calendar (e.g. Start of cruise ship season and opening of Gourock swimming pool season with Riverside Inverclyde)		May – June 2014	Chamber of commerce; Riverside Inverclyde; Greenock Chamber of commerce, Inverclyde Leisure, others as required.
- Inverclyde feature in Scotland's Homes http://www.scotlandshomes.co.uk/inverclyde incorporating:		February – April 2014	
-Dedicated page created on the website featuring Inverclyde with search facility for Inverclyde properties and dedicated content on Inverclyde; its history and attractions.			
-Super leader board adverts will use geo-targeting to identify individuals searching for properties in the following locations:			
<ul style="list-style-type: none"> • South Ayrshire • East Ayrshire • East Dunbartonshire • Glasgow City • Renfrewshire • East Renfrewshire • North Ayrshire • South Lanarkshire • North Lanarkshire • West Dunbartonshire 			
-Competition promotion to Scotland's Homes database of contacts			

Online and social media promotion:	£16,000		
-Facebook presence created and adverts actively promoting 'Inverclyde' externally. -@Inverclyde twitter using matching design and promoting messages throughout campaign.		February 2014	In developing content all partners will, at some point, be involved throughout the next year.
-Targeted social media promotion to 'movers' within a 50 mile radius of Inverclyde		February to April 2014	
-Online short burst promo to tie in with other activity (e.g. attendance at events, launch of campaigns)		May – June 2014	
-Creation of stand-alone web presence for campaign		March 2014	In developing content all partners will, at some point, be involved throughout the next year.
e-newsletter/database build	£5,000		
-e-mail template created		March 2014	
-Monthly email produced and delivered (content to be created by relocation officer post)		March – December 2014	In developing content all partners will, at some point, be involved throughout the next year.
Outdoor advertising	£25,000 (excludes £10,000 contribution from RI)		
-25m banner produced and launched at Tradeston area of Glasgow next to M8 motorway.		February – April 2014	Inverclyde Council; Riverside Inverclyde; Greenock Chamber of Commerce; Greenock Telegraph; Inverclyde Alliance; Inverclyde Community Health and Care Partnership; Oak Tree Housing Association; River Clyde Homes; Scotrail;
Signage	£5,000		
-Improved entrance signage to Inverclyde (on hold)			
Promotional video	£17,000		
-Production		March to June 2014 (TBC)	Detail of partner involvement to be confirmed but key players expected to be involved for filming permissions.
-Launch		July 2014 (TBC)	

Design/photography	£12,000		
-Design for Riverside Living campaign theme including all material online and print. -License for photography -Commission photography when required		February – July 2014	

Repopulation & Promoting Inverclyde

APPENDIX 3

Project	Budget	Planned Spend 2013/14 £000 (to be completed by Service)	Spend to Date as at 18/02/14 £000	Planned Spend 2014/15 £000 (to be completed by Service)	Planned Spend 2015/16 £000 (to be completed by Service)	Planned Spend 2016/17 £000 (to be completed by Service)	Total Planned Spend £000	
1 Assistance with Council Tax	30	0	0	0	15	15	0	30
2 Mid-Market Housing Initiatives	25	7	0	0	10	8	0	25
3a Graduate Entry Programme	150	4	2	2	70	76	0	150
3b Ongoing Business Support	100	34	5	5	66	0	0	100
3c Development of Tourism	150	0	0	0	75	75	0	150
3d Relocation Service	155	1	1	1	77	77	0	155
4 Self-Build Housing	250	0	0	0	50	200	0	250
5 Promotional Campaign	140	66	35	35	74	0	0	140
	1,000	112	43	437	451	0	0	1,000

Report To:	Policy & Resources Committee	Date:	25 March 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	2014/P&R/05/AP
Contact Officer:	Alan Puckrin	Contact No:	712764
Subject:	Welfare Reforms Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to update Committee in respect of the Council's response to Welfare Reform changes and to seek Committee approval for a revised Discretionary Housing Payments Policy to come into effect from 1st April 2014.

2.0 SUMMARY

- 2.1 The Scottish Welfare Fund Team continues to receive approximately 200 calls and approximately 80 applications per week. The position as at 21st February 2014 is outlined in Appendix 1 and shows that payments of £468,000 have been made against a budget of £732,000.
- 2.2 The latest position in respect of 2013/14 Discretionary Housing Payments made in relation to the Social Sector Size Criteria Policy is shown in Appendix 2. Officers continue to closely monitor spend to ensure that the Council fully utilises the allocation for 2013/14.
- 2.3 As previously reported, the Council's ceiling for Discretionary Housing Payments is due to increase in 2014/15 by £83,000 to £526,000. In light of this, a revised Policy is attached as Appendix 3. The main change from the current policy is to increase the financial hardship threshold for excess income over expenditure from £40 per week to £60 per week.
- 2.4 The Council is awaiting confirmation from the Government as to how much it will receive of the £35million of Welfare Reform Funding announced by the Scottish Government on 5th February. Once confirmed, Officers will be able to advise how much further funding is required by the Council to ensure that the Council spends up to the DHP ceiling of £526,000 in 2014/15.
- 2.5 One issue which is apparent from the Government announcement regarding the £35million of DHP support is the perception in the community that the Social Sector Size Criteria Policy no longer exists and as such the non-benefits funded rental charge does not have to be paid. This is leading to confusion amongst individuals whose applications for DHP are being rejected due to the Council's requirement to stay within the limits set by the DWP. The Committee is asked to note that Officers estimate that in 2014/15 there is a funding gap of approximately £278,000 between the maximum amount of funding allowed to be spent by the Council and the impact of the Social Sector Size Criteria on households within Inverclyde.
- 2.6 David Mundell MP visited the Council on 27th February 2014 as part of a programme of visits to all Scottish Councils to receive an update in respect of the impacts of Welfare Reforms. Officers made a presentation to Mr Mundell (Appendix 4) and thereafter the Council Leader stressed to Mr Mundell the need to remove some of the legislation in relation to Welfare Reforms and to provide greater levels of funding and autonomy to Councils.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the contents of this Welfare Reforms update.
- 3.2 It is recommended that the Committee approve the Discretionary Housing Payments Policy in Appendix 3 and agree that the policy is to come into effect from 1st April 2014.

Alan Puckrin
Acting Corporate Director Environment, Regeneration & Resources

4.0 BACKGROUND

- 4.1 The Committee has received regular reports on the impact of the implementation of the Welfare Reform agenda within Inverclyde. Approvals have been given for policies for the Scottish Welfare Fund and the application of Discretionary Housing Payments in relation to the Social Sector Size Criteria.
- 4.2 At the last meeting of the Policy & Resources Committee, the Committee were advised that a revised Policy in respect of Discretionary Housing Payments would be presented to this Committee for approval.

5.0 SCOTTISH WELFARE FUND

- 5.1 The Scottish Welfare Fund position is outlined in Appendix 1 of the report and shows that as at 21st February 2014, payments of £468,000 had been made against a budget of £732,000. In addition, there are currently 87 applications awaiting to be processed.
- 5.2 This spend equates to approximately 64% of the annual budget and as previously advised any underspend will be carried forward into 2014/15. Committee is asked to note, however, that at present weekly spend levels are in line or even slightly in excess of the budget profile.
- 5.3 The Scottish Welfare Fund team receives approximately 200 calls per week and approximately 80 applications per week. A significant number of calls result in referral to the DWP for short-term benefit advances. One matter which is leading to increased activity relates to DWP Sanctions where benefits are reduced leading to applicants approaching the SWF.

6.0 DISCRETIONARY HOUSING PAYMENTS

- 6.1 Appendix 2 outlines the latest position in respect of the 2013/14 Discretionary Housing Payments which are made in relation to the Social Sector Size Criteria Policy.
- 6.2 It can be seen that Officers are projecting that the Council will spend to its DHP ceiling by 31st March 2014. Committee is asked to note that this is a complicated process as the Council cannot exceed its allocation and all payments require to be made by 31st March. Officers are currently examining the extent to which backdated payments can be made for late applications without exceeding the DWP limit.
- 6.3 As advised at the last Committee, the Council has been advised of an £83,000 increase in its ceiling for DHP in 2014/15. This has afforded the opportunity to review the DHP Policy and the proposed Policy for 2014/15 is attached as Appendix 3.
- 6.4 The most significant change is in relation to the extent to which financial hardship can be taken into account when considering awards. During 2013/14, the Financial Hardship Limit was £40 per week excess of income over expenditure and this can be increased to £60 per week in 2014/15.
- 6.5 In addition, it is proposed for those households with 2 surplus bedrooms that the financial threshold be increased by a further £10 per week to £70.
- 6.6 As was the case in 2013/14, Officers will monitor the situation on a weekly basis and report to Committee each cycle during 2014/15. If required, proposals will be put before Committee to amend the Policy to ensure that the full sum is utilised.

7.0 SCOTTISH GOVERNMENT FUNDING

- 7.1 On 5th February, the Scottish Government announced a further £15million on top of the

£20million previously announced to assist in the funding of Discretionary Housing Payments. At the time of writing the report, the Council has not received details of its allocation and whether this will be sufficient to fully fund the difference between the DWP award of £211,000 and the financial ceiling of £526,000.

- 7.2 The announcement of the £35million funding was portrayed in the media that this had effectively put an end to the Social Sector Size Criteria Policy and this has caused some confusion within the local community. Committee is asked to note that, as things stand, the Council cannot spend more than £526,000 in 2014/15 on Discretionary Housing Payments. Based on the most recent figures, it is anticipated that the impact of the Social Sector Size Criteria costs local households approximately £804,000 and as such it can be seen that there is a £278,000 shortfall between the amount the Council is allowed to spend and the impact.
- 7.3 Unless there is a change in the legislation then the Council cannot meet this difference via DHP. Officers will however continue to examine options to address this issue.
- 7.4 The Scottish Government has formally approached the Department for Work & Pensions to request that Social Size Criteria Policy be devolved to the Scottish Parliament but Officers are unaware of any progress in this regard.

8.0 OTHER MATTERS

- 8.1 On 27th February, David Mundell MP visited Inverclyde Council as part of his programme of visits to all local authorities to receive updates in respect of the first year of Welfare Reform. The meeting took the form of a presentation from Officers and thereafter a discussion on the impacts of Welfare Reform within Inverclyde, in particular the Social Sector Size Criteria, DWP Sanctions, delays in processing appeals and the difficulties this was causing for families. In addition concerns were raised over the further announced reductions in Welfare Funding.
- 8.2 A copy of the presentation given to Mr Mundell is attached as Appendix 4.

9.0 IMPLICATIONS

Finance

9.1 Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Finance	DHP	2014/15	526		£211,000 funded by the DWP

Annually Recurring Costs/ (Savings)

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

Legal

- 9.2 There are no direct Legal implications arising from the contents of this report.

Human Resources

9.3 There are no HR implications arising from the contents of this report.

Equalities

9.4 The proposed DHP Policy has been equality impact assessed by Officers from within Finance and the Equalities Officer. Whilst strong concerns have been raised at a UK level regarding the equalities impact of the Social Size Criteria Policy, the proposals contained in Appendix 3 do not further exacerbate the impact of this Policy on identified groups.

