
Report to : Council

Date of Meeting: 26th June, 2014

Subject: NHS Forth Valley Supported Bus Services in Clackmannanshire

Report by: Senior Service Manager

1.0 Purpose

- 1.1. This report updates Council on NHS Forth Valley proposals for replacement of their current H1 and H2 Bus services linking Clackmannanshire to Forth Valley Royal Hospital. It effectively provides an opportunity for the Council to be consulted on NHS Forth Valley proposals which it is understood will be considered by their Performance and Resources Committee on 24th June, 2014, subject to any subsequent comments from the Council.

2.0 Recommendations

- 2.1. It is recommended that Council considers and comments, as appropriate, on the proposals contained in the NHS Forth Valley report attached as Appendix 1.

3.0 Considerations

- 3.1. As part of the planning requirements for the development of Forth Valley Royal Hospital at Larbert, a Transport Assessment was produced to assess the travel demand to/from the hospital. Targets were set for the proportion of people who would use each mode of travel (e.g. walking, cycling, bus, rail and car).
- 3.2. These targets set out that progressively fewer people should use cars and more people should use other, more sustainable modes of transport to travel to/from the hospital. The targets were set out in a Section 75 Agreement which forms part of the planning permission for the hospital. The Agreement required that a Travel Plan be prepared that set out a package of measures designed to support the mode share targets and monitor progress towards these. The Plan specifically detailed " a minimum of 30 minute frequency direct bus service between the proposed bus stances located at the main hospital entrance and Alloa bus station/town centre".
- 3.3. It was subsequently agreed with NHS Forth Valley that a 30 minute frequency was too high and that the residents of Clackmannanshire would be better

served by reducing the frequency and extending the services northwards to serve the Hillfoots. The revised services known as H1 & H2 provide a 2 hourly service from Alva and Dollar and an hourly service from Alloa. As NHS Forth Valley had no experience of procuring bus services it was agreed that the Council would procure the H1 & H2 services on their behalf for a three year period from August 2010 to August 2013 at a cost to NHS Forth Valley of £414,726 per annum. The contract was later extended to March 2014. NHS Forth Valley later agreed to further extend the "H" services until December 2014. As the single extension allowed under the original contract had been utilised this further extension was procured through Falkirk Council's Term Contract.

- 3.4. Clackmannanshire Council's supported bus service contracts were scheduled to terminate in March 2013 and the option of combining the established NHS services to Forth Valley Royal Hospital with the Council's supported services was explored. This was one of the options tendered and based on an assumed split of funding would have resulted in an annual cost to NHS Forth Valley of £128,929. To ensure best value the Council services were being procured under a five year to terminate in March 2018. However, at that time NHS Forth Valley were not in a position to commit to a five year contract so the option was not taken forward.
- 3.5. NHS Forth Valley have stated that the H1 and H2 services will not be replaced on a like for like basis when the current contract expires in December 2014. Following representations from a number of sources, including Clackmannanshire Council, NHS Forth Valley agreed to undertake a project with input from Council officers to review options for a replacement service with an aspirational budget of £50,000. It should be noted that the role of Council staff in the project was to provide technical and procurement advice.
- 3.6. The Project team have since developed a long list of options which was refined into a short list. A modified version of the Scottish Transport Appraisal Guidance (STAG) was used to evaluate and score the financial and non-financial aspects of each of the short listed options. The conclusion of the work carried out by the project team was that Option 10a, an hourly shuttle service between Alloa and Forth Valley Royal Hospital timed to provide connections with the Council's supported bus services, was the most viable option.
- 3.7. A report to NHS Forth Valley Performance and Resources Committee incorporating the Clackmannanshire to Forth Valley Royal Hospital Project Report is attached as Appendix 1. The NHS Forth Valley proposal is that Option 10a will operate for a period of 24 months at an estimated annual cost to NHS Forth Valley of £79,000, during which time the utilisation and actual cost of the service will be monitored. It is intended that all the options are reappraised at the beginning of 2016 to ensure that the most effective and efficient option is used. If it is concluded that combining the Council and NHS services is the best option then there is potential for the NHS contract to be extended to co-terminate with the Council contract in March 2018.
- 3.8. The Project Report provides details of the options considered and the factors which were taken into account in the appraisal. In summary :-

- 48% of passenger have historically boarded in Alloa.
- Travel time will slightly increase for passengers travelling from beyond Alloa.
- Passengers from beyond Alloa will require to change buses in Alloa as was originally the case under the Section 75 agreement.
- Clackmannanshire supported services timetables and those of Option 10a will be linked so that waiting time in Alloa should be no more than a few minutes. This will require minimal changes to the existing Council service timetables.
- NHS Forth Valley propose to procure the service using Falkirk Council's term contract which would minimise any procurement difficulties.
- The proposed service specification will require fully accessible buses so passengers with mobility difficulties and parents with children will be accommodated.
- The service can be operated by a single bus meaning significantly lower costs to NHS Forth Valley (Estimated at £79,000/annum).

3.9 In the summary to the NHS Forth Valley report under the heading "2. PURPOSE OF PAPER" there is reference to a Memorandum of Understanding being concluded between the Council and NHS Forth Valley. It is considered that such a Memorandum is unnecessary. Under Option 10a the bus services between the Hillfoots and Alloa Town Centre will continue to be Council supported services. A new service will be operated on behalf of NHS Forth Valley on an hourly basis between Alloa Town Centre and Forth Valley Royal Hospital. As these services are distinct and separate to each organisation there is no requirement for a Memorandum of Understanding to regulate the position.

3.10 It should be noted that NHS Forth Valley have undertaken an exercise to identify which services might be transferred from Forth Valley Royal Hospital to Clackmannanshire Community Hospital to reduce the need for Clackmannanshire residents to travel to Larbert. The latest advice we have is that approximately 4,000 appointments per annum have already been transferred and the transfer of further services is under active consideration.

4.0 Sustainability Implications

4.1. It is anticipated that Option 10a will be more financially sustainable for NHS Forth Valley. There are presently no direct sustainability implications for the Council.

5.0 Resource Implications

5.1. Financial Details

There are no new financial implications for the Council arising from the

recommendations of this report.

5.2. Staffing

There are no direct staffing implications resulting from the report although it is anticipated that staff from the Joint Public Transport Co-ordination Unit will be involved in monitoring usage of the service.

6.0 Exempt Reports

6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

The area has a positive image and attracts people and businesses	<input checked="" type="checkbox"/>
Our communities are more cohesive and inclusive	<input checked="" type="checkbox"/>
People are better skilled, trained and ready for learning and employment	<input type="checkbox"/>
Our communities are safer	<input type="checkbox"/>
Vulnerable people and families are supported	<input type="checkbox"/>
Substance misuse and its effects are reduced	<input type="checkbox"/>
Health is improving and health inequalities are reducing	<input checked="" type="checkbox"/>
The environment is protected and enhanced for all	<input type="checkbox"/>
The Council is effective, efficient and recognised for excellence	<input type="checkbox"/>

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No

9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 - NHS FV Report

11.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Mac West	Senior Services Manager	452624

Approved by

NAME	DESIGNATION	SIGNATURE
Mac West	Senior Services Manager	
Garry Dallas	Director	

Performance & Resources Committee

24th June 2014

**This report relates to
Item 9 on the agenda**

NHS Forth Valley Supported Bus Services in Clackmannanshire Project Steering Group Recommendation

**(Presented by Mr Tom Steele, Director of Strategic
Projects and Facilities)**

For Approval

SUMMARY

1. NHS Forth Valley Clackmannanshire Supported Bus Services – Project Steering Group Recommendation.
2. **PURPOSE OF PAPER**

The purpose of the paper is to advise members of the Performance and Resources Committee of the work that has been undertaken in regards to identifying an alternative to the H1 and H2 bus services.

The H1 and H2 services are funded by NHS Forth Valley and formed part of the first iteration of the Travel Plan for Forth Valley Royal Hospital. NHS Forth Valley is required by the Section 75 Agreement with Falkirk Council to have in place an ‘approved’ Travel Plan for Forth Valley Royal Hospital.

After 3 years of operation the H1 and H2 bus services operate at a significant loss with passenger numbers flat-lining. The continued operation of the H1 and H2 services cannot be sustained by NHS Forth Valley in its current format.

Following detailed discussion between NHS Forth Valley and Clackmannanshire Council both parties agreed to undertake a review of options for the delivery of a ‘transport service’ from Clackmannanshire to FVRH. The main focus of the review was to maintain adequate access to FVRH at the best value to the public purse.

A long list of options was examined across a wide spectrum of transport types from Demand Responsive and Community based to local bus services. The long list options were:

- Status Quo

- Status Quo- cost apportioned by passenger destination
- Status Quo minus Sunday Service
- Status Quo minus Sundays and evenings (Mon – Sat)
- Lothian Plus Model
- Open Modified Demand Responsive Transport (DRT)
- Feeder DRT
- Bus Route Development Grant (BRDG), Dollar – Glasgow
- Community Transport (Locality CT)
- Community Transport (Organisational CT)
- Integration into Supported Network
- Partial Integration into Supported Network
- ‘Stagecoach’ Taxi Bus Model
- Direct DRT (Dial a Journey Model)

A modified version of the Scottish Transport Appraisal Guidance (STAG) Part 1 Appraisal process was used to determine the most effective and efficient option. When evaluating the non-financial aspect, seven factors were benchmarked against the benchmark First Bus 60 Service.

The seven factors considered were:

- Journey cost to the passenger;
- Travel time to Forth Valley Royal Hospital;
- Geographical coverage of the option;
- Interchange (the need to undertake a change of services);
- The complexity of delivery of the option;
- Accessibility (passengers with disabilities); and
- Accessibility (parents with children).

If the preferred option is agreed by both NHS Forth Valley and Clackmannanshire Council it is envisaged that a ‘Memorandum of Understanding’ (or similar Agreement) is put in place to ensure that there is no ambiguity associated with the reason, and responsibilities, for the provision of the transport solution.

This paper brings forward a recommended option for consideration by Committee members.

The Project Report containing details of activity and all the options reviewed is available on request.

3. KEY ISSUES

- Analysis of all tickets sold on the H1 and H2 services between 4th February 2013 and 2nd February 2014 identified, that on average 43 people per day travel from the Clackmannanshire area to FVRH. Just under half (48%) of all passengers travelling to the hospital joined the service in Alloa. The study also identified that approximately 70% of all passengers using the service did so for journeys within Clackmannanshire.
- Following a detailed appraisal of a range of options by the Working Group, a preferred option has been identified; the preferred option **Partial Integration into Supported Network** is a local bus service operating between Alloa town centre and Forth Valley Royal Hospital. The service will run an hourly weekday timetable and a Saturday timetable. The service will be known as the Hospital Express (HX)
- Detailed discussions suggest that minor timetable changes to Clackmannanshire Council's supported bus services will maintain connections with the rail service at the same time providing useful connections on to the HX service
- Community Transport options, both local and organisational (such as the RVS, Red Cross etc) need to be developed in order to challenge the 'traditional' local bus service option. An area out with the direct control of NHS Forth Valley is the ability for Community Transport to offset costs by accepting concessionary card holders and offset operating costs by receiving the 'Bus Services Operators Grant'
- The cost of Demand Responsive Transport is problematic and potentially open ended. Increases in passenger numbers (above the average of 43 people per day) would further raise the cost of the service. Increased patronage on a traditional bus services can be absorbed at no extra cost by utilizing spare seat capacity
- The financial pressures associated with Community and Demand Responsive Transport may be mitigated by the use of 'Integrated Transport' management for travel demand. NHS Forth Valley is currently developing a business case for the establishment of 'command and control' Transport Hub based on the NHS Lothian transport hub model.
- Given at this stage that Community Transport options are not readily available it is proposed that the preferred solution will operate initially for a period of 24 months as a standalone service. Options thereafter will include the possibility of embedding the HX Service within the Council's supported network, or Community Transport options if it becomes viable in the interim. The Committee will receive regular updates on the performance of the service as part of the overall Travel Plan.

4. FINANCIAL IMPLICATIONS

The estimated net cost of the preferred option is £79,000 per annum. The actual cost will be determined by the tender prices submitted by bus operators and patronage

numbers. It is recommended that the utilisation and cost of the service is regularly reported to the Performance and Resources Committee.

It is intended that all the options are reappraised at the beginning of 2016 to ensure that the most effective and efficient option is used.

5. WORKFORCE IMPLICATIONS

It is expected that the majority of staff using the current H1 and H2 services will still be able to travel to the hospital using public transport. Should this not be the case then NHS Forth Valley will work with the member of staff to provide a workable solution.

