



Clackmannanshire Council

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Kilncraigs, Alloa, Scotland, FK10 1EB (Tel.01259-450000)

Meeting of Clackmannanshire Council

Wednesday 28 June 2017 at 1.00 pm.

**Venue: Council Chamber, Kilncraigs,
Greenside Street, Alloa, FK10 1EB**

Date	Time
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Clackmannanshire Council

There are 32 Unitary Councils in Scotland. Clackmannanshire Council is the smallest mainland Council. Eighteen Councillors are elected to represent the views of the residents and businesses in Clackmannanshire. The Council has approved Standing Orders that detail the way the Council operates. Decisions are approved at the monthly meetings of the full Council and at Committee Meetings.

The Council is responsible for approving a staffing structure for the proper discharge of its functions, approving new policies or changes in policy, community planning and corporate governance including standards of conduct.

The Council has further responsibility for the approval of budgets for capital and revenue expenditure, it also has power to make, alter or cancel any scheme made under statute and to make, alter or cancel any orders, rules, regulations or bye-laws and to make compulsory purchase orders. The Council also determines the level of Council Tax and approves recommendations relating to strategic economic development.

Members of the public are welcome to attend our Council and Committee meetings to see how decisions are made.

Details of all of our Council and Committee dates and agenda items are published on our website at www.clacksweb.org.uk

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20 June 2017

A MEETING of the CLACKMANNANSHIRE COUNCIL will be held within the Council Chamber, Kilncraigs, Greenside Street, Alloa, FK10 1EB, on WEDNESDAY 28 JUNE 2017 at 1.00 pm.

**ELAINE McPHERSON
Chief Executive**

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1. Apologies	--
2. Declaration of Interests Elected Members are reminded of their obligation to declare any financial or non-financial interest which they may have in any item on this agenda in accordance with the Councillors' Code of Conduct. A Declaration of Interest form should be completed and passed to the Committee Services Officer.	--
3. Confirm Minutes of Meeting of Clackmannanshire Council held on 18 May 2017 and reconvened on 1 June 2017	07
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(i) Regulatory Committee 31 January 2017	15
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EXEMPT INFORMATION

It is considered that the undernoted reports be treated as exempt from the Council's general policy of disclosure of all papers by virtue of Schedule 7A, Part 1, Paragraphs 6 & 12 of the Local Government (Scotland) Act 1973. It is anticipated (although this is not certain) that the Council will resolve to exclude the press and public during consideration of this item.

15. Arbitration Award - report by the Head of Resources and Governance (Copy herewith)	161
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Clackmannanshire Council – Councillors and Wards (From 4th May 2017)

Councillors

Wards

Provost	Tina Murphy	1	Clackmannanshire West	SNP
Councillor	Darren Lee	1	Clackmannanshire West	CONS
Councillor	George Matchett, QPM	1	Clackmannanshire West	LAB
Councillor	Les Sharp	1	Clackmannanshire West	SNP
Councillor	Donald Balsillie	2	Clackmannanshire North	SNP
Councillor	Martha Benny	2	Clackmannanshire North	CONS
Councillor	Dave Clark	2	Clackmannanshire North	LAB
Councillor	Archie Drummond	2	Clackmannanshire North	SNP
Councillor	Phil Fairlie	3	Clackmannanshire Central	SNP
Councillor	Derek Stewart	3	Clackmannanshire Central	LAB
Councillor	Mike Watson	3	Clackmannanshire Central	CONS
Councillor	Chris Dixon	4	Clackmannanshire South	CONS
Councillor	Kenneth Earle	4	Clackmannanshire South	LAB
Councillor	Ellen Forson	4	Clackmannanshire South	SNP
Councillor	Craig Holden	4	Clackmannanshire South	SNP
Councillor	Graham Lindsay	5	Clackmannanshire East	SNP
Councillor	Kathleen Martin	5	Clackmannanshire East	LAB
Councillor	Bill Mason	5	Clackmannanshire East	CONS

Appointed Members (3)

Rev Sang Y Cha	Church of Scotland
Father Michael Freyne	Roman Catholic Church
Pastor David Fraser	Scottish Baptist Church

Nb. Religious representatives (Appointed Members) only have voting rights on matters relating to the discharge of the authority's function as education authority.