Repopulation

9.5 A robust and sympathetic response to the impacts of Welfare Reform on the community will help stabilise the population.

10.0 BACKGROUND PAPERS

10.1 None.

Scottish Welfare Fund
21/2/2014

Calls Answered	9463		
Applications	2809		
Applications Granted	1766	63%	
Applications Refused	865	31%	Note 3
Applications Withdrawn	91	3%	
In Progress	87	3%	
Referrals to DWP	836		Note 2
		<u>Budget</u>	<u>Spend</u>
		<u>£000</u>	<u>%</u>
Crisis Grant paid (1059) =	£96.3k	158	60.9%
Community Care Grants (735) =	£372.3k	574	64.9%
	<u>£468.6k</u>	<u>732</u>	64.0%

Note 1 1st Tier Reviews = 91 (3%)
 1st Tier Reviews Upheld = 35 (38%)
 2nd Tier Review = 6
 2nd Tier Reviews Upheld = 1 (17%)
 Reasons for upholding 1st Tier Reviews were – 80% : Provision of additional information by the claimant / change of circumstances
 - 20% : Interpretation of guidance / circumstances

Note 2 Referrals to DWP relates to customers who are awaiting payment of a new claim for JSA / ESA from DWP. In these circumstances a Short Term Benefit Advance (STBA) can be paid by DWP.

Note 3 The most common reasons for refusal of claims are, applicants not meeting the eligibility criteria, not being in receipt of a qualifying benefit or incomplete evidence provided.

Discretionary Housing Payments			
31/12/2013			
Applications Received	1470		
Applications Approved*	919	(63.5%)	
Applications Refused	478	(32.5%)	Largely due to exceeding the financial threshold ineligibility
Awaiting Supporting Evidence	20	(1.5%)	
To be Started	36	(2.5%)	
*583 (63%) of those approved relate to financial pressure			
	<u>£000</u>		
Paid to date	296		Paid to Landlords a month in arrears
Commitments	44		Assumes existing claims run their course
New/Replacement Claims	7		Estimate based on year to date experience
Backdating	103		Will be monitored to keep within overall budget
DHP Loophole	<u>(10)</u>		To be recovered from RSLs
Projected Spend	440		
Available Budget	443		
	Budget Remaining	3	
Reviews requested = 82			
Reviews Upheld – 34 (41%)			(47% due to revised financial information received 53% due to other new information received)

APPENDIX 3

	Circumstances	Maximum Duration of Award/ Award to be reviewed	Amount of DHP (up to stated % of shortfall between HB and rent charge)	Examples of Supporting Evidence
1	Property significantly adapted to meet their needs of the tenant or a member of their household	Until the end of the tenancy	100%	Statement confirming property's adaptations from RSL and confirmation of health needs. Further discussions as to what is deemed significant adaptations for property to be carried out.
1	Foster carer (requiring more than one additional bedroom)	Until the end of the foster care arrangement with CHCP	100%	CHCP records
1	Kinship Care arrangement	Until the end of the kinship care arrangement	100%	HB records in consultation with CHCP
1	Children leaving care (LAC) and other vulnerable adults at risk	Up to the end of LAC status 12 months (adults)	100%	CHCP
1	Absent parent – requires bedroom for access to child	Until end of financial year	100%	Support provider/ RSL statement
2	End of Life Care	12 months after date of death	100%	Customer statement & HB records
2	Carer – lives close to person for whom care is provided	Until end of financial year	100%	Carer's Allowance records
2	Employed with caring responsibilities - tenant lives close to person for whom care is provided/ available childcare	Until end of financial year	100%	Claimant statement & HB records

APPENDIX 3

3	Financial Hardship – Less than £60 income over expenditure each week	Until end of financial year	100%	Claimant statement/HB Assessment
3	Tenant/ partner within 6 months of reaching Pension Age	Until tenant/ partner reaches pension age	100%	HB records
3	Households requiring additional bedroom for medical reasons	Review depending on nature of illness	100%	Statement confirming circumstances from RSL
3	Health conditions - tenant benefits from local support network/ CHCP	Review depending on nature of illness	100%	Support provider statement
3	Tenant victim of harassment at previous property (and tenant is protected under the Equalities Act - eg. disability, sexual orientation, ethnicity)	Until end of financial year	100%	Police report
3	Aged under 35 years –private rented sector tenant (max - 2 bedroom LHA rate)	Until end of financial year	100%	HB records
3	Service widows and ex-service personnel (including non-dependents)	Until end of financial year	100%	Self declaration, HB records
3	Benefit cap	Until end of financial year	50%	HB records
3	Two or more surplus bedrooms. Cap impact at one surplus bedroom. Subject to financial hardship assessment – Less than £70 income over expenditure each week	Until end of financial year	100% of difference with one surplus bedroom	HB records/ RSL Letter

All the above are subject to the less than £60 / week income over expenditure Hardship assessment

Welfare Reforms
Impacts within Inverclyde

Presentation to
Rt Hon David Mundell

27th February 2014

APPENDIX 4

Agenda

1. Overview
2. Social Sector Size Criteria
3. Scottish Welfare Fund
4. Non-quantifiable Impacts on Community
5. Mitigation
6. Council's Response

Overview of Welfare Reform Changes

- a) Council Tax Reduction - April 2013
- b) Scottish Welfare Fund - Legislative process for permanent scheme progressing
- c) Social Sector Size Criteria - DHP top-up funding
- Loophole
- d) Benefit Cap - Incremental implementation since July 2013
- e) Personal Independence Payments - Started 2013 for new applications
- Current awards to be reviewed from October 2015
- f) Universal Credit - Inverclyde from 2016 ?

Social Sector Size Criteria

Number of affected households

- | | | |
|-----------------|------|---------|
| ▪ April 2013 | 1635 | £1,004k |
| ▪ February 2014 | 1352 | £ 804k |

Reduction largely due to expansion of exempt groups

Discretionary Housing Payments

- Cumbersome for applicants
- Council's policy revisited 3 times to open up criteria as additional funding was received and impact became clear
- Intensive budget monitoring and profiling to prevent spending above limit
- Extensive communication with RSLs and Support Providers
- Complex manual administrative awards processes

RSLs

- Increased Collection Costs & Reduced Rent Income
- Lower Capital Support
- Challenges to change tenure mix

DHP Allocation

2013/14

DWP allocation	£172k
DWP Reserve Fund	£ 60k
One off DWP Error	£ 58k
Top-up IC/ SG	£153k
Upper Limit	<u>£443k</u>

2014/15

DWP allocation	£211k
Top-up IC/ SG	£326
Upper Limit	<u>£527k</u>

£277k short of gross impact

Scottish Welfare Fund

Funding 2013/14

Projected Out-turn

Admin Funding	£130.9k	£190k
Programme CCG	£453.8k	£450k
Programme CG	<u>£278.8k</u>	<u>£125k</u>
	<u>£863.5k</u>	<u>£765k</u>

- Estimate 3,300 applications in 2013/14 (63% approval rate)
- Monthly claims now in line with budget
- High administration costs
- How to treat claims related to sanctions?

Non Quantifiable Impact on Community

- Implications for vulnerable members of the community
- Sanctions
- PIP
- Coherence with other national policies – independent living
- Universal credit rollout
- Local Support services framework

- Impact on local economy

Mitigation

Inverclyde Council Funding £200k

- Increased advice team staff
- Case management System
- Funding to partners-affordable credit

External Funding (Lottery/SLAB) £1.3 million

- Advice line
- Fuel Poverty
- Food poverty
- Vulnerable tenants
- Vulnerable groups
- skills development

Partnership approach

Timing of funding related to UC

Council Response

- a) Reports to every Policy & Resources Committee
- b) Allocated £1.1million (2014/15) increasing to £1.3million (2015/16)
- c) Close working with RSLs/3rd Sector and Other Partners
- d) Improved referrals process – Internally and with Partners

But

- a) Council response unable to fully mitigate impacts
- b) Lack of clarity around Universal Credit / LSS arrangements / timescales
- c) Concerns over future cuts announced

Report To:	Policy and Resources Committee	Date: 25 March 2014
Report By:	Corporate Director, Environment, Regeneration and Resources	Report No: P+R/14/03/01/SJ
Contact Officer:	Head of Regeneration and Planning	Contact No: 01475 71240
Subject:	Job Centre Plus Wage Incentive	

1.0 PURPOSE

- 1.1 The purpose of this report is to highlight to Committee the Job Centre Plus (JCP) Wage Incentive Programme and to seek support from the Council for engagement with the Programme.

2.0 SUMMARY

- 2.1 The JCP Wage Incentive is an employability intervention, which is part of the Employer Engagement Plus model, offers employers a wage incentive to employ a young person who has been on benefits or the Work Programme.
- 2.2 The incentive, open to all of Inverclyde's employers, is worth up to £2,275 for the employer when they employ an 18 to 24 year old either through Jobcentre Plus or from the Work Programme for at least 26 weeks. Partners within the Job Centre Plus have identified that the Council is eligible for this type of intervention.
- 2.3 This wage incentive is available for employment from 16 hours or more per week. There is a part-time rate (£1,137.50) for work between 16 and 29 hours and a full-time rate (£2,275) for 30 hours or more. Any young person who has been claiming Job Seekers Allowance, Income Support or Incapacity Benefit for at least 6 months is eligible. Employment Support Allowance claimants are eligible when the outcome of their Work Capability Assessment is known.
- 2.4 Whilst significant reductions have been made in respect of the number of 18-24 year olds in the eligible categories within Inverclyde, it is felt that by supporting this initiative within the Council, the employment offer to Inverclyde residents will be further enhanced.
- 2.5 If Committee is minded to support the principle of the incentive, it is necessary to name a single point of contact within the Council who will administer the scheme on the Council's behalf. Discussions have taken place between the relevant Services and the HR Service Manager (Organisational Development) is considered to be the appropriate individual, albeit supported by the Employability Team Leader within Regeneration and Planning.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the Job Centre Plus Incentive Programme, support the Council's participation in the scheme, agree that the relevant Services liaise with JCP management to provide a single point of contact

and if monies are received from DWP they are treated as found income which is allocated to existing employability budgets within the Regeneration and Planning Service.

Stuart W Jamieson
Head of Service – Regeneration and Planning

4.0 BACKGROUND

- 4.1 The Employer Engagement Plus (EEP) model is a JCP vehicle for engagement with employers in the Inverclyde area which actively promotes all the wage incentives that are available. These programmes help support local employers with the recruitment costs which in turn support the local community by increasing employment within the Inverclyde Council area and are an important part of the toolbox available to address employment issues within Inverclyde.
- 4.2 Partners within the Strategic Employability Group, which coordinates employability interventions within Inverclyde, have identified that the Council is eligible to participate in the JCP Wage Incentive.
- 4.3 The Incentive, open to all of Inverclyde's employers, is worth up to £2,275 for the employer when they employ an 18 to 24 year old either through Jobcentre Plus or from the Work Programme for at least 26 weeks in a job which is considered sustainable.
- 4.4 The Council would be able to claim the Wage Incentive for any eligible young person after 26 weeks from the Department of Work and Pensions. This Incentive would also be available to eligible young people who are employed as a Modern Apprentice (MA) within the Council.