6. RISK ASSESSMENT AND IMPLICATIONS

The majority of passengers carried by the H1 and H2 Service undertake journeys that start and end within Clackmannanshire. Clackmannanshire residents will be able to make intra Clackmannanshire journeys on either the commercial or supported bus network after the H1 and H2 cease operating; example journeys are:

- Dollar to Alloa: Services C69/C70 with a DRT connection to and from Muckhart
- Menstrie/Alva/Tillicoultry to Alloa: Services MA2/MA3, 62/63, C68/C69/C70

Services MA2 and MA3 are operated by Mackie's of Alloa on a commercial basis. First Scotland East Ltd operates services 62 and 63 also on a commercial basis. Hunter's Executive Coaches Ltd operates services C68, C69 and C70 as supported services financially underpinned by Clackmannanshire Council.

7. RELEVANCE TO STRATEGIC PRIORITIES

Sustainable access to healthcare facilities is essential for patients, visitors and staff.

8. EQUALITY DECLARATION

The author can confirm that due regard has been given to the Equality Act 2010 and compliance with the three aims of the Equality Duty as part of the decision making process.

Further to an evaluation it is noted that: *(please tick relevant box)*

Paper is not relevant to Equality and Diversity

Screening completed - no discrimination noted

Full Equality Impact Assessment completed – report available on request.

9. CONSULTATION PROCESS

Clackmannanshire Council

10. RECOMMENDATION(S) FOR DECISION

The Committee is asked to:

- Approve the procurement of the preferred option, Partial Integration into Supported Network.

11. AUTHOR OF PAPER/REPORT:

<i>Name:</i>	<i>Designation:</i>
Mark Craske	Travel Manager

Approved by:

<i>Name:</i>	<i>Designation:</i>
Tom Steele	Director of Strategic Projects and Facilities
Mac West	Roads & Transportation Manager
David Brown	Public Transport Unit
Lesley Deans	Principal Transportation Planner



NHS Forth Valley Supported Transport Services –
Clackmannanshire to Forth Valley Royal Hospital Project Report

Project Structure

The project was undertaken by a Technical Working Group (WG) and reported to an Executive Review Group (ERG).

The members of the Technical Working Group are listed below in table 1.

Name	Post
David Brown	Stirling & Clackmannanshire Councils - Public Transport Unit
Lesley Deans	Clackmannanshire Council – Principal Transportation Planner
Mark Craske	NHS Forth Valley - Travel Manager
Tom Steele	NHS Forth Valley - Director of Strategic Projects and Facilities
Mac West	Clackmannanshire Council - Roads & Transportation Manager

Table 1 – Membership of Project Technical Group

The members of the Executive Review Group are listed below in table 2.

Name	Post
Gary Dallas	Clackmannanshire Council - Director of Services to Communities
Jane Grant	NHS Forth Valley – Chief Executive

Table 2 – Membership Project Review

Option Selection

The TWG developed a Long List of options and presented a paper to the ERG for their consideration. The paper set out the thinking around the development of a short list of options for more detailed consideration by the TWG. The ERG noted the paper and the TWG were tasked with developing the short listed options. The Long List of options is located at Annex 1.

Procurement Considerations / Legal Issues

As the short list was being refined it was brought to the TWG's attention that there are significant procurement hurdles associated with the delivery of Option 10.

Option 10 would see the integration of the H1 / H2 Services into the Council's supported bus network; to achieve this integration the current contract for supported bus services would have to be cancelled. Internal Legal and Procurement advice has indicated a potential risk exposure of £640k to Clackmannanshire Council for breach of contract and loss of earnings.

At the second meeting of the ERG the matter was discussed in some detail. The discussion led to two key actions: seek further advice from Clackmannanshire Council Procurement/Legal teams and develop a modified version of Option 10, whereby a shuttle service would operate between Alloa and Forth Valley Royal Hospital providing a partial integration with the supported network.

Appraisal of the Short List

The TWG used a modified version of the Scottish Transport Appraisal Guidance (STAG) Part 1 Appraisal¹ process to evaluate and score the non-financial and financial aspects of each of the short listed options. When evaluating the non-financial aspect, seven factors were benchmarked against the First Bus 60 Service.

The seven factors considered were:

- Journey cost to the passenger;
- Travel time to Forth Valley Royal Hospital;
- Geographical coverage of the option;
- Interchange (the need to undertake a change of services);
- The complexity of delivery of the option;
- Accessibility (passengers with disabilities); and
- Accessibility (parents with children).

The 60 Service is operated by First Bus on a commercial basis. It provides a ‘direct’² link for some residents of Clackmannanshire to FVRH. Other residents can use the 60 Service but it will require a change of bus e.g. Dollar residents would access the 60 Service at Alloa after travelling on the C69 Service.

The 60 Service is the only bus service apart from the H1 and H2 which provides a ‘direct’ link; it is therefore reasonable to use it as the benchmark when considering the replacement to the H1 and H2 Service. It is acknowledged that the journey from Alloa to FVRH on the 60 service is ‘unattractively’ long and the vehicles used on the service are not as modern as the ones used on the First Bus 38 service which operates between Stirling and Edinburgh via FVRH and Falkirk town centre.

Each of the seven factors was scored along a spectrum of -3 to +3, where a score of 0 indicates no difference between the 60 Service and the factor of the option being considered. The maximum score for each of the options is +21; scores were then interpolated to a scale of 0 to 100 with 100 equating to a score of +21.

The Modified STAG Part 1 Appraisal summary tables are at Annex 2.

The non-financial scores for each of the options are set out in table 3 on the next page.

¹ <http://www.transportscotland.gov.uk/files/STAG%20technical%20database%20section%2005%20-%20Final%20-%20December%202013.pdf>

² Service operates to FVRH from Clackmannan via Alloa and Stirling without change of bus every 20 minutes, travel time from Clackmannan to FVRH is 74 minutes.

Column A	Column B	Column C
Option No.	Title	Score
Option 2	<i>Status Quo minus Sunday Service</i>	76
Option 4	<i>Lothian Plus</i>	76
Option 10	<i>Integration into Supported Network</i>	64
Option 10a	<i>Partial Integration into Supported Network</i>	62
Option 12	<i>Direct DRT</i>	79
Option 12a	<i>Direct DRT – minimum of two passengers per vehicle</i>	79

Table 3 – Non-financial scores

Appraisal of the Short List - Option Financial Scores

Evaluation of the financial aspects was considered for both NHS Forth Valley and Clackmannanshire Council. The range for NHS Forth Valley being £46,608 to £429,240 with the range for Clackmannanshire Council being ‘no cost’ to £101,355. Scores were allocated across the ranges of cost from 0 (highest cost) to 100 (lowest cost).

The financial scores for each of the short listed options are set out in table 4 below:

Column A	Column B	Column C	Column D	Column E
Option No.	Title	Score – NHS Forth Valley	Score – Clackmannanshire Council	Combined Financial Score (column C + column D)
Option 2	<i>Status Quo minus Sunday Service</i>	76.41	100	176
Option 4	<i>Lothian Plus</i>	36.62	100	137
Option 10	<i>Integration into Supported Network</i>	84.15	97.04	181
Option 10a	<i>Partial Integration into Supported Network</i>	91.53	100	192
Option 12	<i>Direct DRT</i>	0	100	100
Option 12a	<i>Direct DRT – minimum of two passengers per vehicle</i>	56.09	100	156

Table 4 – Financial scores

Appraisal of the Short List – Combined Scores

In order to determine the preferred option the Non Financial and Financial scores were combined to give a total score for each of the options. A weighting was applied to the individual scores.

- Non Financial - 30%
- Financial - 70%

Table 5 on the following page combines the ‘weighted’ scores:

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I
Option No.	Non-financial scores (Column C from table 2)	Non-financial Weighted Score (Weighting of 30)	Financial scores (Column E from table 3)	Financial Weighted Score (Weighting of 70)	Combined Weighted score (Column C + Column E)	Ranking	Net cost to NHSFV	Net cost to CC
Option 2	76	2280	176	12320	14600	2nd	£ 136,869.88	£ -
Option 4	76	2280	137	9590	11870	5th	£ 289,136.06	£ -
Option 10	64	1920	181	12670	14590	3rd	£ 106,927.33	£ 3,000
Option 10a	62	1860	192	13440	15300	1 st	£ 79,000.00	£ -
Option 12	79	2370	100	7000	9370	6th	£ 429,240.00	£ -
Option 12a	79	2370	156	10920	13290	4th	£ 214,620.00	£ -

Table 5 – Combined Weighted Scores

The Preferred Option

The conclusion of the work carried out by the TWG is that **Option 10a** is the preferred Option. It is envisaged that Option 10a will operate for a period of 24 months. The working name for the new service is service HX (Hospital Express).

Monitoring

The TWG will monitor the performance of the service and provide regular reports to the ERG. After the first 12 months of operation the TRG will undertake a review of all of the options to establish if Option 10a is still the most effective long term solution.

Long List Scoring

For completeness the long listed options which were not taken forward to the short list, were scored using the same methodology as for the short listed options. The scores allocated to the long listed options are set out in the table 6 below.

Option No.	Weighted Score
Option 1(a)	14440
Option 1(b)	9010
Option 3	14960
Option 5	13060
Option 5a	14880
Option 6	13060
Option 6a	14880
Option 7	12230
Option 8	13000
Option 8a	14960
Option 9	13000
Option 9a	14960
Option 11	13690

Table 6 – Long Listed Scores

Long List

Option No.	Title	Description	Fares and Cost	Short Listed
Option 1(a)	<i>Status Quo</i>	Current H1/H2 service, no change to the timetable or routes, annual fare increase in line with inflationary uplift.	Free travel for concessionary travel card holders, fare paid by non card holders. Operator claims BSOG (Bus Service Operators Grant); all fare revenue passed to NHS FV	No
Option 1(b)	<i>Status Quo- cost apportioned by passenger destination</i>	Current H1/H2 service, no change to the timetable or routes, annual fare increase in line with inflationary uplift, cost apportioned by passenger profile (intra Clackmannanshire / FVRH);		No
Option 2	<i>Status Quo minus Sunday Service</i>	Current H1/H2 service, Sunday service withdrawn, no change to routes, annual fare increase in line with inflationary uplift.		Yes
Option 3	<i>Status Quo minus Sundays and evenings (Mon – Sat)</i>	Current H1/H2 service, Sunday service and evening services withdrawn from the other days of the week (Mon-Sat), no change to routes, annual fare increase in line with inflationary uplift.		No
Option 4	<i>Lothian Plus</i>	NHS Forth Valley is developing an ‘Integrated Transport Unit’ ITU; modelled on the NHS Lothian Hub. The ITU will allow NHS FV to utilise Board Vehicles, ‘organised’ volunteer drivers, the Boards Taxi contract and the SAS PTS service		Free travel for all patients and visitors who would be carried by volunteer drivers. No reclaim of concessionary travel of BSOG to offset the cost of travel in volunteer’s car. Staff would travel by taxi and would pay a bus fare for the journey; taxi company to retain BSOG and all revenue. Issues around the carriage of children in a ‘volunteer’s car’; question on the requirement for a car seat to be supplied with the car.