MINUTE OF STATUTORY MEETING of the CLACKMANNANSHIRE COUNCIL held within the Council Chamber, Kilncraigs, Greenside Street, ALLOA, FK10 1EB, on THURSDAY 18 MAY 2017 at 10.00 am.

PRESENT

Councillor Donald Balsillie
Councillor Martha Benny
Councillor Dave Clark
Councillor Chris Dixon
Councillor Archie Drummond
Councillor Kenneth Earle
Councillor Phil Fairlie
Councillor Ellen Forson
Councillor Craig Holden
Councillor Darren Lee
Councillor Graham Lindsay
Councillor Kathleen Martin
Councillor Bill Mason
Councillor Les Sharp
Councillor Derek Stewart
Councillor Mike Watson

IN ATTENDANCE

Elaine McPherson, Chief Executive/Returning Officer
Nikki Bridle, Depute Chief Executive
Garry Dallas, Executive Director
Stephen Coulter, Head of Resources and Governance
Celia Gray, Head of Social Services (18 May only)
Anne Pearson, Chief Education Officer
Andrew Wyse, Acting Legal Services Manager (Clerk to the Council)

As a preface to the meeting, the Chief Executive congratulated the members who were elected to serve as members of the Clackmannanshire Council on 4 May 2017 and wished them well in their term of office.

As set out in legislation, the Chief Executive, in her capacity as Returning Officer, took the Chair and outlined the requirement for Council to elect a Provost from among its councillors as the first substantive business to be transacted at the first meeting of the council after an ordinary election.

CC.01 APOLOGIES

Apologies for absence were received from Councillor Tina Murphy and Councillor George Matchett, QPM.

CC.02 DECLARATION OF INTERESTS

None.

CC.03 ELECTION OF PROVOST

The Returning Officer outlined procedures for the election of Provost and invited nominations.

Councillor Dave Clark nominated Councillor Tina Murphy as Provost.

The Returning Officer asked if Councillor Clark had confirmation that Councillor Murphy was willing to be nominated for the role.

It could not be confirmed that Councillor Murphy was willing to be nominated for the role.

The Clerk to the Council confirmed that where a member nominated to an office is in absentia, to meet legal requirements, written or verbal confirmation is required that she was prepared to accept the office to which she was nominated.

As there were no other nominations, the meeting adjourned at 10.05 am.

When the meeting resumed at 10.20 am, sixteen members remained present.

Motion

That Council re-convenes on Thursday 1 June 2017 at 10.00 am.

Moved by Councillor Les Sharp. Seconded by Councillor Bill Mason.

Decision

The Council agreed to re-convene on Thursday 1 June 2017 at 10.00 am.

The Clerk to the Council advised that the Council would be in breach of the Local Government etc. (Scotland) Act 1994 if it did not appoint a Convener (Provost) at its first statutory meeting which required to be held within 21 days of the date of the election.

The Meeting adjourned at 10.25am

When the meeting reconvened in 1 June 2017 at 10.00am 17 members were present, the meeting having been joined by Councillor T Murphy. An apology for absence was again received from Councillor George Matchett, QPM. Ahsan Khan, Head of Housing and Community Safety and Lindsay Sim, Chief Accountant were also in attendance

The Returning Officer welcomed members to the reconvened statutory meeting and again, took the Chair reminding Council to elect a Provost from among its councillors as the first substantive business to be transacted required to be the election of a Provost. The Returning Officer further advised of the possibility of one additional item of urgent business subject to the agreement of the Provost, once elected.

CC.04 ELECTION OF PROVOST

The Returning Officer outlined procedures for the election of Provost and invited nominations.

Councillor Les Sharp nominated Councillor Tina Murphy as Provost of Clackmannanshire Council, seconded by Councillor Archie Drummond.