5.0 IMPLICATIONS

Finance

- 5.1 It is difficult to estimate the numbers of employees who will be participating in this programme, any monies received will be treated as found monies and allocated to the existing employability programmes.
- 5.2 Financial Implications – One off Costs

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

Financial Implications – Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From	Other Comments
n/a	n/a	n/a	n/a	n/a	n/a

Legal

- 5.3 No implications.

Human Resources

- 5.4 No implications.

Equalities

- 5.5 No implications.

Repopulation

5.5 The initiative supports the repopulation agenda.

6.0 CONSULTATIONS

6.1 The Acting Head of Human Resources, Organisational Development and Performance has been consulted in the preparation of this report.

7.0 LIST OF BACKGROUND PAPERS

7.1 None.

Report To:	Policy and Resources	Date:	25 March 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	FIN/15/14/JB/BH
Contact Officer:	Brendan Hurrell	Contact No:	01475 712654
Subject:	Scottish Procurement Policy Note Actions on Blacklisting		

1.0 PURPOSE

- 1.1 The purpose of this report is to bring the attached Scottish Government Policy Note to the attention of Members and recommend that the Council adopts the approach outlined in the Policy Note.

2.0 SUMMARY

- 2.1 The attached Appendix, (Appendix 1) is a Scottish Procurement Policy Note which contains advice in relation to exclusion from public contracts of companies which engage in the practice of blacklisting.
- 2.2 This policy note recommends changes to the standard Pre Qualification Questionnaire (sPQQ) and bid selection criteria of any procurement exercise. This detail is contained within Annex A and B in the last two pages of Appendix 1.
- 2.3 Committee is asked to support the advice provided in this SPPN which states that contractors engaged or which have engaged in blacklisting should be excluded from bidding for a public contract unless the contractor can demonstrate it has taken appropriate remedial steps. Committee is also asked to adopt the PQQ questions and the contract clauses in Annex A and B with immediate effect whenever it is proportionate and legal to do so.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee agree that the Council adopt the proposals outlined in the Policy Note, wherever it is appropriate, proportionate and legal to do so with effect from April 2014.

4.0 BACKGROUND

- 4.1 The attached Appendix, (Appendix 1) is a Scottish Procurement Policy Note which contains actions advised in relation to exclusion from public contracts of companies which engage in the practice of blacklisting.
- 4.2 This policy note advises changes to the standard Pre Qualification Questionnaire (sPQQ) and bid selection criteria of any procurement exercise. This detail is contained within Annex A and B in the last two pages of Appendix 1.
- 4.3 Public bodies are asked to note the advice provided in this SPPN and to adopt the PQQ questions and to adopt the contract clause in Annex A and B. These should be used in future tendering exercises where it is feasible to do so.
- 4.4 The new questions in the sPQQ ask suppliers if they have breached the Employment Relations Act 1999 (Blacklists) Regulations 2010 or section 137 of the Trade Union and Labour Relations (Consolidation) Act 1992. There is also a new contract clause proposed which provides for termination of the contract if a supplier is found to have breached relevant legislation, during the course of that contract.
- 4.5 In order to comply with EU Procurement rules and general principles of fairness and proportionality the Policy Note requires that a contractor that has engaged in blacklisting is not excluded where the contractor can demonstrate it has taken appropriate remedial steps, examples of which are contained in the Policy Note.

5.0 PROPOSALS

- 5.1 The Council should adopt the new questions in the sPQQ in all future Inverclyde Council procurements. The new questions requiring bidders to disclose if they have engaged in blacklisting are outlined further within the Policy Note and would be used wherever it is appropriate, proportionate and legal to do so.
- 5.2 The Council should adopt the new contract clause in all future Inverclyde Council procurements. The new contract clause is outlined further within the Policy Note and provides for the termination of the contract if a contractor is found to have breached relevant legislation during the course of the contract. This termination right would be used wherever it is appropriate, proportionate and legal to do so.

6.0 IMPLICATIONS

Finance

- 6.1 None

Legal

- 6.2 This Policy Note makes it clear that engaging in blacklisting is an act of grave misconduct and any contractor engaging in such practice must be excluded from a procurement process unless the contractor is shown to have taken appropriate remedial steps.

Human Resources

- 6.3 There are no direct staffing implications in respect of this report and as such the Head of Organisational Development, HR & Communications has not been consulted.

Equalities

- 6.4 The report has no impact on the Council's Equalities policy.

Repopulation

6.5 The report has no impact on repopulation.

7.0 CONSULTATIONS

7.1 The Head of Legal & Democratic Services has been consulted on this report.

8.0 LIST OF BACKGROUND PAPERS

8.1 Appendix 1 SPPN 4.

Scottish Procurement

Scottish Procurement Policy Note

SPPN 4/2013

Date 20 November 2013



Exclusion from public contracts of companies which engage in blacklisting

Purpose

1. The purpose of this Scottish Procurement Policy Note (SPPN) is to provide advice on the exclusion from public contracts of companies which engage in the practice of blacklisting.

Key points

2. The key points are as follows:

- any company which engages in or has engaged in the blacklisting of employees or potential employees should be considered to have committed an act of grave misconduct in the course of its business and should be excluded from bidding for a public contract unless it can demonstrate that it has taken appropriate remedial steps;
- we have included three new questions in the standard Pre-Qualification Questionnaire (sPQQ) which requires suppliers to disclose if they have breached relevant legislation;
- we have also included a new contract clause in our standard terms and conditions which provides for termination of the contract if a supplier is found to have breached relevant legislation during the course of that contract; and
- this guidance applies to all public sector contracts regardless of value, although for lower value contracts pre-qualification procedures are unlikely to apply.

Background

3. The Scottish Affairs Committee is conducting an inquiry into blacklisting in employment. It is seeking to investigate the extent to which the practice of blacklisting has taken and may still be taking place in Scotland, and what is being done to eradicate it. The Scottish Government regards blacklisting or the compiling of a blacklist as totally unacceptable. We expect companies that are awarded public contracts to maintain high standards of business and professional conduct. We are following the progress of the inquiry closely and await its findings with interest.

4. The Employment Relations Act 1999 (Blacklists) Regulations 2010 states that no person shall compile, use, sell or supply a prohibited list which a) contains details of persons who are or have been members of the trade unions or persons who are taking part or have taken part in the activities of trade unions, and b) is compiled with a view to being used by employers or employment agencies for the purposes of discrimination in relation to recruitment or in relation to the treatment of workers.

5. The Trade Union and Labour Relations (Consolidation) Act 1992, states that it is unlawful to refuse a person employment, a) because he is, or is not, a member of a trade union, or b) because he is unwilling to accept a requirement – (i) to take steps to become or cease to be, or to remain or not to become, a member of a trade union, or (ii) to make payments or suffer deductions in the event of his not being a member of a trade union.

6. The colloquial term for this type of activity is “blacklisting”.

7. We are determined to ensure that blacklisting is not used in connection with the performance of public contracts in Scotland. We have therefore included three new questions in the sPQQ and a new contract clause in our standard terms and conditions to address the issue.

New questions in the sPQQ

8. The new questions in the sPQQ ask suppliers if they have breached the Employment Relations Act 1999 (Blacklists) Regulations 2010 or section 137 of the Trade Union and Labour Relations (Consolidation) Act 1992.

9. Suppliers which have breached the relevant legislation are asked to disclose full details of the breach, including any successful action against them under the relevant legislation and/or any finding by an employment tribunal that a complaint raised under the relevant legislation is well-founded. They are also asked to disclose any remedial steps they have taken.

10. The sPQQ already asks suppliers to disclose if they have been convicted of a criminal offence relating to the conduct of their business or profession. Breaches of the Data Protection Act 1998, for example passing on data relating to individuals to blacklisting companies, or compiling a list of individuals who have raised health and safety concerns, including failure to comply with an enforcement notice served in relation to a breach of the data protection principles, may result in criminal convictions which may in turn justify a supplier's exclusion under regulation 23(4)(d) of the Public Contracts (Scotland) Regulations 2012. Suppliers which have been convicted of a criminal offence are asked to disclose full details of the conviction, together with any remedial steps they have taken.

11. Any supplier which has committed a breach of the relevant legislation should be considered to have committed an act of grave misconduct in the course of its business and should be excluded from tendering under regulation 23(4)(e) of the Public Contracts (Scotland) Regulations 2012 until and unless it can demonstrate that it has taken appropriate remedial steps. Any exclusion must be proportionate to the scale and nature of the offence or misconduct.

12. Public bodies have a duty to act proportionately in deciding whether to exclude a supplier on the basis of regulation 23(4). Each case should be considered on a case by case basis taking account of the specific circumstances of the case. It might not, for example, be proportionate to exclude a supplier from competition if it had been the subject of a tribunal ruling on a different project at the other end of the country, yet wished to bid for a major Scottish infrastructure project, providing of course, that the supplier had complied with the terms of the ruling and offered an apology and assurances regarding its future conduct. It is therefore important that consideration is given to any remedial steps taken by the supplier. Suppliers should be asked to provide actual evidence that any such steps have been fully implemented. Also, for remedial measures to be regarded as appropriate, the

supplier must in all cases have issued an apology for its actions and provided assurances regarding its future conduct.

13. Remedial steps should include action by suppliers to:

- make an appropriate apology acknowledging wrong-doing in relation to the compiling, use, selling or supplying of blacklists with the view of discriminating against workers and/or the discrimination against an individual in terms of their trade union membership status;
- provide a statement regarding future conduct;
- collaborate with investigating authorities to clarify the facts and circumstances in a comprehensive manner;
- take concrete, technical, organisational and personnel measures that are appropriate to prevent further criminal offence or misconduct;
- comply fully with any tribunal ruling; and
- pay compensation in respect of any damage caused by any wrong-doing.

14. The new questions are at Annex A. The standard selection questions have been updated in the sPQQ and Invitation to Tender (ITT) templates within PCS Tender and on the sPQQ template on the Scottish Procurement website to reflect this change. These templates should be used as the basis for all PQQ and tender exercises.

New contract clause

15. We have also included a new contract clause in our standard terms and conditions which provides for termination of the contract if a supplier is found to have breached relevant legislation, during the course of that contract.

16. The new contract clause is included in Annex B and the standard terms and conditions have been updated on the Scottish Government web pages to include the new clause.

Information exchange and development of further guidelines

17. The Scottish Government intends to meet with the STUC and interested Trade Unions, on a quarterly basis initially, to review how the guidance is being applied and to exchange information about compliance. If evidence comes to light to suggest that blacklisting is still taking place, the Scottish Government will take further appropriate action, possibly including a recommendation that the company in question is not awarded public sector contracts. Also, we intend to continue working with the Unions and stakeholders to explore ways in which the guidelines can be further developed. For example, to take account of the conclusions and findings of the Scottish Affairs Committee and, for example, to further consider how to address companies working as sub-contractors.

Action required

18. Public bodies are asked to note the advice provided in this SPPN and to adopt the PQQ questions and contract clause in Annex A and B and should be used in current tendering exercises where it is feasible to do so.