Option No.	Title	Description	Fares and Cost	Short Listed
Option 5: <i>Open Modified Demand Responsive Transport (DRT)</i> Option 6: <i>Feeder DRT</i>	<i>Open Modified Demand Responsive Transport (DRT)</i> <i>Feeder DRT</i>	Amended versions of the DRT proposal with no restrictions placed on usage by residents in Sauchie and Alloa. Interchange required at Kincardine on to a fixed timetabled bus service. No western interchange point. Wheelchair users carried directly to FVRH with no interchange	Free travel for concessionary travel card holders, fare paid by non card holders, through ticket arrangement with Stagecoach; DRT is taxi based and modelled on Stirling DRT e.g. operator retains all fare revenue, concessionary travel and BSOG.	No
Option 5a: <i>Open Modified Demand Responsive Transport (DRT)</i> Option 6a: <i>Feeder DRT</i>	<i>Open Modified Demand Responsive Transport (DRT)</i> <i>Feeder DRT</i>	As Options 5 and 6 with the difference being that a minimum of two passengers are carried in each vehicle.	As Option 5 and 6	No
Option 7	<i>Bus Route Development Grant (BRDG), Dollar – Glasgow</i>	The BRDG provides the ability to engage with the commercial bus sector with a view to setting up a period of publicly funded support to the instigation of a bus service. Typically the BRDG runs for 4 years with 3 years of public support and the 4 th year operated by the company with no support. Onward operation after end of year 4 is a commercial decision taken by the operator.	Free travel for concessionary travel card holders, fare paid by non card holders. Operator retains all fare revenue, concessionary travel and BSOG.	No

Option No.	Title	Description	Fares and Cost	Short Listed
Option 8 Option 9	<i>Community Transport (Locality CT)</i> <i>Community Transport (Organisational CT)</i>	Transport provided by voluntary and community sector organisations, using volunteers or paid staff or a combination of both. Community transport can include: Dial-A-Ride services using wheelchair accessible minibuses; village-based community car schemes where local people use their own car to transport others for a small fee.	Free travel for all patients and visitors. Question on the ability/legality of charging a fare for staff commuting travel. No reclaim of concessionary travel of BSOG to offset the cost.	No
Option 8a Option 9a	<i>Community Transport (Locality CT)</i> <i>Community Transport (Organisational CT)</i>	As Options 8 and 9 with the difference being that a minimum of two passengers are carried in each vehicle.	As Option 8 and 9	No
Option 10	<i>Integration into Supported Network</i>	Combination of elements of the Clackmannanshire Council supported bus network (services C68, C69, C70 and C71) and the direct link provided by the H1/H2 services across the Clackmannanshire Bridge.	Free travel for concessionary travel card holders, fare paid by non card holders. Operator retains all fare revenue, concessionary travel and BSOG.	Yes
Option 10a	<i>Partial Integration into Supported Network</i>	Bus service between Alloa and FVRH. Operates Monday to Friday with a reduced Saturday service. Departure and arrival times at Alloa linked to the intra Clackmannanshire bus services to provide connections to communities in Clackmannanshire.	Free travel for concessionary travel card holders, fare paid by non card holders. Operator claims BSOG; all fare revenue passed to NHS FV.	Yes – emerged from Option 10
Option 11	<i>Dunfermline ‘Stagecoach’ Taxi Bus Model</i>	Provides a link between Alloa and Kincardine. From Kincardine there is a direct link into Forth Valley Royal Hospital using the express bus service. Wheelchair users carried directly to FVRH with no interchange.	Free travel for concessionary travel card holders, fare paid by non card holders, through ticket arrangement with Stagecoach; Taxi Bus is similar to DRT e.g. operator retains all fare revenue, concessionary travel and BSOG.	No

Option No.	Title	Description	Fares and Cost	Short Listed
Option 12	<i>Direct DRT (Dial a Journey Model)</i>	Service whereby passengers are collected from their home and taken directly to FVRH with no requirement to interchange as with Feeder DRT.	Free travel for concessionary travel card holders, fare paid by non card holders. DRT is taxi based and modelled on Stirling DRT e.g. operator retains all fare revenue, concessionary travel and BSOG. Possible issues with concessionary travel and BSOG as the service might not meet the requirements of 'a local bus service' due to the distances between the pickup point and FVRH.	Yes
Option 12a	<i>Direct DRT (Dial a Journey Model)</i>	As Option 12 with the difference being that a minimum of two passengers are carried in each vehicle.	As Option 12	Yes

Modified STAG Appraisal Forms

Proposal Details	
Proposal Name:	Option 1 – Status Quo
Proposal Description:	H1 / H2 bus services operate on existing routes and timetable. The cost of providing the service is funded by NHS Forth Valley.

Short Listed: ~~Yes~~/ No

Reason:

The cost to NHS Forth Valley is unsustainable with no prospect of passenger numbers reaching a level at which the service would ‘break even’.

Proposal Details	
Proposal Name:	Option 1b – Status Quo (Cost apportioned by Passenger Profile)
Proposal Description:	H1 / H2 bus services operate on existing routes and timetable. The cost of providing the service is split between NHS Forth Valley and Clackmannanshire Council, the split is calculated using passenger's destination/origin and fare box revenue information. Fare box information for the period February 2013 to February 2014 sets out that the H1 and H2 carried a total of 101,342 passengers with 31,966 passengers travelling to or from FVRH. Using the latest contract price information, it estimated that the annual cost of providing the H1 and H2 is £321,100 per annum. Split by passenger profile NHS FV 31.5% Clackmannanshire Council 68.5%.

Short Listed: ~~Yes~~/ No

Reason:

The cost to Clackmannanshire Council would be unsustainable with no prospect of passenger numbers reaching a level at which the service would 'break even'. This option would see the duplication of council supported services within Clackmannanshire.

Proposal Details	
Proposal Name:	Option 2 – Status Quo minus Sunday Service
Proposal Description:	H1 / H2 bus services operate on existing routes and timetable but the Sunday service is withdrawn. The cost of providing the service is borne by NHS Forth Valley. It is common practice to withdraw underperforming sections of a bus service to reduce costs. Indication that Council colleagues are considering a similar proposal for their own supported bus services.

Short Listed: Yes / ~~No~~

Reason:

A logical proposal which reflects an action a commercial operator would undertake to allow a service to reduce the level of financial loss to the operator.

Factors		
Objective:	Assessment Summary	Narrative
Journey Cost	Moderate Positive Impact (2)	Lower fare than 60 service; fare increase my influence this score.
Travel time	Moderate Positive Impact (2)	Service is quicker than the 60 service as is not routed through Stirling Bus Station
Coverage	Moderate Positive Impact (2)	The 60 service operates along the southern corridor only with no penetration into the Hillfoots area.
Interchange	Strong Positive Impact (3)	To access the 60 service, Hillfoots residents would have to change on to the service.

Complexity of delivery (risk)	Neutral (0)	Proven procurement methodology in place.
Accessibility (passengers with disabilities)	Slight Positive Impact (1)	The 60 Service uses older buses which can make journeys difficult.
Accessibility (parents with children)	Slight Positive Impact (1)	The 60 Service uses older buses which can make journeys difficult.

Cost Information:

Tendered cost per month (H1/H2 rerun)	£	26,758.33
Gross Annual Cost	£	321,100.00
Fare Revenue	£	173,135.64
Net Cost	£	147,964.36
Cost of Sunday service	£	33,280.00
Lost revenue	£	11,094.48
Net cost to NHS Forth Valley	£	136,869.88

Proposal Details	
Proposal Name:	Option 3 – <i>Status Quo minus Sundays and evenings (Mon – Sat)</i>
Proposal Description:	H1 / H2 bus services operate on existing routes and timetable but the Sunday service and all evening services are withdrawn.

Short Listed: ~~Yes~~ / No

Reason:

An extension of Option 2; concern expressed by the Group that the removal of all of the evening services would have a negative impact on the potential fare revenue. The late evening services carry very few passengers when compared with the passenger numbers using the early evening services (up to 7pm).

Proposal Details	
Proposal Name:	Option 4 – Lothian Plus
Proposal Description:	An Integrated Transport Unit (Hub) hosted and operated by NHS Forth Valley. Eligibility to access the service determined by postcode and will cover the communities currently covered by the H1/H2 services. Pick up and drop off from bus stops used by H1 and H2. Will use ‘organisational’ Community Transport (volunteer drivers), the Boards contracted Taxi service and the Boards fleet of vehicles. Relies on the formation of the Hub; business case being developed by NHS FV.

Short Listed: Yes / ~~No~~

Reason:

Integrated transport solutions were advocated in the ‘Transport for Health and Social Care’ report published by Audit Scotland³. Feedback from NHS Lothian has been positive. Their hub currently provides transport for inpatient discharges and inter-hospital journeys; there is no impediment (save cost) to expand the role and remit of the hub model.

Factors		
Objective:	Assessment Summary	Narrative
Journey Cost	Strong Positive Impact (3)	The service would be free to use by patients and visitors; staff would pay via payroll deduction.
Travel time	Moderate Positive Impact (2)	Service is quicker than the 60 service as is not routed through Stirling Bus Station
Coverage	Moderate Positive Impact (2)	The 60 service operates along the southern corridor only with no penetration into the Hillfoots area.

³ http://www.audit-scotland.gov.uk/docs/health/2011/nr_110804_transport_health.pdf

Interchange	Strong Positive Impact (3)	To access the 60 service, Hillfoots residents would have to change on to the service.
Complexity of delivery (risk)	Strong Negative Impact (-3)	Relies on the formation of the 'Hub' by NHS FV and the ability of the CT provider to be able to provide sufficient volunteer drivers.
Accessibility (passengers with disabilities)	Moderate Positive Impact (2)	Vehicles used would be matched to personal needs.
Accessibility (parents with children)	Moderate Positive Impact (2)	Vehicles used would be matched to personal needs; car seats would be provided.

Cost Information:

Community	Road miles	Passengers per day	Return Mileage	Staff per day	Net cost for staff travel	Patients and Visitors	Cost for Patient and Visitor travel per day
Alloa	13	21	26	7.6	£196.56	13.4	£ 171.23
Clackmannan	11	6	22	2.2	£47.52	3.8	£ 41.40
Sauchie	13	3	26	1.1	£28.08	1.9	£ 24.46
Alva	15	3	30	1.1	£32.40	1.9	£ 28.22
Tillicoultry	16	3	32	1.1	£34.56	1.9	£ 30.11
Tullibody	15	2	30	0.7	£21.60	1.3	£ 18.82
Dollar	16	2	32	0.7	£23.04	1.3	£ 20.07
Menstrie	17	1	34	0.4	£12.24	0.6	£ 10.66
Coalsnaughton	15	1	30	0.4	£10.80	0.6	£ 9.41
Fishcross	14	1	28	0.4	£10.08	0.6	£ 8.78
Kennet	9	1	18	0.4	£ 6.48	0.6	£ 5.64

Net Cost for Staff Per day	£ 423.36
Cost for Patient and Visitor travel per day	£ 368.79
Net cost per day to NHS FV	£792.15
Cost per annum	£289,136.06

Proposal Details	
Proposal Name:	Option 5 / 5a Feeder DRT Option 6 / 6a Open Modified Demand Responsive Transport (DRT)
Proposal Description:	Demand Responsive Transport Service options operating within the Clackmannanshire <i>Council</i> area, serving the bus stops currently served by the H1 and H2 services. Passengers would be carried to Kincardine to connect with the Express Stagecoach services to FVRH.

Short Listed: ~~Yes~~ / No

Reason:

These Options are a variation on the first DRT proposal which failed to gather any momentum when presented to Clackmannanshire Council and senior politicians. It was felt that the requirement to travel into Fife, even after increasing the coverage to include all the existing H1/ H2 services, to make the connection was a too much of a hurdle to overcome. The first DRT proposal set out that Alloa and Sauchie residents would not be able to use the service. A number of issues would have to be resolved in regards to waiting facilities at the connection point in Kincardine.

Proposal Details	
Proposal Name:	Option 7 - <i>Bus Route Development Grant (BRDG), Dollar – Glasgow</i>
Proposal Description:	The BRDG provides the ability to engage with the commercial bus sector with a view to setting up a period of publicly funded support for the instigation of a new bus service. Typically the BRDG runs for 4 years with 3 years of public support and the 4 th year operated by the company with no support. Onward operation after end of year 4 is a commercial decision taken by the operator.

Short Listed: ~~Yes~~ / No

Reason:

When compared with other options the funding expended in years 1 to 3 could sustain the operation of other options for significantly longer period. Concerns that the operator may choose to remove the service at the end of year 4. Not considered sustainable Option at this time. The BRDG would not provide a service along the western side Clackmannanshire as the route would only replicate (in parts) the H2 service.

Proposal Details	
Proposal Name:	Option 8 / 8a - <i>Community Transport (Locality CT)</i> Option 9 / 9a - <i>Community Transport (Organisational CT)</i>
Proposal Description:	Transport provided by voluntary and community sector organisations, using volunteers or paid staff or a combination of both. Community transport can include: Dial-A-Ride services using wheelchair accessible minibuses; village-based community car schemes where local people use their own car to transport others for a small fee.

Short Listed: ~~Yes~~ / No

Reason:

The cost of the use of Community Transport cannot currently be off-set by accepting the Concessionary Travel card or by accessing the Bus Service Operators Grant; therefore the full cost is borne by NHS FV. A number of issues with the carriage of children and disabled passengers would need to be fully investigated before this option could be offer to all users.

Proposal Details	
Proposal Name:	Option 10 - Integration into supported bus network
Proposal Description:	Merger of a number of Council supported services into the H1/H2 route; known as the 'Y' shaped route. Service is currently operating under a 5 year contract with Hunters Coaches; contract runs until 2018. H1/H2 is operated by WAVE Ltd, contract runs until end Dec 14.

Short Listed: Yes / ~~No~~

Reason:

Currently NHS FV and Clackmannanshire supported bus services are in competition with each other for passengers. All the services are operating at a loss; it is therefore logical to look to combine the services to provide a more cost effective outcome for NHS FV and Clackmannanshire Council.