Decision

As there were no other nominations for Provost, the Returning Officer declared Councillor Tina Murphy duly elected as Provost of the Clackmannanshire Council.

Provost Murphy then accepted the chain of office and took the Chair.

CC.05 ELECTION OF DEPUTE PROVOST, LEADER AND DEPUTE LEADER

(a) Depute Provost

The Provost invited nominations for the election of Depute Provost.

Councillor Les Sharp nominated Councillor Donald Balsillie as Depute Provost, seconded by Councillor Archie Drummond.

Decision

As there were no other nominations for Depute Provost, Councillor Donald Balsillie was duly elected as Depute Provost of Clackmannanshire Council.

(b) Leader of the Council

The Provost invited nominations for the election of the Leader of the Council.

Councillor Donald Balsillie nominated Councillor Les Sharp as Leader of the Council, seconded by Councillor Graham Lindsay.

Decision

As there were no other nominations for Leader of the Council, Councillor Les Sharp was duly elected as the Leader of the Clackmannanshire Council.

(c) Depute Leader of the Council

The Provost invited nominations for the election of the Depute Leader of the Council.

Councillor Les Sharp nominated Councillor Archie Drummond as Depute Leader of the Council, seconded by Councillor Phil Fairlie.

Decision

As there were no other nominations for Depute Leader of the Council, Councillor Archie Drummond was duly elected as the Depute Leader of the Clackmannanshire Council.

Action

Chief Executive

CC.06 APPOINTMENT OF CHAIRS AND VICE CHAIRS OF STANDING COMMITTEES

The Provost invited nominations for the appointment of Chairs and Vice Chairs of the Council's Standing Committees.

(a) Planning Committee and Local Review Body – Chair and Vice Chair

Councillor Les Sharp nominated Councillor Donald Balsillie as Chair of the Planning Committee and Local Review Body, and Councillor Phil Fairlie as Vice Chair of the Planning Committee and Local Review Body.

Seconded by Councillor Archie Drummond.

Decision

As there were no other nominations, Councillor Donald Balsillie was duly appointed as Chair of the Planning Committee and Local Review Body, and Councillor Phil Fairlie was duly appointed as Vice Chair of the Planning Committee and Local Review Body.

(b) Regulatory Committee – Chair and Vice Chair

Councillor Les Sharp nominated Councillor Graham Lindsay as Chair of the Regulatory Committee and Councillor Donald Balsillie as Vice Chair of the Regulatory Committee.

Seconded by Councillor Archie Drummond.

Decision

As there were no other nominations, Councillor Graham Lindsay was duly appointed as Chair of the Regulatory Committee and Councillor Donald Balsillie was duly appointed as Vice Chair of the Regulatory Committee.

(c) Audit and Finance Committee – Chair and Vice Chair

Councillor Les Sharp nominated Councillor Archie Drummond as the Chair of the Audit and Finance Committee and Councillor Phil Fairlie as Vice Chair of the Audit and Finance Committee.

Seconded by Councillor Ellen Forson.

Decision

As there were no other nominations, Councillor Archie Drummond was duly appointed as Chair of the Audit and Finance Committee and Councillor Phil Fairlie was duly appointed as Vice Chair of the Audit and Finance Committee.

(d) Scrutiny Committee – Chair

Councillor Kenneth Earle nominated Councillor Dave Clark as Chair of the Scrutiny Committee for the first year of the Scrutiny Committee and proposed that the Chair of the Scrutiny Committee rotates between the two opposition parties (Labour and Conservative) on an annual basis.

Seconded by Councillor Derek Stewart.

Decision

As there were no other nominations, Councillor Dave Clark was duly appointed as Chair of the Scrutiny Committee for its first year.

The Council agreed unanimously that the Chair of the Scrutiny Committee would rotate between the two opposition parties on an annual basis.

Action

Chief Executive

CC.07 POLITICAL BALANCE

A report was submitted by the Chief Executive which asked Council to decide the political balance on its standing committees. Standing Orders state that at the first meeting of the Council after an election the political balance on committees should be determined.