19. All public bodies who do not use the Scottish Government's standard contracts are asked to amend their own standard terms and conditions to include the clause at Annex B. There is no requirement to amend existing contracts, but all public bodies should ensure that the clause forms part of the terms and conditions of contract used in all future tendering exercises.

Dissemination

20. Please bring this SPPN to the attention of all relevant staff, including those in Agencies, Non-Departmental Public Bodies and other sponsored public bodies within your area of responsibility.

Contact

21. The Scottish Government will continue to liaise with unions and stakeholders on this important matter. If you have any enquiries about this SPPN or would like to discuss the issues it raised, please contact Scottish Procurement: scottishprocurement@scotland.gsi.gov.uk.

Scottish Procurement

The Scottish Government
2nd Floor, Europa Building
450 Argyle Street
Glasgow
G2 8LG

New questions for inclusion in the sPQQ or a public body's own PQQ process

Discretionary exclusions

Existing question: Has your organisation been convicted of a criminal offence relating to the conduct of its business or profession?

Existing question: Has your organisation committed an act of grave misconduct in the course of its business or profession?

New question: Has your organisation ever compiled, used, sold or supplied a prohibited list which:

(a) contains details of persons who are or have been members of trade unions or persons who are taking part or have taken part in the activities of trade unions, and

(b) is compiled with a view to being used by employers or employment agencies for the purposes of discrimination in relation to recruitment or in relation to the treatment of workers

within the meaning of The Employment Relations Act of 1999 (Blacklists) Regulations 2010?

If you have answered 'Yes' to any of the above discretionary exclusions, please provide details and state any remedial action you have taken.

New Question: Has your organisation ever refused a person employment

a) because he is, or is not a member of a trade union, or

b) because he is unwilling to accept a requirement

(i) to take steps to become or cease to be, or to remain or not to become, a member of a trade union, or

(ii) to make payments or suffer deductions in the event of his not being a member of a trade union

within the meaning of Section 137 of the Trade Union and Labour Relations (Consolidation) Act 1992?

If you have answered 'Yes' to any of the above discretionary exclusions, please provide details and state any remedial action you have taken.

New Question: Has your organisation breached The Data Protection Act 1998 or been served with an enforcement notice in relation to unlawfully processing personal data in connection with any blacklisting activities?

If you have answered 'Yes' to the above discretionary exclusion, please provide details and state any remedial action you have taken.

New contract clause

The Service Provider must not commit any breach of the Employment Relations 1999 Act (Blacklists) Regulations 2010 or section 137 of the Trade Union and Labour Relations (Consolidation) Act 1992, or commit any breach of the Data Protection Act 1998 by unlawfully processing personal data in connection with any blacklisting activities. Breach of this clause is a material default which shall entitle the Purchaser to terminate the Contract with immediate effect.

Report To:	Policy and Resources Committee	Date:	25 March 2014
Report By:	Acting Head of Organisational Development, Human Resources and Communications	Report No:	HR/03/14/CR
Contact Officer:	Carol Reid	Contact Nos:	2022 / 4721
Subject:	Employee Survey 2012 - Actions Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to update Members on the progress that has taken place following the last Council wide Employee Opinion Survey carried out in 2012, specifically with regard to the action points raised by the employee focus groups.

2.0 SUMMARY

- 2.1 An employee survey was carried out during the spring of 2012 and reported to the Policy and Resources Committee in August 2012. Three focus groups were established in October 2012 covering:

- Frontline employees not desk based
- Team leaders/supervisors
- Service managers

Action points were raised through these discussions and solutions were sought to rectify the issues raised:

- Communication
- Performance Appraisal
- Training and Development
- Policy Documents

- 2.2 This report provides further detail of the actions taken by the Council to address the points raised.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Committee:

- Note the feedback given of action taken and action ongoing.
- Note that the next Employee Survey is spring 2015.

4.0 BACKGROUND

4.1 The purpose of establishing the focus groups was to identify areas where improvements could be realised to improve employee satisfaction. This was undertaken against a background of a great deal of positive feedback about the Council as a place to work, which emerged from the employee survey and the focus groups. The following themes were raised by the focus groups:-

4.2 Communication

The following areas were raised from the employee survey:

- Introduce an employee newsletter.
- Flow of transfer of information could be improved.
- Explore other methods of communication with employees that could be introduced, for example, text messaging, instant messaging, video conferencing and pre-recorded messages.
- Investigate creating an interactive staff forum on ICON to enable employees to make suggestions and share views and ideas.

The following actions have been taken to address these points:

- Employee newsletter – the first edition will be circulated in June 2014.
- Transfer of information - ensure that Heads of Service cascade information from the CMT and Directorate Management Teams throughout their services and where possible introduce team briefings.
- Exploring other methods of communication – some employees already use instant messaging, services have to make a business case for it to ICT service who can install the required software. ICT currently use Sharepoint, this communication tool will be reviewed to investigate if it could be used more widely across the Council.
- Interactive staff forum on ICON – Glasgow City Council has implemented an interactive forum and this will be looked at as a possible solution.

4.3 Performance Appraisals

The following areas were raised from the employee survey:

- Understanding purpose of performance appraisals.
- Limited information available about performance appraisals to employees.
- Team leaders/supervisors suggested that there should be more recognition given to employees who receive a good performance appraisal outcome.

The following actions have been taken to address these points:

- Understanding purpose of performance appraisals - to overcome the limited scepticism concerning Performance Appraisals a new Performance Appraisals Employee Guide was created and distributed (June 2013) to explain what the process is designed to achieve.

- Limited information available about performance appraisals - this will improve over time and addressed pro-actively in the bullet point above.
- Recognition given to employees who receive a good performance appraisal outcome - this matter is the subject of further consideration and forms part of the reason why a Training Matrix and Succession Planning have been introduced.

4.4 Training

The following areas were raised from the employee survey:

- Access to training can be problematic for frontline employees.
- A record is sometimes not kept in services of the courses that employees attend and the dates they attend them on. This can result in employees missing out on refresher courses and in qualifications lapsing.
- Several participants in the focus group said that front line employees don't know what qualifications they need in order to progress.
- Lack of funding for external training places for team leaders/supervisors.
- It was suggested that the Council should contribute towards the cost of professional qualifications, especially if it is a requirement for the job.

The following actions have been taken to address these points:

- Access to training can be problematic for frontline employees who are non pc users - the roll out of portable training devices introduced in April 2013 will help to make it easier for employees to undertake training courses. It means that employees will be able to carry out training outwith the formal training route. The soon to be available Port Glasgow Corporate Training Suite will be used to encourage non pc users to come along to undertake brightwave based training and development.
- Training records - the Council's HR21 system has the capability of providing a training database and this is currently being rolled out.
- Front line employees don't know what qualifications are needed to progress - aspirations for career progression are an integral part of performance appraisal.
- External training for team leaders/supervisors – specialist external training of team leaders/supervisors by the Chartered Management Institute with Certificate and Diploma courses has been funded for 3 years to cover 2012 – 2015.
- Professional qualifications – external training is an option however not always the appropriate method.

4.5 Policy Documents

The following areas were raised from the employee survey:

- Frontline staff told us that they would like policy documents such as the SOA to be broken down into areas that are relevant for each service and then interpreted with regard to specific jobs.
- Frontline staff also provided feedback that they receive very little information about

departmental plans and developments.

The following actions have been taken to address these points:

- Case studies will be published on ICON to demonstrate how specific jobs contribute to the achievement of the SOA. Performance appraisals contain information about key policy documents such as the SOA and help employees to understand how they contribute to the Council's strategic outcomes.
- Feedback on departmental plans should be provided through management meetings.

4.6 HR would like to thank the members of the focus groups for their input and that such groups will be established again after the next survey.

5.0 IMPLICATIONS

Finance

5.1 Finance

One proposal within this report has a cost implication:

- The introduction of an employee newsletter which will be absorbed within the Corporate Communications budget.

Financial Implications:

One off Costs

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

Annually Recurring Costs/ (Savings)

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

Legal

5.2 There are no legal issues connected to this report.

Human Resources

5.3 Human resource issues are dealt within the report.

Equalities

5.4 Training methods have been adapted to incorporate various training resources to meet the needs of different employee groups.

Repopulation

- 5.5 The employee survey highlighted that we are an employer of choice, hopefully this will assist in attracting new employees to our organisation and retain existing skilled staff.

6.0 CONSULTATIONS

- 6.1 Feedback from employee focus groups, OD, HR & Communication Service Managers informed this report.
- 6.2 The actions taken in this report will be issued to all employees via our employee newsletter.

7.0 CONCLUSIONS

- 7.1 N/A

8.0 LIST OF BACKGROUND PAPERS

- 8.1 [Employee Survey Results - Policy and Resources Committee - 14 August 2012](#)

Report To:	Policy and Resources Committee	Date:	25 March 2014
Report By:	Acting Head of Organisational Development, Human Resources and Communications	Report No:	HR/10/14/PR
Contact Officer:	Pauline Ramsay Health and Safety Team Leader	Contact No:	01475 714723
Subject:	Sickness Absence Reporting		

1.0 PURPOSE

- 1.1 The purpose of this report is to propose to the Committee a change in the Council approach to Sickness Absence Reporting.

2.0 SUMMARY

- 2.1 Attendance figures for the Council are collated on a quarterly basis and overall Council attendance statistics are presented to the Policy and Resources Committee. These figures are presented as a percentage absence rate, and include details of whether absence is Self Certified or Medically Certified (Appendix 1). This is an internal KPI.
- 2.2 The Council is also required on an annual basis to present absence figures to Audit Scotland and Solace. These figures are calculated on the basis of the number of workdays lost per full time equivalent employee. This is an external SPI.
- 2.3 Since April 2010 all employee sickness absence has been recorded on the HR/Payroll system together with reasons for absence. However, absence recording for reporting purposes still lies within the Services, with each Service manually collating absence data for submission to OD, HR and Communications for incorporation into the quarterly absence report.
- 2.4 Consistency, accuracy and efficiency in production of absence figures would be improved by utilising the HR/Payroll system to produce all absence data, in addition Services will be provided with a toolkit to allow them to examine the overall absence picture for their relevant Service or Section ensuring responsibility for absence can be taken by Managers.
- 2.5 The Solace Absence Benchmarking indicator is the standard by which absence is benchmarked across the Public Sector in Scotland, by bringing the Council's quarterly absence returns into line with this the Council can continuously monitor our performance against this standard.
- 2.6 The current absence target rate is 4.75% which equates to 10.5 days per employee.

3.0 RECOMMENDATIONS

- 3.1 That quarterly absence statistics are drawn directly from the HR Payroll system.
- 3.2 That the statistical analysis format is changed to reflect the annual Solace SPI of number of days absence per full time equivalent employee as per the proposals.
- 3.3 That annual absence reporting figures run from April to April in line with the Solace benchmarking indicators.

- 3.4 That Services utilise the reporting functions of the HR Payroll system to monitor and manage absence.
- 3.5 That the change over to drawing absence data from the HR Payroll system commences on the 1st of April 2014.
- 3.6 That the Council sets an amended absence target of 9 days absence per full time equivalent employee.
- 3.7 That Senior Management to continue to develop strategies and proposals to further improve absence rates within the Council.