Factors		
Objective:	Assessment Summary	Narrative
Journey Cost	Moderate Positive Impact (2)	Lower fare than 60 service; fare increase my influence this score.
Travel time	Moderate Positive Impact (2)	Service is quicker than the 60 service as is not routed through Stirling Bus Station

Coverage	Slight Positive Impact (1)	Improves on the coverage provided by the 60 service, but by way of integrating the services a number of bus stops currently served by the supported network will not be used.
Interchange	Moderate Positive Impact (2)	The western 'arm' of the service would require a change at Alloa
Complexity of delivery (risk)	Strong Negative Impact (-3)	Legal advice from Andy Wyse has suggested that the Council, if the current contract is cancelled, could be liable for damages if the current contractor were to raise an action through the courts.
Accessibility (passengers with disabilities)	Slight Positive Impact (1)	The 60 Service uses older buses which can make journeys difficult.
Accessibility (parents with children)	Slight Positive Impact (1)	The 60 Service uses older buses which can make journeys difficult.

Cost Information:

Total Net Cost of Contact: £320,782

Net Cost to NHS Forth Valley – 33% of total net cost: £106,927.33 per annum

Proposal Details	
Proposal Name:	Option 10a- Partial Integration into Supported Network
Proposal Description:	Bus service between Alloa and FVRH. Operates Monday to Friday and on a Saturday. Departure and arrival times at Alloa linked to the intra Clackmannanshire bus services to provide connections to communities in Clackmannanshire.

Short Listed: Yes / ~~No~~

Reason:

This Option was brought forward after the detailed look at Option 10, where it was established that there are significant financial and procurement issues.

Factors		
Objective:	Assessment Summary	Narrative
Journey Cost	Moderate Positive Impact (2)	Lower fare than 60 service; fare increase my influence this score.
Travel time	Moderate Positive Impact (2)	Service is quicker than the 60 service as is not routed through Stirling Bus Station
Coverage	Slight Negative Impact (-1)	Service would operate between Alloa and FVRH only.

Interchange	Neutral (0)	Interchange required at Alloa.
Complexity of delivery (risk)	Neutral (0)	Proven procurement methodology in place.
Accessibility (passengers with disabilities)	Slight Positive Impact (1)	The 60 Service uses older buses which can make journeys difficult.
Accessibility (parents with children)	Slight Positive Impact (1)	The 60 Service uses older buses which can make journeys difficult.

Cost Information:

Net cost to NHS FV	£ 79,000
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Proposal Details	
Proposal Name:	Option 11 - Dunfermline 'Stagecoach' Taxi Bus Model
Proposal Description:	Provides a link between Alloa and Kincardine. From Kincardine there is a direct link into Forth Valley Royal Hospital using the express bus service. Wheelchair users carried directly to FVRH with no interchange.

Short Listed: ~~Yes~~ / No

Reason:

The Taxi-Bus model was developed in the Dunfermline area with a link to the centre of Edinburgh from the Ferry Toll Park and Ride. This Option would not fully replicate the model completely e.g. providing transport within Clackmannanshire to and from Alloa but would provide a bookable service between Alloa and Kincardine. If no one needed to travel the service would not operate. The issue of travelling to Fife to connect into the Express Stagecoach service is too much of a hurdle to overcome at this time. A number of issues would have to be resolved in regards to waiting facilities at the connection point in Kincardine.

Proposal Details	
Proposal Name:	Option 12 – Direct DRT / Option 12a Direct DRT – minimum of two passengers per car
Proposal Description:	A direct DRT service operating from all the bus stops currently served by the H1 and H2 services. Eligibility to access the service determined by postcode and will cover the communities currently covered by the H1/H2 services. Pick up and drop off from bus stops used by H1 and H2. Would follow the Stirling DRT model, passengers would need to book 24hours in advance and if several passengers would be carried in the same vehicle where possible.

Short Listed: Yes / ~~No~~

Reason:

A Taxi based DRT model is able to offset the cost of the service by accessing both Concessionary Card holder travel and Bus Service Operators Grant. The DRT service would be based on the DRT service used by Stirling Council.

Factors		
Objective:	Assessment Summary	Narrative
Journey Cost	Moderate Positive Impact (2)	Lower fare than 60 service; fare increase may influence this score.
Travel time	Moderate Positive Impact (2)	Service is quicker than the 60 service as is not routed through Stirling Bus Station
Coverage	Moderate Positive Impact (2)	The 60 service operates along the southern corridor only with no penetration into the Hillfoots area.

Interchange	Strong Positive Impact (3)	To access the 60 service, Hillfoots residents would have to change on to the service.
Complexity of delivery (risk)	Slight Negative Impact (-1)	Would follow the procurement and set up processes used by Stirling Council.
Accessibility (passengers with disabilities)	Moderate Positive Impact (2)	Vehicles used would be matched to personal needs.
Accessibility (parents with children)	Moderate Positive Impact (2)	Vehicles used would be matched to personal needs; car seats would be provided.

Cost Information:

See next page

Community	Road miles to FVRH	Return Mileage	Passengers per day	Net Cost to NHS FV
Alloa	13	26	21	£ 546.00
Clackmannan	11	22	6	£ 132.00
Sauchie	13	26	3	£ 78.00
Alva	15	30	3	£ 90.00
Tillicoultry	16	32	3	£ 96.00
Tullibody	15	30	2	£ 60.00
Dollar	16	32	2	£ 64.00
Menstrie	17	34	1	£ 34.00
Coalsnaughton	15	30	1	£ 30.00
Fishcross	14	28	1	£ 28.00
Kennet	9	18	1	£ 18.00

Option 12	
Net Daily cost to NHS FV	£ 1,176.00
Net Annual cost to NHS FV	£ 429,240.00
Option 12a	
Net Daily cost to NHS FV	£ 588.00
Net Annual cost to NHS FV	£ 214,620.00

Report to: CLACKMANNANSHIRE COUNCIL

Date of Meeting: 26 June 2014

Subject: Summer Holiday Healthy Lunch Scheme

Report by: Chief Executive

1.0 Purpose

- 1.1. The purpose of this paper is to update Council on the provision of a summer holiday healthy lunch scheme from the 30 June 2014 to the 18 August 2014 for primary school children who ordinarily receive free school meals.

2.0 Recommendations

- 2.1. It is recommended that Council:
- a) notes arrangements in place to provide access to a healthy lunch, on week days to all primary school children who ordinarily receive free school meals, throughout the course of the forthcoming summer holidays starting 30 June 2014;
 - b) notes engagement with parents of children entitled to free school meals, and the latest update on likely uptake;
 - c) notes engagement to date with potential community partner organisations across Clackmannanshire;
 - d) notes that the Head of Strategy & Customer Services will prepare an evaluation report on conclusion of the scheme.

3.0 Considerations

- 3.1 At its meeting in October, 2013, Council agreed to provide access to a healthy lunch for all primary school children who ordinarily receive free school meals on week days throughout the course of the 2014 summer holidays. Proposals using a food bank model were brought to Council on 15 May 2014 at which time officers were asked to amend the proposed scheme to ensure that children would receive a meal each day. This report provides an update on progress since 15 May 2014.

Healthy Lunch Scheme Model

- 3.2 The model being used over the summer holidays is a modification to the Option B proposal presented to Council on 15 May, with the food bank type provision

replaced with a daily healthy lunch bag. This will ensure that participating children receive a prepared healthy meal each week day of the scheme. Meals will be provided in a handy bag that can be taken away.

- 3.3 The scheme will run from Monday 30 June to Monday 18 August 2014 inclusive, and all primary school children who ordinarily receive free school meals have been given the opportunity to participate. Fresh lunch bags will be distributed daily to various venues across Clackmannanshire. The parent or child will be able to take away the lunch bag on production of an appropriate voucher, issued to all participating families.
- 3.4 Each bag will contain four items; these will be varied daily, and packaged in plain white bags labelled with contents and allergy information. The lunch bag will be prepared in accordance with nutritional guidelines and standards used for school meals. It will include a range of sandwiches and fillings, water or fruit juice, a piece of fresh or dried fruit and a healthy yoghurt or fromage frais. The bags will be distributed in compliance with food handling and storage legislation.

Engagement with Community Partners

- 3.5 A range of community partners and organisations have been involved to date in discussions, with the latest meeting taking place on 23 May 2014. Though all were supportive, not all are in a position to provide practical support and volunteers for the scheme five days a week over the full summer holiday period, therefore, it was agreed that efforts should focus on delivery of a core provision that could be delivered reliably each day over the course of the summer.
- 3.6 We have secured assistance in almost every community. Should any gaps remain by the time the scheme is in operation, we have contingencies in place, for example, using a Community Access Point.

Engagement with Families & Likely Uptake

- 3.7 The Education Service, and primary schools in particular, have been engaged since May facilitating registration of eligible children for the scheme. Promotional work, including posters (in schools and community locations), and information on social media and Clacksweb, was published throughout June 2014. Based on returns received at the time of writing, uptake is estimated at 150 to 200 children.
- 3.8 Voucher booklets have been printed and are actively being distributed to eligible families who have taken up the offer to participate. We expect that demand will fluctuate from week to week, therefore supply and distribution will need to vary to accommodate this. This may also include requests from eligible families who have not previously registered.

Procurement and Funding

- 3.9 There were a number of procurement considerations in the selection of the provider including:

- relevant expertise in nutritional, technical and food safety legislative requirements
- packaging, food labelling and handling requirements
- safe storage requirements
- nutritional and allergy best practice requirements
- compliance with traceability requirements of ingredients
- compliance with Contract Standing Orders
- timescales for implementation.

3.10 Class Cuisine comply with these requirements and will be the supplier of the lunch bags. Class Cuisine already cater for school lunches for children throughout the year and bring significant experience of meeting all of the legislative requirements.

3.11 Given that uptake appears likely to be lower than that for free school meals, it is estimated that the total cost will be comfortably within the funding envelope previously approved by Council on 15 May 2015.

3.12 Following the delivery of the initiative during the summer, the Head of Strategy & Customer Services will prepare an evaluation report for consideration by Resources & Audit Committee on conclusion of the scheme.

Conclusions

3.13 A lunch scheme to provide access to a healthy lunch for all primary school children who ordinarily receive free school meals will be in operation for the duration of the forthcoming school summer holidays. The scheme will operate from Monday 30 June to Monday 18 August inclusive on week days, and will be delivered in collaboration with a range of local community organisations.

4.0 Sustainability Implications

4.1 There are no direct sustainability implications arising from this report.

5.0 Resource Implications

5.1 *Financial Details* - Costs implications are outlined in the report.

5.2 There will be indirect staff and opportunity costs associated with administering and monitoring the scheme.

5.3 *Staffing* - there are no direct staffing implications arising from this report.

6.0 Exempt Reports

6.1 Is this report exempt? No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

- Our communities are more cohesive and inclusive
- Vulnerable people and families are supported
- Health is improving and health inequalities are reducing

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? N/A.

9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

10.1 None

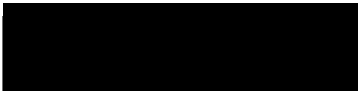
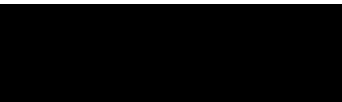
11.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered). No

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Cherie Jarvie	Strategy and Performance Manager	2365

Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Head of Strategy and Customer Services	
Nikki Bridle	Depute Chief Executive	

Report to Council

Date of Meeting: 26 June 2014

Subject: Annual Review of Debtors 2013-14

Report by: Revenues and Payments Manager

1.0 Purpose

- 1.1. The purpose of this report is to provide Council with an update on income collection rates, arrears positions and provide the recommendations for writing off those arrears classified as irrecoverable or 'bad debts'. The report will also set out the main improvement actions currently being developed by the service to improve on performance.
- 1.2. The report also presents an amendment to the Corporate Recovery and Write Off Report in relation to the timing of this report to Council. Under the current Policy, the timing of this report is prescribed.
- 1.3. The presentation of this report is a key milestone in the preparation of the Council's financial statements which need to be approved by end June each year.