Motion

That Council agrees the recommendations set out in the report and that the political balance as set out in Table 4 is supported as the best alternative scenario to address potential imbalance.

Moved by Councillor Dave Clark. Seconded by Councillor Kenneth Earle.

Amendment

That Council agrees the recommendations set out in the report and that the political balance as set out in Table 3 is supported.

Moved by Councillor Sharp. Seconded by Councillor Drummond.

Voting

For the amendment 8 votes
For the motion 9 votes

The motion was carried on a division of 9 votes to 8.

Decision

Accordingly, on a division of 9 votes to 8, the Council agreed:

- (a) to note the political balance of the Council further to the May 2017 elections (Table 1 of the report),
- (b) to note the options for the number of seats each political group might have on the Council's standing committees based on that political balance, and
- (c) the balance of seats on the Council's standing committees be as set out in Table 4 of the report:

Political Groups & Members	No.	Seats Planning Committee	Seats Regulatory Committee	Seats Audit & Finance Committee	Seats Scrutiny Committee
SNP	8	4	3	3	Majority of Members to come from outwith the Political Administration (report para 3.9)
Conservative	5	3	3	2	
Labour	5	3	2	3	
Total	18	10	8	8	8

Action

Chief Executive

CC.08 APPOINTMENTS TO THE LICENSING BOARD

A report was submitted by the Head of Resources and Governance which invited Council to consider the appointment of members to the Licensing Board. At its first statutory meeting the Council must appoint no fewer than five and no greater than ten members to the Licensing Board. All members appointed to the Board must then undergo compulsory training before they can participate in making Board decisions.

The Provost invited nominations to Clackmannanshire Licensing Board.

Councillor Sharp seconded by Councillor Drummond moved that the following SNP Members (4) be appointed to the Licensing Board:-

Councillor Craig Holden, Councillor Archie Drummond, Councillor Tina Murphy
Councillor Les Sharp

Councillor Bill Mason seconded by Councillor Chris Dixon moved that the following Conservative Members (2) be appointed to the Licensing Board:-

Councillor Martha Bennie, Councillor Mike Watson

Councillor Dave Clark. seconded by Councillor Kenneth Earle moved that the following Labour Members (3) be appointed to the Licensing Board:-

Councillor Dave Clark, Councillor Kenneth Earle, Councillor George Matchett, QPM

The Clerk to the Council advised that where Councillor Matchett was nominated to an office in absentia, confirmation is required that he is prepared to accept the appointment to which he is nominated. Councillor Dave Clark confirmed that Councillor George Matchett is prepared to accept the nomination. Councillor Matchett has also signed a Declaration of Acceptance of Office.

After further discussion Councillor Drummond seconded by Councillor Earle moved that the nine (9) members nominated be appointed to the Licensing Board

Decision

The Council unanimously agreed that the nine members nominated be duly appointed to the Licensing Board.

Action

Head of Resources and Governance

CC.09 APPOINTMENTS TO THE BOARD OF SEStran

A report was submitted by the Chief Executive which asked Council to nominate two representatives to the Board of the South East Scotland Transport Partnership (SEStran). It is a statutory requirement that these appointments are made at the first meetings of councils after the local government elections.

Councillor Les Sharp seconded by Councillor Archie Drummond. nominated Councillor Phil Fairlie.

Councillor Bill Mason seconded by Councillor Martha Benny nominated Councillor Darren Lee

Decision

As there were no other nominations, Councillor Phil Fairlie and Councillor Darren Lee were duly appointed as Clackmannanshire Council's representatives on the Board of SEStran.

Action

Chief Executive.

CC.10 REPRESENTATION ON OUTSIDE BODIES

A report was submitted by the Chief Executive the purpose of which was to ask Council, as a matter of urgency, to nominate representatives to two outside bodies.