**Head of Organisational Development,
Human Resources and Communications**

4.0 BACKGROUND

- 4.1 Managing Attendance is a high priority for all Services and currently absence figures are collated quarterly by Services and reported directly to OD, Human Resources and Corporate Communications for compilation into the Corporate Statistics. The current method used for calculation of the statistics is based on a previous methodology used for reporting absence to COSLA. This method of calculation, providing a percentage return for absence, is no longer used for the SPI return, it is now purely an internal Key Performance Indicator (Appendix 1 shows the current report format).
- 4.2 Services are currently responsible for collating their own absence data, this is generally a manual process with information recorded onto attendance cards and then collated for the quarterly return. While the use of spreadsheets has streamlined this there is still a significant manual effort and room for inconsistencies across the various services. The information regarding sickness is also recorded onto the HR Payroll system and as such there is duplication of effort across the Council.
- 4.3 There are a number of benefits if absence data is drawn directly from the HR Payroll system:
- There is a consistency of approach, with all Service information analysed and calculated in the same way.
 - Release of staff resources currently involved in compiling these statistics within the Services.
 - It is possible to carry out a more in-depth analysis of the statistics by team, type of illness, age profile etc.
 - A documented methodology will be produced which will ensure that like can be compared with like.
- 4.4 Based on the Solace figures for 2012/13 the Council are sitting at 21st position in relation to other Councils and while this position is an improvement from the 2011/12 Solace figures where we were 27th, the number of work days lost per FTE employees, of 10.2, is still higher than we would accept.
- 4.5 Absence rates will only improve through good management of absence by managers, team leaders and supervisors at Service level; statistical analysis of absence figures will not on its own improve absence rates however the information can be utilised by managers to identify hotspots where there may be an underlying cause for higher absence and to ensure that resources are targeted appropriately. Services can draw reports directly from the HR/Payroll system giving them a toolkit by which responsibility for managing absence can be transferred back to individual managers.
- 4.6 Analysis of the information contained within the HR Payroll system has identified that the Council have an aging workforce and this can have a significant effect on the Council's absence rate. In 2012/13, 45% of the Council's work force was aged over 50 and this age group accounted for 57% of the absence for the Council. In 2010/11, 43% of the workforce was over 50 and in 2011/12, 44% of the workforce was over 50. Appendix 2.
- 4.7 Statistical information can be extracted from the HR Payroll system which can assist with identification of trends and areas for targeted assistance. Appendix 3.
- 4.8 The Council annually submits an absence return as part of the SOLACE benchmarking project. This annual return is calculated as per the Audit Scotland guidance on Statutory Performance Indicators. Absence information is provided for:

The average number of working days per FTE employee lost through sickness absence for:

- a) Teachers*
- b) All other local government employees*

A detailed guide on how this information is to be calculated is provided by Audit Scotland.

Currently the Council uses the quarterly absence returns from the Services to calculate this however, there is concern that the returns may not consistently comply with the requirements in that they are based on headcount rather than the FTE number of employees and the non inclusion of temporary employees where required.

- 4.9 Changing the quarterly absence figures to reflect the SPI requirements for reporting would enable the Council to monitor how well the Council are on track to meet with or better the previous year's SPI return and SOLACE benchmarking indicators so that action can be taken quickly where absence levels are rising and targets may be exceeded.
- 4.10 The Council's current target for absence is 4.75%, this equates to approximately 10.5 workdays lost per employee, or 12.3 days per FTE Employee.
- 4.11 The Local Government Benchmarking Framework indicators used by Solace are being extensively reviewed for 2013/14; absence is one of the indicators which is to be reviewed. However, it is not yet known what changes will be made. By using the HR/Payroll system for the production of absence statistics any changes can be implemented more efficiently.

5.0 PROPOSALS

- 5.1 It is proposed that absence data for the reporting of corporate absence rates be drawn directly from the HR Payroll system.
- 5.2 It is proposed that two corporate figures are produced, the first being a quarterly return for the average number of working days lost per employee through sickness absence and the second being the running total for the year of number of working days lost per employee. The proposed format for the quarterly report to Committee has been included as Appendix 4.
- 5.3 To ensure that Services have access to absence data and can monitor their own absence rates a standard report is available on Chris 21. This provides real time information on absences and can be run at any suitable intervals as required by the Service; i.e. weekly, monthly etc. Training in how to draw these absence reports off the system is being carried out. This will ensure that Services have access to absence data without having to go through HR thereby increasing efficiency and access to detailed absence information. Appendix 5.
- 5.4 That the quarterly absence reports reflect the reporting requirements for the Solace Benchmarking indicators. These indicators are measured from 1st of April to 31st of March and the Council system will be implemented to reflect these timescales.
- 5.5 Services utilise the reporting functionality within the HR/Payroll system to monitor absence information on an ongoing basis and take action to manage absence appropriately and promptly.
- 5.6 It is proposed that a new absence target based on the number of workdays lost per full time equivalent employee is set. The target proposed is 9 workdays lost per FTE. If achieved this would place the Council in the 1st Quartile, at 7th place, in the Solace benchmarking league table based on the 2012/13 results. This would be equivalent to an absence rate of 3.5%.

6.0 IMPLICATIONS

Finance

- 6.1 There are no financial implications for this report.

Financial Implications:

One off Costs

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

Annually Recurring Costs/ (Savings)

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

Legal

6.2 There are no Legal implications.

Human Resources

6.3 There are no Human Resources implications.

Equalities

6.4 There are no Equalities issues within this report.

Repopulation

6.5 There are no repopulation issues within this report

7.0 CONSULTATIONS

7.1 This report was previously submitted to the CMT for consultation and information was sought from those responsible for collating absence data at a Service level.

8.0 LIST OF BACKGROUND PAPERS

8.1 No background papers.

CURRENT QUARTERLY REPORT

Inverclyde Council - Absence Management

Period 3 - 1 July 2013 - 29 September 2013

Chief Executive

Service	Number of Staff			Work Days Available	Number of Days Absence and %								TOTALS	
	LGE	Craft	Teachers		Self Cert	%	Med Cert	%	Ind Inj	%	Unauth Abs	%	Total	%
Chief Executive	12	0	0	649	2	0.31%	35	5.39%	0	0.00%	0	0.00%	37.00	5.70%
	12	0	0	649	2	0.31%	35	5.39%	0	0	0	0	37	5.70%

Environment, Regeneration & Resources

Service	Number of Staff			Work Days Available	Number of Days Absence and %								TOTALS	
	LGE	Craft	Teachers		Self Cert	%	Med Cert	%	Ind Inj	%	Unauth Abs	%	Total	%
Finance	160	0	0	7821	73.5	0.94%	360	4.60%	0	0.00%	0	0.00%	433.50	5.54%
Customer Service Centre	37	0	0	1454.5	26	1.79%	206	14.16%	0	0.00%	0	0.00%	232.00	15.95%
ICT	39	0	0	1663	17	1.02%	85	5.11%	0	0.00%	0	0.00%	102.00	6.13%
Regeneration	16	0	0	864.5	4	0.46%	4	0.46%	0	0.00%	0	0.00%	8.00	0.93%
Planning	25	0	0	1331	8	0.60%	38	2.85%	0	0.00%	0	0.00%	46.00	3.46%
Environment & Commercial	327	0	0	17326.5	153	0.88%	643	3.71%	43	0.25%	0	0.00%	839.00	4.84%
Catering	178	0	0	6699.5	34.64	0.52%	99.88	1.49%	0	0.00%	0	0.00%	134.52	2.01%
Cleaning	241	0	0	10888.5	40.98	0.38%	134.68	1.24%	0	0.00%	0	0.00%	175.66	1.61%
Janitorial	66	0	0	2850	11	0.39%	152	5.33%	0	0.00%	0	0.00%	163.00	5.72%
Property Assets & Facilities Mgt	60	20	0	4156	33	0.79%	138	3.32%	0	0.00%	0	0.00%	171.00	4.11%
Legal & Democratic	36	0	0	1791.9	4.7	0.26%	0	0.00%	0	0.00%	0	0.00%	4.70	0.26%
	1185	20	0	56846.4	405.82	0.71%	1860.56	3.27%	43.00	0.08%	0.00	0.00%	2309.38	4.06%

Education, Communities & Organisational Development

Service	Number of Staff			Work Days	Number of Days Absence and %								TOTALS	
	LGE	Craft	Teachers		Available	Self Cert	%	Med Cert	%	Ind Inj	%	Unauth Abs	%	Total
CLD	71	0	0	2349.5	20.8	0.89%	200.4	8.53%	0	0.00%	0	0.00%	221.20	9.41%
Education	730	0	773	72298	534	0.74%	1629	2.25%	0	0.00%	0	0.00%	2163.00	2.99%
Libraries & Museums	50	0	0	2467.5	14.5	0.59%	84	3.40%	0	0.00%	0	0.00%	98.50	3.99%
Safer & Inclusive Communities	143	0	0	5950.5	63	1.06%	319	5.36%	0	0.00%	71	1.19%	453.00	7.61%
OD, HR & Communications	54	0	0	2613.3	31	1.19%	14.3	0.55%	0	0.00%	0	0.00%	45.30	1.73%
	1048	0	773	85678.8	663.3	0.77%	2246.7	2.62%	0	0.00%	71	0.08%	2981	3.48%

Community Health & Care Partnership

Service	Number of Staff			Work Days	Number of Days Absence and %								TOTALS	
	LGE	Craft	Teachers		Available	Self Cert	%	Med Cert	%	Ind Inj	%	Unauth Abs	%	Total
CHCP	1082	0	0	51814.5	575.92	1.11%	2437.97	4.71%	65	0.13%	65	0.13%	3143.89	6.07%
	1082	0	0	51814.50	575.92	1.11%	2437.97	4.71%	65	0.13%	65	0.13%	3143.89	6.07%

All Council Services

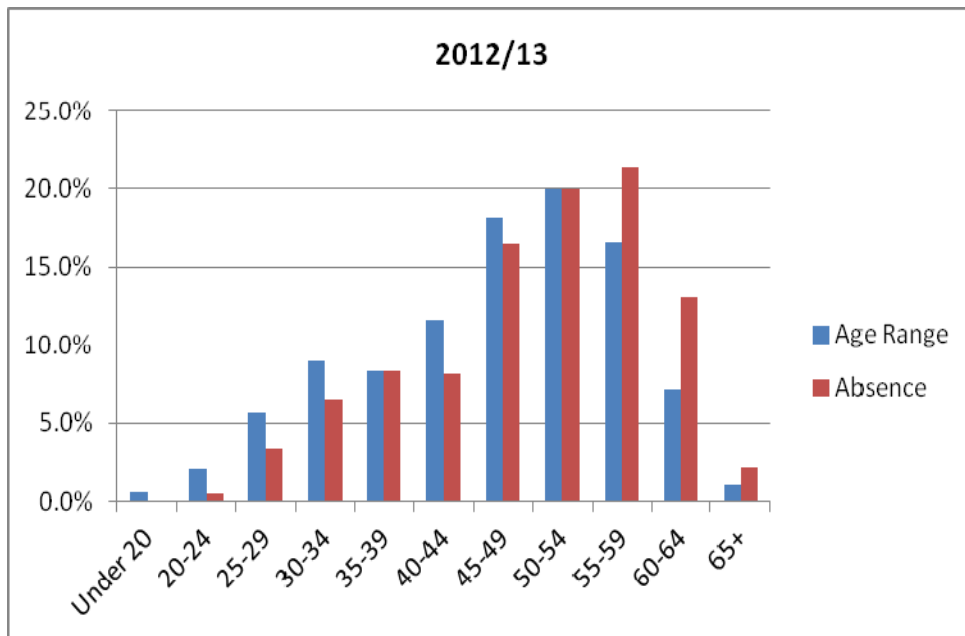
Service	Number of Staff			Work Days	Number of Days Absence and %								TOTALS	
	LGE	Craft	Teachers		Available	Self Cert	%	Med Cert	%	Ind Inj	%	Unauth Abs	%	Total
Overall Council	3327	20	773	194988.7	1647.04	0.84%	6580.23	3.37%	108	0.06%	136	0.07%	8471.27	4.34%

HR/Payroll System Statistical Analysis Benefits

Demographic data drawn from the HR/Payroll system identifies that the Council has an aging workforce, the table below shows the age demographic for the Council and how it compares to the Scottish Public Sector Average.