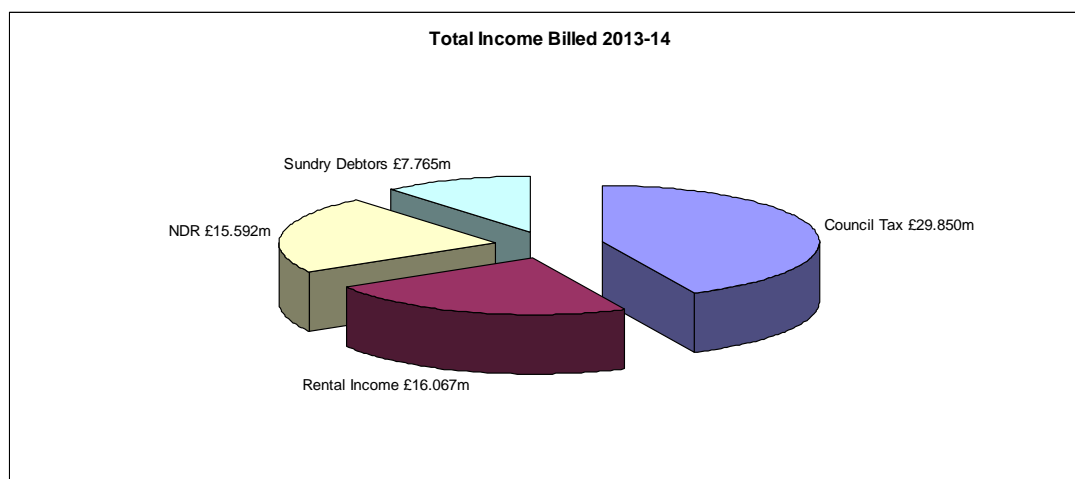
2.0 Recommendations

- 2.1. Council is requested to:
 - 2.1.1. note the trends in income collection levels and the related arrears positions,
 - 2.1.2. approve the write off of £740,908, which represents 1.06% of the total Council debt raised in the year. (Table 3 refers),
 - 2.1.3. note and comment where appropriate on the continuing challenges and developments in respect of income collection and recovery arrangements,
 - 2.1.4. approve the revision proposed in this report to the Corporate Debt and Write Off Policy (paragraphs 6.2 and 6.4),
 - 2.1.5. note that ongoing monitoring of performance is being undertaken through the respective Service Committees and corporately through the Resources and Audit Committee (paragraph 8.1).

3.0 Background

- 3.1. In January 2012, Council approved the Corporate recovery and Write Off Policy. Included within the Policy is a requirement that any irrecoverable income must be approved by Council prior to write off. In addition to formally reporting the irrecoverable debtor for write off, an annual review has been undertaken of the council's year end debtor position.
- 3.2. This report provides the annual update of the income and debtors position during 2013/14. It proposes the write off for 2013/14 and updates members on the improvement works being undertaken within the Revenues service.
- 3.3. The Revenues and Payments team collects income and arrears for a number of debt streams for Clackmannanshire Council namely council tax, sundry income/debtors and rents. The team also collects NDR on behalf of the Scottish Government under the current rates pooling system and Water Service Charges (along with Council Tax) are collected on behalf of Scottish Water under direction from the Scottish Government.
- 3.4. During 2013/14, £69.294 million of income was charged by the Council, down slightly from £69.75 million in 2012/13. The £456,000 reduction arose due to a £2.2 million reduction in value of sundry debtors invoices raised in 2013-14, against a £1.7 million increase in council tax, rents and non domestic rates. The split of the income charged is as follows:

Figure 1



4.0 Three Year Trend

Debt and Collection Position

- 4.1. Over the last three years, the level of gross debt has increased by £1.486 million from £12.123million to £13.609 million. At the same time, the level of provision for bad debts has been regularly reviewed and adjusted. This results

in the net debt position increasing from £4.863 million to £5.436 million over the same period. This position is summarised below in Table 1.

- 4.2. The trend in the individual gross debt levels over the past three years has shown an increase in Council tax, Sundry Debtors, and Rents of £1.486 million over three years ending 2013-14 at £9.260 million, £2.290 million and £2.059 million, respectively.
- 4.3. While the sundry debtors level increases year on year, the proportion of debt outstanding over 90 days continues to decline as indicated in Figure 2 below. In the last three years, the proportion of debt outstanding over 90 days has reduced from 53.81% to 37.01% at the end of 2013/14. This measure indicates, that while the sundry debtors figure has increased, the income is increasingly recovered in under 3 months..

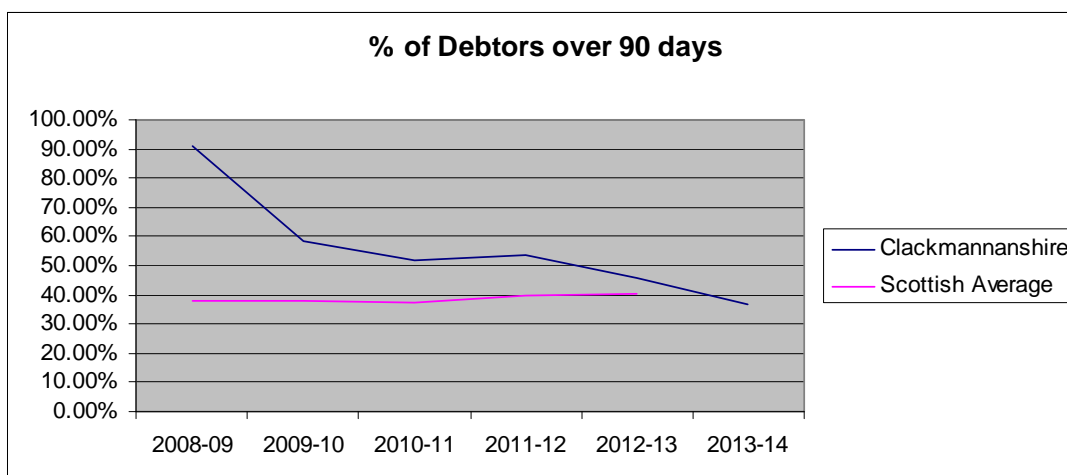
Table 1
Debt Trend over Three Years

Debtor	2011-12 £000	2012-13 £000	2013-14 £000¹
Council Tax	8,859	9,095	9,260
Sundry Debtors	1,642	1,842	2,290
Rent Arrears	1,622	1,769	2,059
Total Gross Debtor	12,123	12,706	13,609
Total Provision	(7,260)	(7,751)	(8,173)
Total Net debt	4,863	4,955	5,436

¹ These figures are draft and are still subject to change as part of the 2013/14 external audit.

- 4.4. The Council's debtors position is reported as both a gross and net position. The gross debtor reflects the total amount due to the Council. The net debtor reflects the amount that the Council realistically expects to cover. The difference between these two figures is the debtor provision which is a prudent calculation of debt that is not expected to be recovered. The net debtor position is recognised as the best reflection of debts that will be recovered.
- 4.5. For 2013/14, the figures are draft and still subject to audit. They also incorporate the proposed write off of £740,908 to show a comparable position of the gross and net debtors over the three years. Each year there is adequate provision made against the debtor. The key indicator for debtor performance is that of net debtor, which is not affected by any write off.

Figure 2



- 4.6. Collection levels across the range of income streams improved during 2011-12 and 2012-13, however they have plateaued or declined by the end of 2013-14. Collection for Sundry debtors reduced 10.47% to 73.15% at the end of the year, with Council tax and NDR both declining less than 1% to 94.73% and 97.66%, respectively. A more detailed analysis of the collection levels for the difference incomes collected by the Council are covered in **Appendix A**.
- 4.7. The increase in the debtors and decline in collection levels have occurred despite the improvements made in improving the Council's processes. This demonstrates both the impact of the welfare reform changes introduced during the year, specifically the bedroom tax and benefit, and the ongoing economic situation are impacting on debt. Performance has also been affected by the completion of the Revenues and Payments restructuring, Additional demands were also placed on the team with the introduction of the Scottish Welfare Fund in April 2013 and the increase in DHP funds.
- 4.8. During 2013-14 there has also been an increase in the processing days for both new benefits claims and changes to existing claims, which has the affect of increasing debts in rent and Council tax. This has previously been reported to Elected Members.
- 4.9. During 2013-14, processing days increased as follows:

Table 2

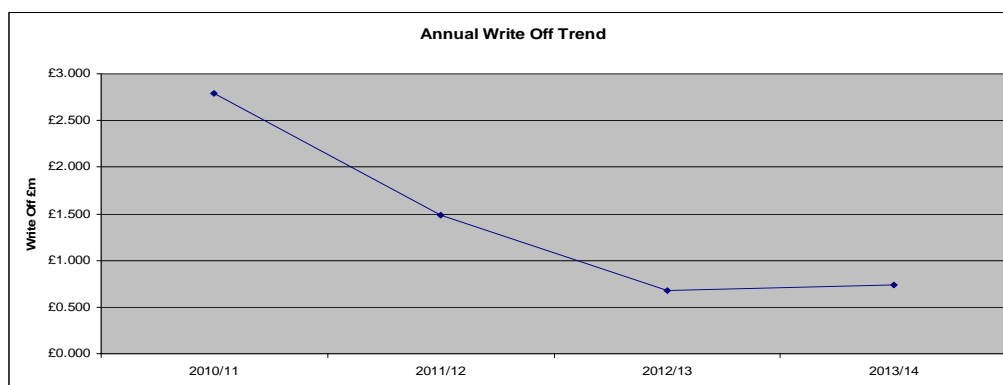
	March 2013	Sept 2013	March 2014	May 2014
Days taken to process new benefit claims	32 days	32 days	47 days	34 days
Days taken to process changes to benefits claims	9 days	21 days	15 days	25 days

- 4.10. A Performance Plan is in place within the revenues service to address the performance issues and this is incrementally demonstrating a sustained improvement.
- 4.11. The increase in debt levels is likely to continue to be a risk in future years. This risk is reflected in the increasing level of provision made for bad debts over the three year period reported
- 4.12. Both debt trends and debt provision will be kept under review. This is particularly important given the ongoing impact of the continuing economic downturn and from Welfare Reform changes.

Write Off Position

- 4.13. The Council's annual debt write off trend for the three years to 2013-14 is summarised below in figure 1. The write off has continued to reduce from £2.792m in 2010-11 to £0.679m in 2012-13. For 2013-14, the write off has increased to £0.741m. The trend for this figure is provided in Figure 3 below.

Figure 3



5.0 Annual Write Off

- 5.1. As part of the Corporate Recovery and Write Off Policy that was approved by Council in January 2012, all debt that is deemed as irrecoverable will be identified and presented to members annually to be written off. In doing so, the Council follows general accounting principles ensuring that all reasonable recovery actions have been undertaken prior to the identifying a debt for write off.
- 5.2. The Corporate Recovery and Write Off Policy also provides that the Director of Finance will make adequate provision for such irrecoverable debts. All the debts as detailed below have been fully provided for.
- 5.3. The following table identifies the proposed write offs for each income stream for 2013/14, together with a comparison for the write off approved for 2012/13. The 2013/14 Statement of Accounts reflects the net debt position. More detail for each income stream along with the reasons for the write off are set out in **Appendix B**.

Table 3

Proposed write-offs for 2013/14.

Type of Debt	Approved Write Off 2012/13		Proposed Write Off 2013/14	
	Number of accounts	Value	Number of accounts	Value
Council Tax	841	£293,206	898	£316,413
NDR	92	£179,677	208	£268,344
Sundry Debt	271	£76,186	202	£91,072
Former Tenant Arrears	81	£77,751	154	£65,079
Business Development Loans	8	£52,583	-	-
Total	1,293	£679,403	1,462	£740,908

5.4. The write off for each category of income represents the following percentage of total debt raised:-

- Council Tax write off represents 0.1% of the total debt raised,
- Non Domestic Rates represents 0.2% of the total debt raised,
- Sundry Debt represents less than 0.1% of the debt raised,
- Former Tenant Arrears represents less than 0.1% of the total rent raised over the preceding 5 years

5.5. In accordance with the Corporate Recovery and Write Off Policy a full record of each write off is retained by the Revenue and Payments Team to allow the debt to be written back and pursued in the future, if new information comes to light on the debtor.

6.0 Corporate Debt and Recovery Policy

6.1. The Council's Corporate Recovery and Write Off Policy was approved in January 2012. The Policy sets out corporate approach to the collection, recovery and write off of Council income.

6.2. Included within the original Policy, in Section 4, "Responsibilities and Delegated Authorities for the Corporate Recovery and Write Off Policy", is the following statement :

6.2.1. "Responsibility for identifying irrecoverable income and presenting a report annually to Council for approval, prior to the reporting of the draft Annual Statement of Accounts, lies with the Revenues and Payments Manager and is administered during the year by the Revenues and Payments Service".