In terms of Standing Order 11.6, the Provost agreed to accept this item on to the agenda as a matter of urgency for the following reasons:

- (a) Nominations for the President and Vice President of CoSLA have to be with CoSLA by 9 June and can only be submitted by Convention members. If the Council does not appoint members to the Convention prior to 9 June, the opportunity to make nominations would be lost.
- (b) The Central Scotland Valuation Joint Board is likely to meet before the end of June 2017 so that its draft accounts and financial statements can be approved. The VJB comprises 15 elected members drawn from the three constituent authorities with Clackmannanshire having three representatives on the Board.

(a) CoSLA Convention

The Provost invited three nominations to the CoSLA Convention based on the Council's political balance.

Motion

That Council appoints two SNP members as representatives on the CoSLA Convention and one elected member from one of the other political parties.

Moved by Councillor Les Sharp. Seconded by Councillor Archie Drummond.

Amendment

That Council appoints one elected member from each of the political parties as set out in paragraph 3.6 of the report.

Moved by Councillor Kenneth Earle. Seconded by Councillor Derek Stewart.

Voting

For the amendment	9 votes
For the motion	8 votes

Decision

Accordingly, on a division of 9 votes to 8, the Council agreed to appoint one elected member from each of the political parties as Clackmannanshire Council's representatives on the CoSLA Convention, as below:

SNP Representative - Councillor Les Sharp

Moved by Councillor Archie Drummond. Seconded by Councillor Ellen Forson.

Labour Representative - Councillor Dave Clark
Moved by Councillor Derek Stewart. Seconded by Councillor Kenneth Earle

Conservative Representative - Councillor Mike Watson
Moved by Councillor Bill Mason. Seconded by Councillor Martha Benny.

Action

Chief Executive

(b) Central Scotland Valuation Joint Board (VJB)

The Provost invited three nominations to the Central Scotland Valuation Joint Board (VJB).

SNP Nominations

Councillor Les Sharp seconded by Councillor Archie Drummond nominated Councillor Craig Holden and Councillor Donald Balsillie

Labour Nomination

Councillor Dave Clark seconded by Councillor Derek Stewart, nominated Councillor Kenneth Earle.

Conservative Nomination

Councillor Martha Benny seconded by Councillor Chris Dixon nominated Councillor Bill Mason.

Voting

As the number of Councillors nominated was higher than the number of vacancies, the matter was put to the vote. In terms of Standing Order 14.16, the names of all those nominated were put to the meeting in alphabetical order of surname.

Councillor Donald Balsillie	8 votes
Councillor Kenneth Earle	9 votes
Councillor Craig Holden	10 votes
Councillor Bill Mason	9 votes

Decision

Accordingly, Councillor Kenneth Earle, Councillor Craig Holden and Councillor Bill Mason were duly nominated to represent Clackmannanshire Council on the Central Scotland Valuation Joint Board (VJB).

On the motion of Councillor Les Sharp, seconded by Councillor Kenneth Earle, the Council agreed that three substitute members would be nominated outwith today's meeting.

Action

Chief Executive

Ends 1042 hrs



MINUTES OF MEETING of the REGULATORY COMMITTEE held within the Council Chamber, Kilncraigs, Greenside Street, Alloa, FK10 1EB, on TUESDAY 31 JANUARY 2017 at 10.00 am.

Present

Councillor Kenneth Earle, (In the Chair)
Councillor George Matchett, QPM (Vice Chair)
Councillor Alastair Campbell
Councillor Ellen Forson
Councillor Irene Hamilton
Councillor Walter McAdam, MBE
Councillor Les Sharp (S)

In Attendance

June Andison, Licensing Administrator
Andrew Crawford, Team Leader Environmental Health and Licensing
Paul Fair, Licensing Standards Officer
Susan Fallone, Solicitor, Clerk to the Committee
Gillian White, Committee Services Officer

RC(17)01 APOLOGIES

Apologies for absence were received from Councillor Kathleen Martin and Councillor Archie Drummond. Councillor Les Sharp attended as substitute for Councillor Drummond.

RC(17)02 DECLARATIONS OF INTERESTS

None.