	Inverclyde Council	Scottish Public Sector Average
Under 20	0.6%	0.5%
20-29	7.6%	11.7%
30-39	17.3%	20.0%
40-49	29.7%	30.7%
50-59	36.5%	30.3%
60+	8.1%	6.8%

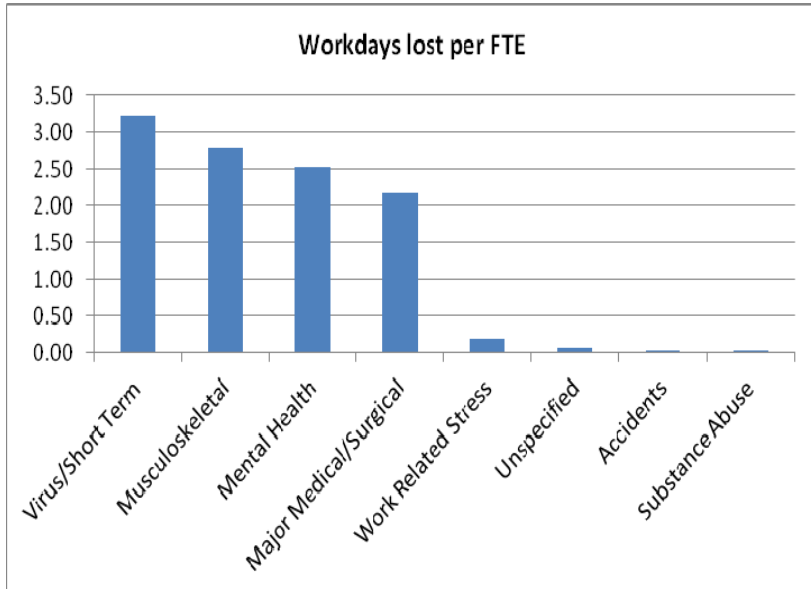
The graph below shows the demographic data for the Council in terms of age range and absence for 2012/13. This demonstrates that the older the employee, the higher the percentage of absence attributable to that age group.



HR/Payroll System Statistical Analysis Benefits

The reason for absence is recorded against 8 criteria; virus/short term, musculoskeletal, mental health, major medical/surgical, accidents (including non work related) substance abuse and maternity related illness. When Payroll receive notification of an absence this is recorded against the most appropriate criteria. This allows for analysis of the main causes of absence.

The graph below shows the number of workdays lost per FTE Employee for 2012/13



PROPOSED QUARTERLY REPORT FORMAT

Quarter 3 - July - September 2013

Directorate	Service	Number of Employees		FTE work days lost - Reason for absence									Workdays Lost	
		FTE Employees	Head count	Accidents	Major Medical/Surgical	Maternity Related Illness	Mental Health	Musculo skeletal	Virus/ Short Term	Work Related Stress	Not known	Total	Workdays lost per FTE Employee	Workdays lost per employee
Chief Executive		12.0	12					35.0	2.0			37.0	3.1	3.1
	Chief Executive	12.0	12					35.0	2.0			37.0	3.1	3.1
Comm Health & Care Partn		902.9	1135		683.4	8.8	524.5	894.0	698.4	55.9	26.0	2890.9	3.2	2.5
	CHCP Business Support	98.5	127		107.0		167.5	49.9	136.0		20.0	480.4	4.9	3.8
	Child/Fam & Criminal Jus	168.6	182		65.0		54.0	63.0	108.6	4.9		295.5	1.8	1.6
	Health & Community Care	503.0	686		355.4	8.8	277.6	678.1	404.5	51.0	6.0	1781.5	3.5	2.6
	Mental Health &Addiction	87.2	91		156.0		19.3	93.0	25.2			293.5	3.4	3.2
	Plan Health Imp & Commis	45.6	49				6.0	10.0	24.0			40.0	0.9	0.8
Education Communities OD		1633.9	2045		493.7	52.1	751.2	416.4	431.0	112.5	10.5	2267.4	1.4	1.1
	Education Non Teaching	443.0	627		122.4	5.0	310.7	178.3	78.7	41.9		737.0	1.7	1.2
	Education Teachers	790.4	868		70.4	35.5	56.8	109.6	140.7	70.6	0.0	483.6	0.6	0.6
	OD HR & Comms	46.5	57				4.7	5.0	35.6			45.4	1.0	0.8
	Planning & Culture	188.3	264		148.9	11.6	132.5	35.9	61.3			390.2	2.1	1.5
	Safer & Inc Communities	165.7	229		152.0		246.5	87.6	114.7		10.5	611.2	3.7	2.7

Quarter 3 - July - September 2013

Directorate	Service	Number of Employees		FTE work days lost - Reason for absence									Workdays Lost	
		FTE Employees	Head count	Accidents	Major Medical/Surgical	Maternity Related Illness	Mental Health	Musculo skeletal	Virus/ Short Term	Work Related Stress	Not known	Total	Workdays lost per FTE Employee	Workdays lost per employee
Env Regen & Resources		923.5	1180	11.0	370.0	28.0	382.9	571.1	444.1	55.0	16.5	1878.7	2.0	1.6
	Environ & Comm Services	317.3	330	11.0	124.6		114.0	262.5	218.6	55.0		785.7	2.5	2.4
	Finance	139.8	158		26.0	25.0	153.7	46.0	100.2		15.6	366.6	2.6	2.3
	ICT Services	40.0	40		39.0		54.0		7.0			100.0	2.5	2.5
	Legal & Democratic Servs	32.9	36			3.0			1.7			4.7	0.1	0.1
	Prop Assets & FM	351.7	573		156.4		61.2	262.6	109.6		0.9	590.7	1.7	1.0
	Regeneration & Planning	41.8	43		24.0				7.0			31.0	0.7	0.7
Overall Council		3472.3	4372	11.0	1547.1	88.9	1658.5	1916.6	1575.5	223.3	53.0	7074.0	2.0	1.6
Financial Year running total per FTE employee		April - June	2.6	July - Sept	2.0	Oct - Dec		Jan - Mar					4.6	

As per Audit Scotland requirements certain categories of employees are not included, these are casual/sessional employees and temporary employees who were employed for less than one year. This accounts for variations between the headcount in the table in Appendix 1 and the table in Appendix 4.

Examples of reports which are available to Services via the HR/Payroll system

Detailed Report for Sample Service between 01/07/13 and 30/09/13

Absence Rates											
Absence Details											
REPORT 2 - Sick Leave Employee Totals taken between 1- 7-13 to 30- 9-13 - (Sorted on Employee within Org Levels)											
Employee Number	Employee Name	Position	Leave Start Date	Leave End Date	Reason Sick	Leave Days	Leave Hours	Company	Company Name	Service	Service Name
1	Employee 1	Position 1	09/09/2013	10/09/2013	Code 4	1.00	7.40	ICE	Inverclyde Council (EES)	X	Sample
2	Employee 2	Position 1	25/09/2013	30/09/2013	Code 2	2.00	14.25	ICE	Inverclyde Council (EES)	X	Sample
3	Employee 3	Position 3	12/07/2013	12/07/2013	Code 4	1.00	6.66	ICE	Inverclyde Council (EES)	X	Sample
3	Employee 3	Position 3	11/09/2013	13/09/2013	Code 4	3.00	21.83	ICE	Inverclyde Council (EES)	X	Sample
4	Employee 4	Position 4	05/08/2013	06/08/2013	Code 4	2.00	14.80	ICE	Inverclyde Council (EES)	X	Sample
5	Employee 5	Position 5	01/07/2013	14/07/2013	Code 1	6.00	35.00	ICE	Inverclyde Council (EES)	X	Sample
6	Employee 6	Position 6	17/09/2013	18/09/2013	Code 4	2.00	14.80	ICE	Inverclyde Council (EES)	X	Sample
7	Employee 7	Position 7	29/07/2013	07/08/2013	Code 4	5.00	37.00	ICE	Inverclyde Council (EES)	X	Sample
7	Employee 7	Position 7	30/09/2013	30/09/2013	Code 4	1.00	7.40	ICE	Inverclyde Council (EES)	X	Sample
8	Employee 8	Position 8	29/08/2013	29/08/2013	Code 4	1.00	7.40	ICE	Inverclyde Council (EES)	X	Sample
9	Employee 9	Position 9	23/07/2013	02/08/2013	Code 4	9.00	66.60	ICE	Inverclyde Council (EES)	X	Sample
10	Employee 10	Position 10	08/07/2013	08/07/2013	Code 4	1.00	7.57	ICE	Inverclyde Council (EES)	X	Sample
11	Employee 11	Position 11	09/09/2013	10/09/2013	Code 4	2.00	14.80	ICE	Inverclyde Council (EES)	X	Sample
12	Employee 12	Position 12	22/08/2013	23/08/2013	Code 4	2.00	14.80	ICE	Inverclyde Council (EES)	X	Sample
13	Employee 13	Position 13	19/08/2013	21/08/2013	Code 4	3.00	22.20	ICE	Inverclyde Council (EES)	X	Sample
14	Employee 14	Position 14	15/07/2013	15/07/2013	Code 4	1.00	7.40	ICE	Inverclyde Council (EES)	X	Sample
15	Employee 15	Position 15	29/07/2013	02/08/2013	Code 2	5.00	37.00	ICE	Inverclyde Council (EES)	X	Sample
16	Employee 16	Position 16	20/08/2013	21/08/2013	Code 4	2.00	14.80	ICE	Inverclyde Council (EES)	X	Sample
17	Employee 17	Position 17	22/07/2013	22/07/2013	Code 4	1.00	7.40	ICE	Inverclyde Council (EES)	X	Sample
17	Employee 17	Position 17	19/09/2013	20/09/2013	Code 4	1.35	9.99	ICE	Inverclyde Council (EES)	X	Sample
18	Employee 18	Position 18	11/09/2013	12/09/2013	Code 4	2.00	15.16	ICE	Inverclyde Council (EES)	X	Sample
Totals						53.35	384.26				