- 6.3. The Annual Debtors Report has been presented to Council since August 2011, however due to the timescales in collecting, collating and reporting on the revenues and debtors performance information, the annual write off figures have been presented to Council for approval as part of the Annual Debtors Report at the same time as the Draft Statement of Accounts are presented to Council.
- 6.4. In recognising the time involved in preparing the debtors and collection performance report, it is proposed that the statement " prior to the reporting of the draft Annual Statement of Accounts" is deleted, with the amended section reading as follows:
- 6.4.1. "Responsibility for identifying irrecoverable income and presenting a report annually to Council for approval, lies with the Revenues and Payments Manager and is administered during the year by the Revenues and Payments Service".
- 6.5. It is anticipated that even with this amendment, the Write Offs within the Annual Debtors Report will be presented to Council for approval at the same time as the draft Statement of Accounts.
- 6.6. Members are asked to approval the proposed amendment to the Corporate Recovery and Write Off Policy.

7.0 Actions taken in 2013-14

- 7.1. In the Budget Strategy Update presented to Members, one of the four key components is income maximisation, which incorporates the collection and recovery of Council income.
- 7.2. With the introduction of the Corporate Recovery and Write Off Policy, the Revenues service has provided an annual update on the continuous improvement of the corporate debt arrangements.
- 7.3. In reviewing the Revenues service provision during 2013/14, the following activities took place:
- the service restructure was completed with all existing permanent staff being appointed or matched into new generic posts. Within the existing service staffing budget, the service was able to reconfigure to include both permanent and temporary posts. This builds in both stability and flexibility within the service to respond to the welfare reform changes.
 - On completion of the restructure, considerable time has been spent within the new teams undertaking skills assessments and developing individual and team training plans. During the second half of the year, staff have been cross skilling to move to more generic ways of working,
 - The Scottish Welfare Fund was introduced in April 2013, with the Revenues Service undertaking responsibility for the administration of the Fund,
 - The underoccupation reduction was introduced for over 700 Council tenants and over 250 private and Housing Association tenants. The

Revenues service made contact with all individuals affected and provided targeted support during the year.

- DHP Funds of £523,000 was distributed during the year to Council, RSL and private tenants, mitigating over 90% of the benefits reduction,
- Briefings were provided for members, staff and other stakeholders on the impacts of welfare reform
- The Revenues service achieved re-accreditation of Customer Service Excellence as part of the Support Service re-accreditation.
- In collaboration with other Local Authorities, the retender of the Sheriff Office service for recovery of Council debt was commenced

8.0 Action Undertaken Going Forward

- 8.1. With collection levels reaching a plateau or reducing, there remains a considerable risk to the Council as a consequence of the impact of the economic downturn and Welfare Reform through reducing income collection, increasing debt and increasing debt write offs. The ongoing monitoring of corporate performance will be undertaken by the Resources and Audit Committee and service performance through the relevant Service Committees.
- 8.2. To ensure that these risks are managed, the Revenues service also continues to, review its processes, move towards greater automation of transactions and embed continuous improvement.
- 8.3. As part of the Councils 2014/15 Budget paper, the preferred core models of service delivery were defined within five Target Operating Models (TOM). The direction of the Revenues service complements two of these TOM being
- Universal Integrated Transactional Services, such as Council tax forms and introduction of automation of payment facilities,
 - Universal Integrated Local Family & Community-Based Services, such as the face to face support for complex needs or vulnerable families.
- 8.4. As part of the Services Business Planning process, the following activities have been scheduled:
- continue to embed performance management across the service and ensure decline in performance is addressed with a sustainable solution,
 - investigate cost effective options for delivery of an automated collection facility,
 - investigate the potential systems capability for undertaking a pilot for trialling direct payments of housing benefit,
 - investigate the opportunity to provide a "one stop shop" approach to advice and guidance for customers,

- undertake a cost-benefit analysis and prepare business case for the introduction an online application for the Scottish Welfare Fund
- undertake a cost-benefit analysis and prepare business case for the introduction an online application for the new customers and changes to Council tax claims
- complete the tender of the Sheriff Officer contract and investigate all opportunities to maximise the cost effective recovery of income both through the Sheriff Officer and inhouse,
- continue to embed rigorous and challenging performance management arrangements,
- work closer with housing colleagues with the integration of the Revenues service within Housing,
- complete the recruitment process for the currently vacant generic Revenues Officer posts.

9.0 Conclusion

- 9.1. The overall debt position and collection levels of the Council continue to be closely managed and monitored. In the previous three years to 2012/13, collection and net debt levels had been improving with increasing collection and reducing debt levels. During 2013/14 however this trend has been changing with reduced collection levels and increasing debt levels.
- 9.2. In previous years, the Council's performance had run contrary to national trends which had demonstrated overall reductions in collected income and significant increases in debtors, however in 2013/14 this trend is now being experienced by the Council. The reducing collection and increasing debtor levels continue to be a risk to the Council due to the current economic situation and the welfare reform changes and will continue to be closely monitored and regularly reported on.

10.0 Sustainability Implications

- 10.1. None

11.0 Resource Implications

11.1. *Financial Details*

- 11.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

- 11.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

11.4. *Staffing*

12.0 Exempt Reports

12.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

13.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

- | | |
|--|-------------------------------------|
| The area has a positive image and attracts people and businesses | <input type="checkbox"/> |
| Our communities are more cohesive and inclusive | <input type="checkbox"/> |
| People are better skilled, trained and ready for learning and employment | <input type="checkbox"/> |
| Our communities are safer | <input type="checkbox"/> |
| Vulnerable people and families are supported | <input checked="" type="checkbox"/> |
| Substance misuse and its effects are reduced | <input type="checkbox"/> |
| Health is improving and health inequalities are reducing | <input type="checkbox"/> |
| The environment is protected and enhanced for all | <input type="checkbox"/> |
| The Council is effective, efficient and recognised for excellence | <input checked="" type="checkbox"/> |

(2) **Council Policies** (Please detail)

Corporate Recovery and Write Off Policy

14.0 Equalities Impact

14.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes No

15.0 Legality

15.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

16.0 Appendices

16.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A - Review of Income Collection Performance

Appendix B - Irrecoverable Debt for Write Off

Appendix C - Detailed Debtors Position to March 2014

17.0 Background Papers

17.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)


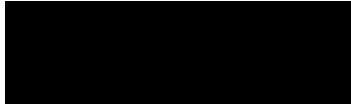
Yes (please list the documents below) No

Director of Finance CIPFA KPIs

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Susan Mackay	Revenues and Payments Manager	452047

Approved by

NAME	DESIGNATION	SIGNATURE
Julie Burnett	Senior Support Services Manager	
Nikki Bridle	Depute Chief Executive	

13.0

ANNUAL DEBTORS REVIEW 2013/14**REVIEW OF INCOME COLLECTION PERFORMANCE****1.0 Introduction**

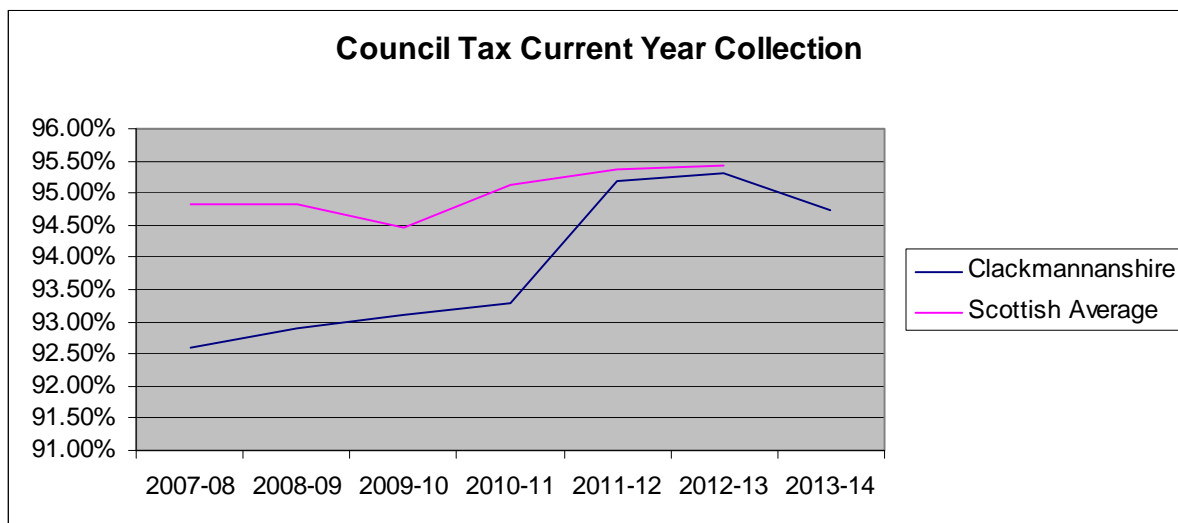
- 1.1. During 2013/14, £69.294 million of income was charged by the Council, down slightly from £69.75 million in 2012/13. In accordance with the Corporate Recovery and Write Off policy, responsibility for the collection and recovery of this income lies with the Revenues team.
- 1.2. The performance of the revenues team during 2013/14, in collecting the different streams of income is covered in more detail below.

2.0 Council Tax Collection

- 2.1. Council Tax and Water Service charges are levied on each domestic dwelling within Clackmannanshire. There are 23,891 such dwellings and this number has remained constant for the past two years. The annual charge levied against these residential properties amounts to £29.85 million , an increase from £29.46 million for 2012-13..
- 2.2. Over the three years from 2011/12, the level of Council Tax debt has increased from £8.859 million to £9.260million. The year on year increase reflects the new debt that occurs each year from the annual billing.
- 2.3. One key performance indicator used to measure the council tax collection rates performance is the in-year collection rate. This represents the amount of council tax collected in the year as a percentage of the amount raised in the same year. For 2013/14, the Council's collection rate was 94.73%, down from 95.31% in 2012/13. The following graph highlights the trend in Clackmannanshire Council's collection rate. The Scottish average for 2013/14 is not yet available:-

ANNUAL DEBTORS REVIEW 2013/14
REVIEW OF INCOME COLLECTION PERFORMANCE

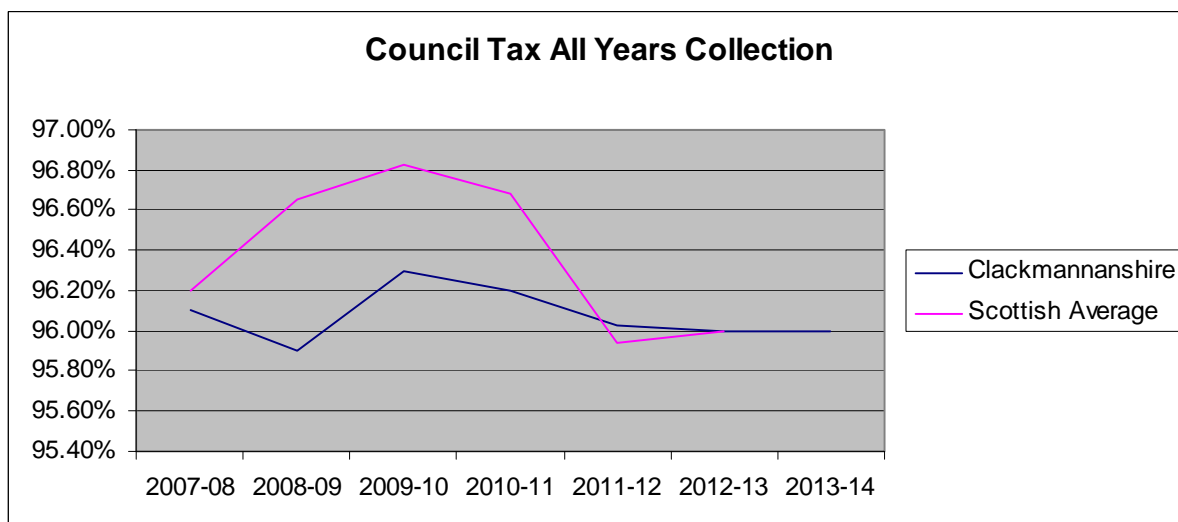
Figure 4



2.4. During the current year Clackmannanshire Council's in year collection rate has declined from its peak of 95.31% in 2012-13 to 94.73% at the end of March 2014.

2.5. The second indicator used to record council tax collections is the all year collection indicator. This records the percentage of council tax collected in all years in total in comparison with the amount raised for each year. The following graph illustrates this indicator for Clackmannanshire Council and compares it with the Scottish average over the last five years.

Figure 5



2.6. While this reflects a slightly reducing trend from 96.03% in 2011/12 to 96% in 2013/14 in collecting all years council tax income, the Council's collection has continued to be above the Scottish Average for the last two years.