RC(17)03 MINUTES OF MEETING: REGULATORY COMMITTEE 25 OCTOBER 2016

The minutes of the meeting of the Regulatory Committee held on Tuesday 25 October 2016 were submitted for approval.

Decision

The minutes of the meeting of the Regulatory Committee held on Tuesday 25 October 2016 were agreed as a correct record and signed by the Chair.

RC(17)04 CIVIC GOVERNMENT (SCOTLAND) ACT 1982 LICENCE CONDITIONS

A report was submitted by the Head of Development and Environment which sought approval to review and update the conditions attached to licences issued under the Civic Government (Scotland) Act 1982.

Decision

The Committee agreed unanimously to approve a review of all conditions and agreed that any changes considered necessary be reported back to the Committee for approval.

Action

Head of Development and Environment

RC(17)05 APPROVAL OF STATUTORY POST AND ROLE OF CIVIC LICENSING STANDARDS OFFICER

A report was submitted by the Head of Development and Environment which detailed the remit of the Licensing Standards Officer (LSO) and updated the Committee on past and future LSO work activity. The report sought approval for a change to the Council's Scheme of Delegation in relation to the statutory appointment of officers and the remit of the LSO in terms of the Civic Government (Scotland) Act 1982.

Decision

The Committee agreed unanimously:

1. to recommend to the Council that paragraph 13.1 of the Council's Scheme of Delegation in relation to the statutory appointment of officers be amended to include the entry as set out in paragraph 3.2 of the report; and
2. to approve the remit of the LSO in terms of Civic Government (Scotland) Act 1982 as referred to in Annex A of the report.

Action

Head of Development and Environment

Ends 1025 hrs



**MINUTES OF MEETING of the SCRUTINY COMMITTEE held within the Council
Chamber, Kilncraigs, ALLOA, FK10 1EB, on THURSDAY 2 MARCH 2017 at 10.00 am.**

PRESENT

Councillor Les Sharp (Chair) (In the Chair)
Councillor Donald Balsillie
Councillor Alastair Campbell
Councillor Archie Drummond
Councillor Ellen Forson
Councillor Bobby McGill
Councillor Graham Watt

IN ATTENDANCE

Garry Dallas, Executive Director
Stuart Crickmar, Head of Strategy and Customer Services
Jim Robb, Assistant Head of Service, Social Services (Items 1-4)
Superintendent Martin Fotheringham, Police Scotland (Items 1-6)
Chief Inspector Drew Sinclair, Police Scotland (Items 1-5)
Mervyn Almeida, Police Scotland (Items 1-6)
Gordon Pryde, Group Manager Stirling and Clackmannanshire, Scottish Fire and Rescue Service (Items 1-6)
Iain Vincent, Clackmannanshire/Stirling, Local Senior Officer, Scottish Fire and Rescue Service (Items 1-6)
Andy Wyse, Acting Legal Services Manager, Clerk to the Scrutiny Committee

SC(17)01 APOLOGIES

Apologies for absence were received from Councillor Janet Cadenhead and Chief Superintendent Stephen McAllister, Divisional Commander, Police Scotland.

SC(17)02 DECLARATIONS OF INTEREST

None

SC(17)03 CONFIRM MINUTE OF MEETING HELD ON 20 DECEMBER 2016

The minutes of the meeting of the Scrutiny Committee held on 20 December 2016 were submitted for approval.

Decision

The minutes of the meeting of the Scrutiny Committee held on 20 December 2016 were agreed as a correct record and signed by the Chair.

SC(17)04 SOCIAL SERVICES COMPLAINTS REVIEW COMMITTEE

A report, submitted by the Assistant Head of Service, Social Services, provided a summary of a Stage 3 Complaint against the department of Social Services - Adult Care. The service provided an update on actions taken for improvement in response to the findings of the complaint investigation.

Motion

That the Committee agrees the recommendation set out in the report.

Moved by Councillor Les Sharp. Seconded by Councillor Ellen Forson.