Summary Report for Sample Service between 01/07/13 and 30/09/13

Absence Rates

Absence Summary

REPORT 2 - Sick Leave Employee Totals taken between 1- 7-13 to 30- 9-13 - (Sorted on Employee within Org Levels)

Employee Number	Employee Name	No of Absences	Period Days	Leave Days	Period Hours	Leave Hours	Absence Rate	Company	Company Name	Service	Service Name
1	Employee 1	1	66.00	1.00	488.40	7.40	1.52	ICE	Inverclyde Council (EES)	X	Sample
2	Employee 2	1	27.00	2.00	192.83	14.25	7.38	ICE	Inverclyde Council (EES)	X	Sample
3	Employee 3	2	42.00	4.00	236.79	28.49	12.03	ICE	Inverclyde Council (EES)	X	Sample
4	Employee 4	1	66.00	2.00	488.40	14.80	3.03	ICE	Inverclyde Council (EES)	X	Sample
5	Employee 5	1	40.00	6.00	234.50	35.00	14.92	ICE	Inverclyde Council (EES)	X	Sample
6	Employee 6	1	66.00	2.00	488.40	14.80	3.03	ICE	Inverclyde Council (EES)	X	Sample
7	Employee 7	2	33.00	6.00	244.20	44.40	18.18	ICE	Inverclyde Council (EES)	X	Sample
8	Employee 8	1	39.00	1.00	288.60	7.40	2.56	ICE	Inverclyde Council (EES)	X	Sample
9	Employee 9	1	66.00	9.00	488.40	66.60	13.63	ICE	Inverclyde Council (EES)	X	Sample
10	Employee 10	1	66.00	1.00	488.40	7.57	1.55	ICE	Inverclyde Council (EES)	X	Sample
11	Employee 11	1	66.00	2.00	488.40	14.80	3.03	ICE	Inverclyde Council (EES)	X	Sample
12	Employee 12	1	66.00	2.00	488.40	14.80	3.03	ICE	Inverclyde Council (EES)	X	Sample
13	Employee 13	1	33.00	3.00	244.20	22.20	9.09	ICE	Inverclyde Council (EES)	X	Sample
14	Employee 14	1	66.00	1.00	488.40	7.40	1.52	ICE	Inverclyde Council (EES)	X	Sample
15	Employee 15	1	66.00	5.00	488.40	37.00	7.57	ICE	Inverclyde Council (EES)	X	Sample
16	Employee 16	1	66.00	2.00	488.40	14.80	3.03	ICE	Inverclyde Council (EES)	X	Sample
17	Employee 17	2	66.00	2.35	488.40	17.39	3.56	ICE	Inverclyde Council (EES)	X	Sample
18	Employee 18	1	66.00	2.00	488.40	15.16	3.10	ICE	Inverclyde Council (EES)	X	Sample
Totals		18		53.35		384.26					

Absence rate for Sample Service between 01/07/13 and 30/09/13

Absence Rates

Absence Summary

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REPORT 2 - Sick Leave Employee Totals taken between 1- 7-13 to 30- 9-13 - (Sorted on Employee within Org Levels)

Totals for Org Level	Org Level Name	Total Employees	Total Absences	Number of Days	Leave Days	Number of Hours	Leave Hours	Total Absence Rate (%)	Company	Company Name	Service	Service Name
Service	Sample	54	21	2,921.00	53.35	21,216.04	376.87	1.78	ICE	Inverclyde Council (EES)	X	Sample
Company	Inverclyde Council (EES)	54	21	2,921.00	53.35	21,216.04	376.87	1.78	ICE	Inverclyde Council (EES)	X	Sample

Report To:	Policy & Resources Committee	Date:	25 March 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	2014/P&R/AP/04
Contact Officer:	Alan Puckrin	Contact No:	712764
Subject:	Early Release – Earmarked Reserve		

1.0 PURPOSE

- 1.1 The purpose of this report is to provide an update to Committee in respect of the current status of the Early Release Voluntary Severance Earmarked Reserve.

2.0 SUMMARY

- 2.1 At the last meeting of the Policy & Resources Committee, it was remitted to the Acting Corporate Director Environment, Regeneration & Resources to report back in respect of Early Release Earmarked Reserve following questions regarding the extent of the funding available.
- 2.2 The Council has had an established Earmarked Reserve for Early Release/Voluntary Severance for many years. The Earmarked Reserve meets the Council's one-off costs in respect of Strain on the Fund costs which is paid directly to the pension fund, Added Years and redundancy payments paid to the employees. These payments are made in line with the Terms and Conditions of the employee, many of which are set nationally and in line with their contractual rights.
- 2.3 The balance in the Earmarked Reserve is kept under regular review. A decision was taken when agreeing the 2014/16 Budget to transfer £2million originally earmarked for this Earmarked Reserve to the Loans Charge Earmarked Reserve.
- 2.4 Appendix 1 shows the one off costs incurred by the Council to facilitate the early release of employees since 2009. From this it can be seen that the average payback period for releases is just over one year which represents good value for money and is well within Council Policy of three year payback period. The Council Policy was last reviewed in September 2013 and reflects the recommendations and good practice published in May 2013 by Audit Scotland – Managing Early Departures from Scottish Public Sector Report.
- 2.5 The Council faces significant financial challenges for the foreseeable future and the Committee is asked to note that the current unallocated sum of £2.45million may require to be topped up at some point over the next few years. This is reviewed on a regular basis and reported through the regular Revenue Reports.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the position in respect of the Council's Early Release Earmarked Reserve.

Alan Puckrin
Acting Corporate Director Environment, Regeneration & Resources

4.0 BACKGROUND

- 4.1 The Council operates an Early Release Policy and funds the one-off costs associated with Early Releases from an Earmarked Reserve. The Council's Early Release Policy was last reviewed in September 2013 and reflects good practice in line with Audit Scotland guidance.
- 4.2 At the last meeting of the Policy & Resources Committee, Members asked for a report back on the need for the level of funds allocated to the Early Release Earmarked Reserve. This report fulfils that remit.

5.0 CURRENT POSITION

- 5.1 It is projected that as at 1st April 2014, the balance in the Council's Early Release Earmarked Reserve will be £2.45million. This is after using some £1.76million in 2013/14 in the release of employees.
- 5.2 Appendix 1 gives details in respect of the amount of one-off expenditure incurred by the Council for the last five financial years relating to early releases. From this it can be seen that the largest factors in the one-off costs relates to Strain on the Fund costs, which is a payment made by the Council to the pension fund for pension contributions foregone by the early release, and redundancy.
- 5.3 In addition to the one-off costs incurred, it can be seen that there are ongoing revenue costs related to the added years awarded and over the five year period these total £625,000.
- 5.4 The payback associated with the early releases for the last five years averages just over one year which is well within the parameters of the Council's agreed Policy and represents good value for money for the Council. The Council Policy was last reviewed in September 2013 and reflects the recommendations and good practice published in May 2013 by Audit Scotland – Managing Early Departures from Scottish Public Sector Report.
- 5.5 The Council's Early Release Policy has been amended to reduce the number of added years from six to three with effect from 30th September 2013 and this will reduce the costs of early releases further.
- 5.6 In addition the Council has taken positive steps to reduce the impact of reducing its workforce by service redesign, natural turnover and redeployment opportunities as well as recruiting temporary staff into vacancies where appropriate to protect permanent staff and reduce the financial impact of early release. Early release is used when all other avenues have been exhausted and to date all staff released have done so on a voluntary basis.
- 5.7 During the last five years, 2009/14, the Council has made £23.46million savings, less than half of this achieved by employee savings. A further £7.5million savings are planned and approved for the remainder of this spending review 2014/16.
- 5.8 Based on the information in Appendix 1, it can be seen that the remaining funding in the Early Release Earmarked Reserve of £2.45m will be able to fund the release of approximately £2.2million of salaries. This level of funding needs to be seen in the context of the previously reported £25million funding gap which the Council potentially faces over the period 2016/19 and therefore assumes that less than 10% of this funding gap will be achieved via the early release of employees.
- 5.9 On the basis of the above, Officers would advise that it is highly likely that at some point during the 2016/19 budget period, the Council may require to allocate further one-off resources to the Early Release Earmarked Reserve. This is reviewed on a regular basis and reported through the regular Revenue Reports.

6.0 IMPLICATIONS

- 6.1 The Council has a robust Early Release Policy which states that payback for early release should be within two years or in exceptional circumstances three years. It can be seen that based on the last number of years that the Council's early releases fall well within these limits.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Earmarked Reserves	Early Release	2014 Onwards	£2,450		

Annually Recurring Costs/ (Savings)

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

Legal

- 6.2 There are no Legal implications arising from this report.

Human Resources

- 6.3 Prior to any employee being released, the Head of OD, HR & Communications carries out a value for money assessment in conjunction with the Chief Financial Officer and this assessment is then signed off by the relevant Corporate Director and the Chief Executive. Copies of all decisions are kept for audit purposes.

Equalities

- 6.4 There are no direct Equalities implications arising from this report.

Repopulation

- 6.5 This report has no impact on the Council's repopulation agenda.

7.0 CONSULTATION

- 7.1 No consultation was required in the preparation of this report.

8.0 LIST OF BACKGROUND PAPERS

- 8.1 None.

Financial Year	Employee Numbers	One off Costs				Recurring Costs/Savings		Payback Period Years	
		Redundancy £'000	Employee Benefit Added Years £'000	Total £'000	Cost of Pension Fund Strain on the Fund £'000	Total £'000	Added Years £'000		Savings £'000
2009/10	93	1,245	687	1,932	1,729	3,661	229	(3,272)	1.20
2010/11	87	871	502	1,373	774	2,147	168	(2,290)	1.01
2011/12	62	847	345	1,192	401	1,593	118	(1,946)	0.87
2012/13	20	450	138	588	592	1,180	46	(915)	1.36
2013/14	43	684	191	875	886	1,761	64	(1,477)	1.25
Total	305	4,097	1,863	5,960	4,382	10,342	625	(9,900)	1.12

¹ Between April 2009 and March 2014 the Council has signed up 305 employees for release.

² The Council has incurred one off costs of £10.342m to release employees, £5.960m paid to the employee for redundancy and lump sum pension costs. A further £4.382m has been paid to the Local Government Pension Scheme to compensate for loss of income due to early release of employees.

³ On a recurring basis, the Council will incur annual pension contributions of £0.625m offset by annual savings of £9.9m.

The Council policy for early release of employees states that the release must be value for money within a maximum of 3 years. This means that the employee saving removed over 3 years will exceed the total of the one off costs and recurring costs. The above table demonstrates that the average payback period is just over 1 year. **The Council will benefit from a saving of £29.7m over 3 years to pay for one off costs of £10.342m and 3 years of recurring costs of £1.875m.**

Since 2009/10 the Council has had to make budget savings of £23.46m detailed below. In addition for the period 2014/16, savings of £5.548m have been approved and are due to be delivered along with new Workstream savings of £2.04m. **Total savings applied in period £31.048m.**

2009/10	£5.01m
2010/11	£5.28m
2011/12	£3.39m
2012/13	£1.80m
2013/14	£1.57m
Workstreams	£6.41m
Total	£23.46m

Report To:	Policy & Resources Committee	Date:	25 March 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	RMcG/LA/1145/14
Contact Officer:	Rona McGhee	Contact No:	01475 712113
Subject:	High Hedges (Scotland) Act 2013 - Remit from Environment & Regeneration Committee		

1.0 PURPOSE

- 1.1 The purpose of this report is to request the Committee to consider a remit from the Environment & Regeneration Committee.