ANNUAL DEBTORS REVIEW 2013/14

REVIEW OF INCOME COLLECTION PERFORMANCE

Changes During the Year

- 2.7. During 2013-14, there have been a considerable number of changes due to the welfare reforms which have impacted on the Revenues team. This has impacted on the Billing and Assessment and Recovery Teams responsible for collecting and recovering Council tax debt. For some of these changes, additional funding was provided to cover the additional costs of administration, for other changes no additional funding was provided.
- 2.8. In April 2013, additional responsibility passed to the Revenues team for the administration of The Scottish Welfare Fund. While funding was provided by the Scottish Government for two temporary revenues Officers, the administration has been onerous and a number of Revenues staff involved in the set up and ongoing administration. In addition, funding up to £523,000 was made available for Discretionary Housing Payments (DHPs) which has created additional administration. No additional funding was provided by department of Works and Pensions for the administration of the additional DHP funding and this has been met from existing staffing resources.
- 2.9. The underoccupation reduction was introduced in April 2013. This resulted in additional systems administration and considerable time being spent by staff contacting all individuals affected both prior to the introduction and during the year.
- 2.10. During the year the Revenues restructure was completed with the following changes occurring:
- the Council Tax and Benefits team combining into the Billing and Assessment team,
 - the Sundry Debtors and Non Domestic Rates team combining into the Collection team,
 - the Income Control team moving to the Recovery team.
- 2.11. Considerable time has been spent with the new teams undertaking skills assessments and developing individual and team training plans. During the second half of the year, staff have been cross skilling to move to more generic ways of working
- 2.12. At the same time as the restructure, rigorous performance management arrangements were agreed and introduced for the first time. These arrangements are continuing to be embedded within the service.
- 2.13. The reduction in collection levels during the year reflects the impact of the welfare reform changes during the year, the completion and embedding of the restructure and the current economic climate. The Billing and Assessment and Recovery Teams will continue to undertake targeted work including working closer with internal services and external partners and includes such methods

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REVIEW OF INCOME COLLECTION PERFORMANCE

as better debt profiling and enhanced information sharing. In addition, proactive and preventative work continues to be undertaken by the team especially around early intervention to prevent debts.

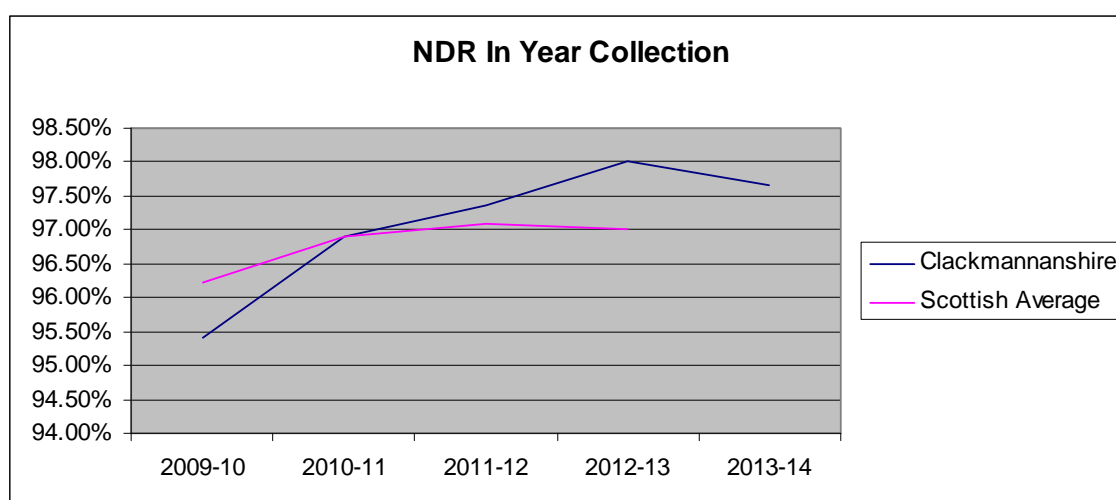
2.14. For council tax, the key performance issues are:-

- the three year trend for Council Tax gross debt shows an 4% increase,
- the net debt for Council tax continues to reduce from £3.304 million in 2011/12 to £3.099 million in 2013/14,
- Council tax collection performance improved during 2011/12 and 2012/13, though there has been a 0.58% reduction in 2013/14 to 94.73%.

3.0 Non Domestic Rates Collection

3.1. NDR income is billed and collected by Clackmannanshire Council on behalf of the Scottish Government under the rates pooling system. In 2013/14 the Council billed £15.592 million to over 1500 business premises in the Council area (an increase from £14.7m in 2012/13). In 2013-14 collection levels dropped for the first time in five years by 0.34% to 97.66% down from 98% in 2012/13. Non domestic rates, collection levels have been above the Scottish Average since 2010/11.

Figure 6



3.2. The reduction in the collection performance occurred due to three new commercial properties being notified to the Council in February 2014, which had been in commercial use since the start of the year. In addition there has been an increase in the level of refunds arising from successful rateable value appeals. Refunds of £650,000 were given in 2013-14 compared to £280,000 in 2012-13.

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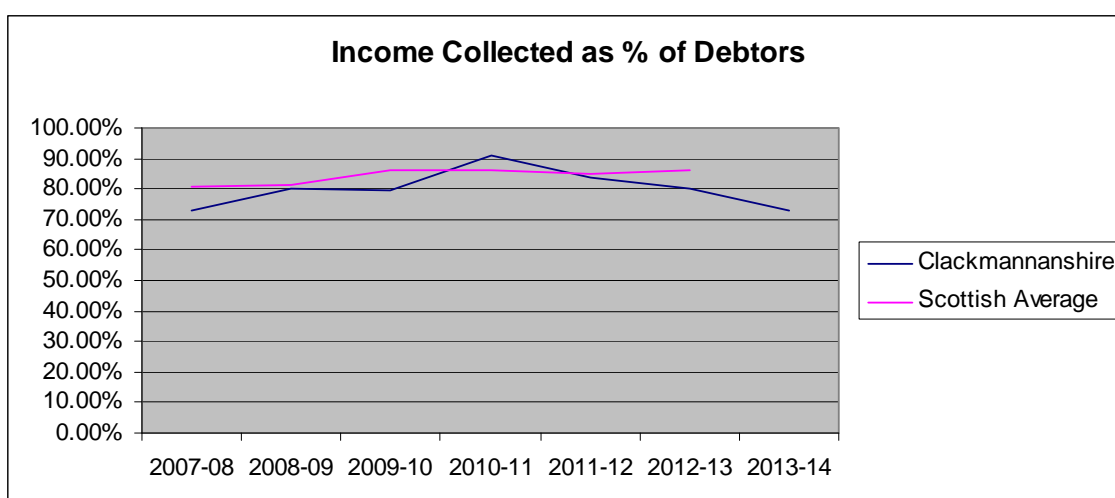
REVIEW OF INCOME COLLECTION PERFORMANCE

- 3.3. As described in paragraph 2.10, with the completion of the revenues restructure, the Non Domestic Rates team joined the Collection team and considerable time has been spent within the Collections Team undertaking skills assessments, developing individual and team training plans and moving to generic workstyles.
- 3.4. The Collection Team will continue to proactively approach rate payers who fail to pay their rates with early interventions to ensure debt is minimised. They will also continue to undertake closer working with internal services and external partners to ensure debtors are billed in a timeous manner and recovery action is taken, when appropriate, as soon as legislation allows.
- 3.5. For non domestic rates:-
- performance improved between 2011/12 and 2012/13, however it declined slightly to 97.66% in 2013/14. Over the three years to 2013/14, overall performance improved 0.3%.

4.0 Sundry Debtors Collection

- 4.1. Sundry debtors is billed by invoices raised to a customer or member of the community in respect of services provided. In 2013/14 £7.765 million (down from £9.97 million in 2012/13) of invoices were raised for services including the provision of music tuition, commercial refuse, home help and meals on wheels. This is a drop from £9.97 million billed in 2012-13.
- 4.2. The net debt position has increased from £1.501m to £1.913m in 2013/14. In addition the 2013/14 in year sundry debtor collection level reduced 10.47% to 73.15%. The trend on collection levels is shown in figure 5 below:

Figure 7

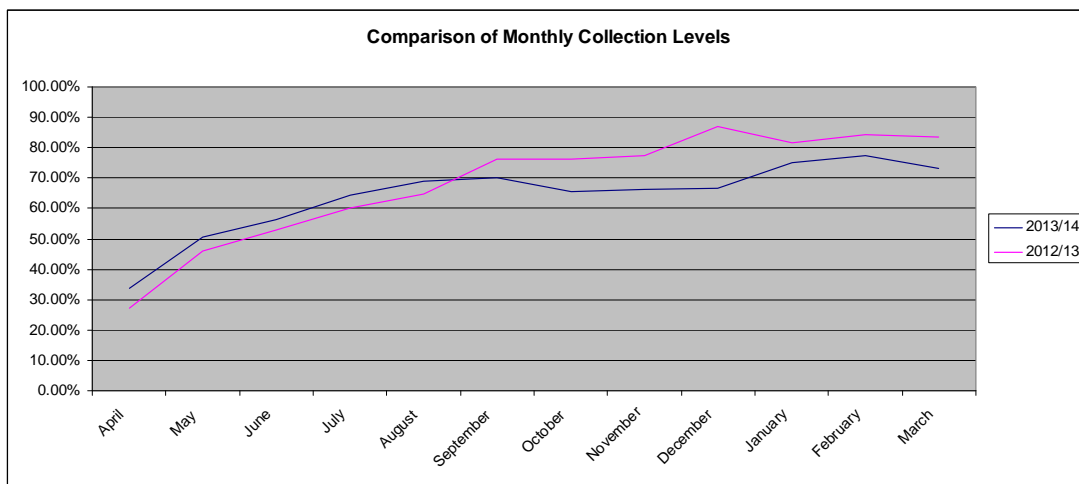


- 4.3. To understand the reasons behind the reducing collection levels, a comparison of the monthly collection levels for 2012/13 and 2013/14 was

ANNUAL DEBTORS REVIEW 2013/14
REVIEW OF INCOME COLLECTION PERFORMANCE

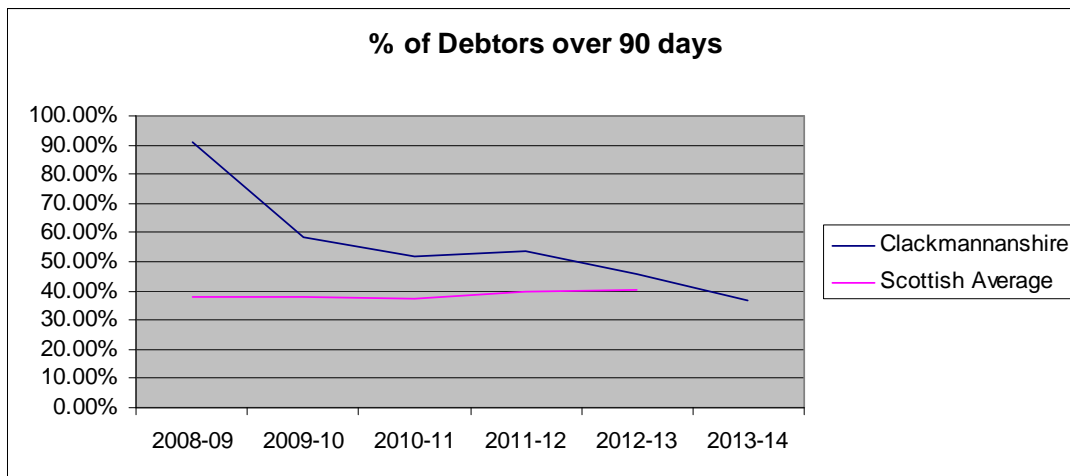
undertaken. It was noted that there was a clear trend showing a slow down of collection levels in the second half of 2013-14 compared to the same period in 2012/14. In the first half of both years, the collection levels are consistently rising, however in 2013/14 the collection levels starts to plateau, while in 2012/13 this is still a month on month incremental increase. This is illustrated in figure 6 below. The reasons behind the reduction is being investigated by the service.:

Figure 8



4.4. The second performance measure for sundry debtors relations to debts outstanding over 90 days. This illustrates how long it is taking to debt accounts to be cleared. For 2013/14, this reduced 8.87% to 37.01%, indicating that just over one third of debt remains outstanding after 3 months. This is shown in figure 7 below.

Figure 9



4.5. When the reducing collection performance is contrasted with reducing long outstanding debt, this indicates that while customer are taking longer to clear their debtor accounts, they are still doing so within 3 months..