Decision

The Committee agreed to:-

1. Note the actions taken for improvement in response to a Stage 3 Complaint against Social Services, Adult Care as upheld by the Complaints Review Committee on 8th November 2016. (as set out in appendix 1 and 2)
2. Note the Improvement Plan which notes 3 specific actions in relation to briefing operational managers in order to achieve:
 - Higher standards of practice
 - Higher levels of quality assurance and
 - Improved supervision and management of staff

SC(17)05 POLICE PERFORMANCE REPORT FOR CLACKMANNANSHIRE APRIL TO SEPTEMBER 2016

A report was submitted by the Local Police Commander which provided the Committee with information on the performance of Police Scotland in the Clackmannanshire local authority area for the period April to September 2016.

The Committee heard a presentation on Policing Clackmannanshire Quarter 2 2016/17 from Superintendent Martin Fotheringham, Police Scotland, and had opportunity to put questions to Superintendent Fotheringham and his colleagues.

Motion

That the Committee agrees the recommendation set out in the report.

Moved by Councillor Les Sharp. Seconded by Councillor Graham Watt.

Decision

Having commented on and challenged the report, the Committee agreed to note the information set out in the Police Performance Report for Clackmannanshire April to September 2016.

SC(17)06 FIRE PERFORMANCE REPORT – HALF ONE 2016/17

A report, submitted by the Local Senior Officer Clackmannanshire and Stirling, provided the Committee with the 2016/17 half one performance of the Scottish Fire and Rescue Service in Clackmannanshire covering the period 1 April to 30 September 2016. The report is based on performance against objectives and targets set out in the Local Fire and Rescue Plan for Clackmannanshire 2014/17.

Motion

That the Committee agrees the recommendation set out in the report.

Moved by Councillor Les Sharp. Seconded by Councillor Graham Watt.

Decision

Having commented on and challenged the report, the Committee agreed to note the information set out in the Fire Performance Report Half One 2016/17.

Councillor Campbell withdrew from the meeting at his point in the proceedings. Six (6) members remained present.

SC(17)07 LOCAL GOVERNMENT BENCHMARKING FRAMEWORK 2015/16

A report, submitted by the Head of Strategy and Customer Services, presented information from the Local Government Benchmarking Framework, focussing on Clackmannanshire Council's performance in the 2015/16 financial year, in relation to other Scottish local authorities.

Motion

That Committee agrees the recommendation set out in the report.

Moved by Councillor Les Sharp. Seconded by Councillor Graham Watt.

Decision

Having commented on and challenged the report, the Committee agreed to note the information set out in the report.

SC(17)08 SINGLE OUTCOME AGREEMENT ANNUAL REVIEW 2015/16

A report, submitted by the Head of Strategy and Customer Services, provided the committee with the Single Outcome Agreement Annual Review for 2015/16. The report presented performance against the Single Outcome Agreement performance framework, and provided case studies and feedback from partnership teams and community partners (Community Councils and Tenants and Residents Groups).

Motion

That Committee agrees the recommendation set out in the report.

Moved by Councillor Les Sharp. Seconded by Councillor Archie Drummond.

Decision

Having commented on and challenged the report, the Committee agreed to note the information set out in the report.

SC(17)09 COMMUNITY PLANNING MATTERS

A report was submitted by the Strategy and Performance Manager which set out the main areas of activity of the Clackmannanshire Alliance. This report was based on key activities in quarters 3 and 4 of 2016/17.

Motion

That Committee agrees the recommendation set out in the report.

Moved by Councillor Les Sharp. Seconded by Councillor Archie Drummond.

Decision

Having commented on and challenged the report, the Committee agreed to note the information set out in the report.

Ends 1231 hrs



MINUTES OF MEETING of the AUDIT AND FINANCE COMMITTEE held within the Council Chamber, Kilncraigs, Greenside Street, Alloa, FK10 1EB, on THURSDAY 16 MARCH 2017 at 10.00 am.