2.0 SUMMARY

- 2.1 The Environment & Regeneration Committee on 6 March 2014 considered a report by the Corporate Director Environment, Regeneration & Resources (1) on the implication of the High Hedges (Scotland) Act 2013 for Inverclyde Council, (2) requesting that authority be delegated to the Head of Regeneration & Planning to issue guidance, consider and determine applications and make and take enforcement action under the Act and (3) seeking approval for the setting of the fee for the submission of such applications.
- 2.2 A copy of the report to the Environment & Regeneration Committee is attached as Appendix 1. This provides background information and details of the proposals together with information on the implications of the recommendations.
- 2.3 During consideration of the report, the Head of Regeneration & Planning advised the Committee that the Act was likely to be enacted with effect from 1 April 2014. In view of this and given that the next meeting of the Inverclyde Council is 10 April 2014, being after the date of enactment, he requested that the Committee remit the recommendations to the Policy & Resources Committee for approval rather than the Inverclyde Council as set out in paragraph 3.3 of the report. This would result in the appropriate authority being in place to deal with matters arising under the Act as from 1 April 2014.
- 2.4 The Environment & Regeneration Committee decided:-
- (1) that delegated authority be granted to the Head of Regeneration & Planning to carry out the Council's powers, duties and obligations in terms of the Act, including:
 - the issuing of guidance;
 - the consideration, dismissal and determination of applications;
 - the issue, variation or withdrawal of notices; and
 - the undertaking of any enforcement action, including any appropriate recovery of costs;
 - (2) that the Council set an application fee linked to that for a planning application for an enlargement, alteration or extension to a dwellinghouse as set by the Scottish Government, the fee currently being £192; and
 - (3) that the report be remitted to the Policy & Resources Committee with the Committee's recommendation that it be approved.

3.0 RECOMMENDATION

- 3.1 The Committee is asked to consider the remit from the Environment & Regeneration Committee.

Rona McGhee
Legal & Democratic Services

Report To:	Environment and Regeneration Committee	Date:	6 March 2014
Report By:	Corporate Director, Environment, Regeneration and Resources	Report No:	E+R/14/03/02/SJ/NM
Contact Officer:	S.Jamieson, Head of Regeneration and Planning	Contact No:	01475 712401
Subject:	High Hedges (Scotland) Act 2013		

1.0 PURPOSE

- 1.1 The High Hedges (Scotland) Act received Royal Assent on 2 May 2013 and, although the date has yet to be advised, it is anticipated being enacted in April 2014.
- 1.2 The purpose of this report is explain the implication of the Act on Inverclyde Council, seek delegated authority to the Head of Regeneration and Planning to issue guidance, consider and determine applications, made and take enforcement action under the Act, and gain approval for the setting of the fee for the submission of such applications.

2.0 SUMMARY

- 2.1 The Act applies to any row of 2 or more trees or shrubs which rise to a height of more than 2 metres above ground level and which form a barrier to light. In these circumstances an owner or an occupier of a domestic property adversely affected by a high hedge may apply to the Council for a High Hedge Notice.
- 2.2 Before submitting an application the affected party must first seek resolution with the hedge owner. If unsuccessful, an application may be lodged with the Council, which will consider all the relevant circumstances of the case including loss of light to neighbours, representations from the owner and the effect of the hedge on the general amenity of the area including any cultural or historic significance. All parties are to be notified of the decision, and if a High Hedge Notice is served it will state the action required to be taken within a specified timescale. The full content of a Notice is detailed in paragraph 4.6. The Notice is binding on the owner subject to appeal procedures that are open to both the applicant and the hedge owner. Appeal is to the Scottish Ministers. Finally, in the event of a High Hedge Notice not being complied with the Council will have enforcement and cost recovery powers.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that delegated authority be given to the Head of Regeneration and Planning to carry out the Council's powers, duties and obligations in terms of the Act, to include:
- the issuing of guidance;
 - the consideration, dismissal and determination of applications;
 - the issue, variation or withdrawal of notices; and
 - the undertaking of any enforcement action, including any appropriate recovery of costs.
- 3.2 It is recommended that the Council sets an application fee linked to that for a planning application for an enlargement, alteration or extension to a dwellinghouse, as set by the Scottish Government. This fee is currently £192.

3.3 It is recommended that following approval by the Committee, the terms of this report be remitted to the Inverclyde Council with the Committee's recommendation it be approved.

Stuart W. Jamieson
Head of Service – Regeneration and Planning

4.0 BACKGROUND

- 4.1 The Bill for the High Hedges (Scotland) Act was passed by the Scottish Parliament on 28 March 2013 and received Royal Assent on 2 May 2013. Although no date has yet been advised, it is anticipated that the Act will come into force in April 2014.
- 4.2 The Act when introduced will provide a limited solution to the problems of “high hedges which interfere with the reasonable enjoyment of domestic property”. This is defined as a row of 2 or more trees or shrubs which rise to a height of more than 2 metres above ground level and which form a barrier to light. Where the definition applies, an owner or an occupier of a domestic property may apply to the Council for a High Hedge Notice.
- 4.3 Before submitting an application, the applicant must firstly take, in accordance with guidance to be issued by the Council, “all reasonable steps” to resolve matters. Applications must be accompanied by a fee covering what the Council considers “represents the reasonable cost ...in deciding an application”. On receipt, the Council may dismiss an application if the applicant has not taken reasonable steps to resolve matters or if the application is considered frivolous or vexatious.
- 4.4 If an application is not dismissed, the Council will progress to fully assess the proposal. As a first step, the Council will notify the owner and occupier of the site of the hedge, allow 28 days for representation, and copy any such representations to the applicant. The representations must be taken into account in deciding the application. The application is to be determined on the basis of whether the hedge affects the enjoyment of a domestic property which an occupant could reasonably expect to have and, if so, whether any action should be taken by the owner to remedy the adverse effect or to prevent the reoccurrence of that adverse effect.
- 4.5 In reaching a decision the Council must take into account all the relevant circumstances of the case including loss of light to neighbours, representations from the owner and the effect of the hedge on the general amenity of the area including any cultural or historic significance. It should be noted that if there is no loss of light, then the hedge is not covered by the Act regardless of what other amenity issues that the applicant may have. The Act provides that the Scottish Ministers may produce guidance although as yet this has not happened. The Council must have regard to any such guidance both in assessing applications and when producing its own guidance. If a hedge is covered by a Tree Preservation Order, any decision to serve a Notice takes precedent.
- 4.6 All parties are to be notified of the decision and, if a High Hedge Notice is served, it must be copied to all parties. A High Hedge Notice will:
 - identify the high hedge which is the subject of the notice and the land on which it is situated;
 - identify the domestic property that the Council has decided is adversely affected;
 - state the date on which the notice is to take effect (which is to be not earlier than 28 days after service of the notice);
 - state the initial action that is to be taken by the owner of the land on which the hedge is situated and period for compliance;
 - state any preventative action that is to be taken by the owner of the neighbouring land;
 - inform the recipient that there is a right to appeal to the Scottish Ministers;
 - inform the recipient that the Council is entitled to authorise a person to take action where there is a failure to comply with the notice and that the Council may recover the expenses of that action; and
 - inform the recipient that it is an offence to intentionally prevent or obstruct a person authorised to take action from acting in accordance with this Act.

It is binding on the owner although the Act gives the Council the scope to withdraw or vary it. If varied, the Council must issue a revised Notice. It should be further noted that the withdrawal of a Notice does not prevent the issuing of a further Notice at a later date in respect of the same hedge.

- 4.7 The applicant may appeal to the Scottish Ministers if the Council decides to issue a Notice, the terms of which are unacceptable to the applicant, or the Council considers that there is no adverse effect, determines there should be no action taken, or decides to vary or withdraw a Notice. The owner of the hedge may appeal to the Scottish Ministers if the Council decides to issue a Notice or vary or withdraw a Notice.
- 4.8 Finally, in the event of a High Hedge Notice not being complied with, the Council will have enforcement and cost recovery powers.

5.0 PROPOSALS

- 5.1 To assist both owners and potential applicants in avoiding a formal application, it is recommended that delegated powers be granted to the Head of Regeneration and Planning to issue guidance on the application process, including pre application resolution requirements, factors that are taken into account in the assessment of an application, and acceptable impact on light.
- 5.2 It is recommended that the Council sets an application fee linked to that for a planning application for an enlargement, alteration or extension to a dwellinghouse, as set by the Scottish Government. This fee is currently £192.
- 5.3 It is recommended that delegated powers be granted to the Head of Regeneration and Planning to determine all applications submitted under the High Hedges Act (Scotland) 2013.
- 5.4 It is recommended that delegated powers be granted to the Head of Regeneration and Planning to undertake enforcement action and seek cost recovery as appropriate.

6.0 IMPLICATIONS

Finance

- 6.1 The introduction of the Act should be cost neutral. The application fee proposed is intended to cover costs and application numbers are anticipated as being low.

Financial Implications:

One off Costs

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

Annually Recurring Costs/ (Savings)

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

Legal

- 6.2 Following the coming into force of the Act, and subject to approval of the delegations recommended in this report, the Head of Regeneration and Planning will formally issue, vary and withdraw high hedge notices in accordance with the Act. Officers must have regard to such guidance as may in due course be produced by the Scottish Ministers, in carrying out the Council's functions under the Act.

Human Resources

6.3 No implications.

Equalities

6.4 No implications.

Repopulation

6.5 No implications.

7.0 CONSULTATIONS

7.1 None.

8.0 LIST OF BACKGROUND PAPERS

8.1 High Hedges (Scotland) Act 2013.

**INVERCLYDE COUNCIL
POLICY AND RESOURCES COMMITTEE**

AGENDA AND ALL PAPERS TO:

Councillor MacLeod	1
Councillor McCabe	1
Councillor Wilson	1
Councillor McCormick	1
Provost Moran	1
Councillor Clocherty	1
Councillor McEleny	1
Councillor McIlwee	1
Councillor Loughran	1
Councillor Nelson	1
Councillor Rebecchi	1

All other Members (for information only) 9

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
Corporate Director Education & Communities	1
Head of Education	1
Head of Inclusive Education, Culture & Corporate Policy	1
Head of Safer & Inclusive Communities	1
Head of Organisational Development, HR & Communications	1
Acting Corporate Director Environment, Regeneration & Resources	1
Head of Legal & Democratic Services	1
Chief Financial Officer	1
Head of Property Assets & Facilities Management	1
Business/Democratic Services Manager	1
S Lang, Legal & Democratic Services	1
R McGhee, Legal & Democratic Services	1
Chief Internal Auditor	1
File Copy	1

TOTAL 41

AGENDA AND ALL NON-CONFIDENTIAL PAPERS TO:

Community Councils 10

TOTAL 51