ANNUAL DEBTORS REVIEW 2013/14

REVIEW OF INCOME COLLECTION PERFORMANCE

4.6. For sundry debtors:-

- the gross sundry debtor has increased £648,000 (39%) over the three years to 2013/14 to £2.290 million
- debt greater than 3 months continues to reduce which indicates that recovery rates continue to improve,
- the net debtor has increased £689,000 (36%) over the three years to £1.913 million.
- collection levels have decreased to 73.15%, due to a slow down in collection the second half of 2013/14.

5.0 Housing

5.1. The Housing debtor relates to all income collected in relation to the housing service, including residential, lock up and garage rents, rechargeable repairs and housing benefit overpayments. The housing debtor can be broken into the following different categories.

Table 4

HRA arrears position 2011/12 to 2013/14

	2011-12 £000	2012-13 £000	2013-14 £000
Current tenant arrears	344	383	525
Former tenant arrears	331	367	427
HB Overpayments	767	845	912
Rechargeable Repair	134	165	181
Other Misc	46	9	14
Total Gross Debtor	1,622	1,769	2,059
Provision	(1,287)	(1,392)	(1,635)
Total Net Debtor	335	377	424

5.2. The majority of this debt is accounted for within the Housing Revenues Account with the exception of Housing Benefit Overpayments which are included in the general fund account.

5.3. The gross debt has increased £437,000 (26%) in the three years to 2013/14. This has arisen due to all housing debts increasing over the period. The net debt position has increased £89,000 over the three years ending at £422,000 at end 2013/14.

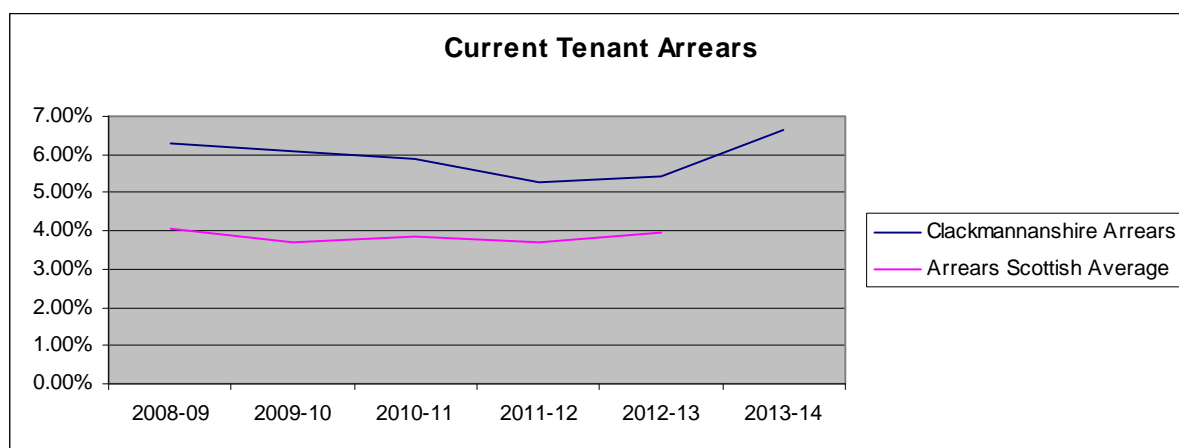
ANNUAL DEBTORS REVIEW 2013/14

REVIEW OF INCOME COLLECTION PERFORMANCE

Current Tenant Arrears

- 5.4. Total gross rental income for 2013-14 payable by the Council's almost 5,000 tenants and associated lock-ups was £16.067 million (up from £15.570 million in 2012/13) an increase of £497,000.
- 5.5. The key measure of performance for current tenant rent arrears is expressed as the percentage of net rent due at the end of the financial year. For 2013/14 this was 6.65% an increase of 1.2% from 2012/13 performance of 5.45%. This remains above the Scottish Average of 3.95% for 2012-13. Performance for the previous five years, has been as follows:

Figure 10



- 5.6. The cross-the-board increase in housing debt illustrates the impact of the welfare reform changes, the completion of the Revenues restructure and performance management issues.
- 5.7. During 2013-14, the Recovery team have mitigated the impact of the introduction of the underoccupation introduced at the start of the year. Over 700 tenants were affected with underoccupation arrears of £379,000 due through the year. As additional funding was not provided by DWP, the additional administration has been managed by the existing team. In addition, the Recovery team contacted tenants about their eligibility for the additional DHP funding awarded during the year and help distribute the awards funding up to £523,000.
- 5.8. As described in paragraph 2.10, the Income Control Team combined into the Recovery team during 2013-14. In the second half of the year considerable time has been spent within the Collections Team undertaking skills assessments, developing individual and team training plans and moving to generic workstyles.
- 5.9. At the same time as the restructure, rigorous performance management arrangements were agreed and are introduced for the first time. These arrangements are continuing to be embedded within the service. Recovery

ANNUAL DEBTORS REVIEW 2013/14**REVIEW OF INCOME COLLECTION PERFORMANCE**

staff will continue to take a proactive approach to debt recovery concentrating on early intervention to minimise debts for tenants and closely monitor the impact on individuals directly affected by the reduction in housing benefit due to under-occupation.

Former Tenant Arrears

- 5.10. Former tenant arrears occur when a tenant gives up a Council tenancy for various reasons including death, abandonment or evictions and any outstanding rent has not been paid.
- 5.11. The position for 2013/14 was an increase in former tenant arrears of £60,000, which represents an increase of 11% on 2012/13.
- 5.12. For all Housing providers, this debt continues to be challenging to collect as after a tenant leaves there are few sanctions that can be imposed. Dedicated resource is allocated to the collection and recovery of former tenant arrears, however collection levels remain very low.
- 5.13. The Revenues service currently is participating in the retender for Sherriff Officer services through a national framework agreement and former tenant arrears are to be included in this contract for the first time. It is anticipated that the tender exercise will be complete by October 2014 and once the preferred supplier has been appointed, former tenant details will be passed to the new Sheriff Officer for tracing and recovery.
- 5.14. Contact details continue to be held for all customers with former tenants arrears and arrangement are systematically being put in place to recover the amounts outstanding.

Housing Benefit Overpayments

- 5.15. Overpayments of housing benefit occurs where benefit has been received by an individual yet the DWP assesses that the individual was not entitled to receive benefit. This can occur for a variety of reasons such as fraud, claimant error or backdated change in circumstances. Where overpayments are identified, these are recovered immediately by DWP, which can result in a considerable amount being owed to by the individual to the landlord.
- 5.16. Housing benefit overpayment relating to Council tenants, known as public sector overpayments increased by £57,000 from £845,000 in 2012/13 to £912,000 in 2013/14.

Rechargeable Repairs

- 5.17. Rechargeable repairs continue to increase over the three years from £134,000 in 2011/12 to £181,000 in 2013/14. Rechargeable repairs relates to repairs which are recharged to tenants where there has been malicious or negligent damage. The recharge only covers the costs of the repairs to the Housing Revenue Account.

ANNUAL DEBTORS REVIEW 2013/14**REVIEW OF INCOME COLLECTION PERFORMANCE**

- 5.18. The invoicing of rechargeable repairs was reintroduced during 2013-14 with £30,000 of invoices raised.
- 5.19. In acknowledgement of the increasing arrears trend, detailed work is being undertaken by Revenues and Payments and Accountancy to identify how performance can be improved. An update on the actions agreed and being undertaken will be provided to Resources and Audit Committee as part of the Director of Finance update after the summer.
- 5.20. For rent debtors, the key issues are :-
- performance has reduced with the current tenant debt increasing by 1.2% to 6.65% of the net debt raised in the year. This remains above the national average of 3.95% in 2012/13,
 - the current tenant arrears have increased £142,000 to £525,000 at the end of 2013/14, which is attributable to the impact of the welfare reform changes,
 - former tenant arrears and rechargeable repairs debts continue to increase,
 - public sector overpayments increased to £912,000 in 2013/14,

Future of Rents/Overpayment collections.

- 5.21. Although implementation timescales have decelerated, the Welfare Reform changes, including the reduction of housing benefit continue to be a challenge to maintain or improve levels of rent arrears and maximise recovery of overpayments due to changes associated with Welfare Reform. A Welfare Reform Update report was presented to Council in May and a members briefing is being scheduled for after recess. These continue to be carried out highlighting the impacts on this Council of the Welfare Reform agenda. The next significant change to affect tenants will be the Introduction of direct payments to tenants with Universal Credit.

ANNUAL DEBTORS REVIEW 2013/14
IRRECOVERABLE DEBT FOR WRITE OFF

1.0 Introduction

- 1.1. The following table identifies the proposed write offs for each income stream for 2013/14, together with a comparison for the write off approved for 2012/13. The 2013/14 Statement of Accounts reflects the net debt position.

Proposed write-offs for 2013/14.

Type of Debt	Approved Write Off 2012/13		Proposed Write Off 2013/14	
	Number of accounts	Value	Number of accounts	Value
Council Tax	841	£293,206	898	£316,413
NDR	92	£179,677	208	£268,344
Sundry Debt	271	£76,186	202	£91,072
Former Tenant Arrears	81	£77,751	154	£65,079
Business Development Loans	8	£52,583	-	-
Total	1,293	£679,403	1,462	£740,908

Council Tax and Water Charges

- 1.2. The following tables split the proposed write off's for Council Tax and Water Charges by reason for the write off.

Reason	2012-13		2013-14	
	No of Accounts	Total £	No of Accounts	Total £
Deceased	233	49,964	499	122,675
Sequestration	451	194,187	204	104,085
Untraceable	157	49,055	195	89,653
TOTAL	841	293,206	898	316,413

Non Domestic Rates

- 1.3. The following tables split the proposed write offs by reason for the write off. Full case records are retained by Revenue and Payments Team for audit purposes.

ANNUAL DEBTORS REVIEW 2013/14
IRRECOVERABLE DEBT FOR WRITE OFF

Year	2012-13		2013-14	
	No of Accounts	Total £	No of Accounts	Total £
Moved away/Untraceable	54	89,921	81	112,191
Sequestration/liquidation	38	89,756	88	154,512
Immaterial Balances	-	-	38	899
Trust Deed	-	-	1	742
TOTAL	92	179,677	208	268,344

Sundry Debt

1.4. The following tables split the proposed write offs by and originating service. It should be noted that the split by service reflects the current structure of the Council. Case level records have been retained by the Revenues and Payments team for audit purposes.

1.5.

Reason	2012-13		2013-14	
	Number	Total £	Number	Total £
Deceased	17	9,489	15	6,688
Sequestration	61	16,705	22	10,312
Untraceable	193	49,993	165	74,072
TOTALS	271	76,187	202	91,072

ANNUAL DEBTORS REVIEW 2013/14
IRRECOVERABLE DEBT FOR WRITE OFF

Service	2012-13		2013-14	
	Number	Total £	Number	Total £
Community & Regulatory	102	40,690	17	7,173
Education	29	3,493	36	3,895
Facilities Management	35	6,374	24	10,026
Housing	-	-	66	46,976
Social Services	71	13,634	47	10,227
Support Services	34	11,996	12	12,775
TOTALS	271	76,187	202	91,072

Former Tenant Rent Arrears

- 1.6. The following tables show the proposed write offs for Former Tenant Arrears for dwellings and lock-ups showing the write offs split into each reason type

Reason	2012-13		2013-14	
	Number	Total £	Number	Total £
Deceased	18	5,202	91	20,860
Untraceable	46	55,727	-	-
Prescribed	16	15,925	56	29,282
Sequestrated	1	897	7	14,937
TOTALS	81	77,751	154	65,079

ANNUAL DEBTORS REVIEW 2013/14
DETAILED DEBTORS POSITION TO MARCH 2014

Debtor	2010-11		2011-12		2012-13		2013-14	
	£000		£000		£000		£000	
Council Tax	9,107		8,859		9,095		9,260	
Provision	<u>(5,066)</u>	4,041	<u>(5,555)</u>	3,304	<u>(6,018)</u>	3,077	<u>(6,161)</u>	3,099
Rent	1,472		1,622		1,769		2,059	
Provision	<u>(599)</u>	873	<u>(1,287)</u>	335	<u>(1,392)</u>	377	<u>(1,635)</u>	424
Sundry Debtors	1,776		1,642		1,842		2,290	
Provision	<u>(106)</u>	1,670	<u>(418)</u>	1,224	<u>(341)</u>	1,501	<u>(377)</u>	1,913
Total Net Debt		6,584		4,863		4,955		5,436