PRESENT

Councillor Archie Drummond, Chair (In the Chair)
Councillor Donald Balsillie
Councillor Janet Cadenhead
Councillor Alastair Campbell
Councillor Bobby McGill
Councillor Tina Murphy
Councillor Graham Watt (S)

IN ATTENDANCE

Nikki Bridle, Depute Chief Executive
Stephen Coulter, Head of Resources and Governance
Stuart Crickmar, Head of Strategy and Customer Services
Celia Gray, Head of Social Services
Ahsan Khan, Head of Housing and Community Safety
Gordon McNeil, Head of Development and Environment
Jim Robb, Assistant Head of Service (Adult Care)
Lindsay Sim, Chief Accountant
Richard Saunders, Senior Auditor
Jason Ross, Internal Audit Officer, Falkirk Council
Gordon O'Connor, Internal Audit
Lee Robertson, Solicitor (Clerk to the Committee)
Gillian White, Committee Services Officer
Asif Haseeb, Audit Scotland
Angus Brown, Audit Scotland (Observer)
Gordon Smail, Audit Scotland (Observer)

The Chair welcomed Lee Robertson, Clerk to the Committee, along to her first meeting of the Audit and Finance Committee.

AF(17)23 APOLOGIES

Apologies for absence were received from Councillor Les Sharp and Councillor Jim Stalker.

Councillor Graham Watt, attended as substitute for Councillor Stalker.

AF(17)24 DECLARATIONS OF INTEREST

None.

AF(17)25 MINUTES OF MEETING HELD ON 19 JANUARY 2017

The minutes of the meeting of the Audit and Finance Committee held on 19 January 2017 were submitted for approval.

The minutes of the meeting of the Audit and Finance Committee held on 19 January 2017 were agreed as a correct record of proceedings and signed by the Chair.

AF(17)26 EXTERNAL AUDIT: PLANNING REPORT 2017/18

The report, submitted by the Depute Chief Executive, set out the planned audit activity in respect of the audit of the financial year 2016/17. Mr Asif Haseeb was in attendance from Audit Scotland to present their Planning Report

Mr Haseeb advised there was a typographical error on Page 22 of the Agenda, in Exhibit 3 relating to the Reporting Threshold – the figure should be £0.02 million not £0.20 million.

During questions, Mr Haseeb confirmed that on Page 27, at paragraph 34, it should read “Auditors appointed by the Accounts Commission etc”, not “..appointed by Audit Scotland”.

Motion

That Committee agrees the recommendation set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

Having had the opportunity to discuss the report, the Committee agreed to note the proposed External Audit Plan for 2016/17.

AF(17)27 INTERNAL AUDIT AND FRAUD PROGRESS REPORT

The report, submitted by the internal auditor, provided an update on work completed from the Internal Audit and Fraud Annual Plan 2016/17. The report also provided an update on the progress of implementation of recommendations by officers from previous internal audit reports.

Councillor Watt declared a non financial interest in Appendix C – Land and Property Asset Management, as he is the Chairman of Tillicoultry Centenary Hall Company Limited. Councillor Watt remained within the Chamber and participated in the meeting.

Motion

That Committee agrees the recommendation set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

Having commented on and challenged the report, the Committee agreed to note the report and the progress made on the Internal Audit and Fraud Annual Plan 2016/17.

Councillor Campbell withdrew from the meeting prior to the next item of business at 11.30 am. Five (6) members remained present.

AF(17)28 INTERNAL AUDIT PLAN 2017/18

The report, submitted by the Internal Audit Manager, presented an Internal Audit Plan for 2017/18.

Motion

That Committee agrees the recommendations set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

The Committee agreed to:

1. Note the resources available to Internal Audit, within the context of the consortium audit agreement with Falkirk Council;
2. Approve the planned Internal Audit coverage for 2017/18; and
3. Note that progress will be reported to the Audit and Finance Committee on an ongoing basis.

Action

Internal Audit Manager

AF(17)29 COUNCIL FINANCIAL PERFORMANCE 2016/17 – DECEMBER OUTTURN

The report, submitted by the Chief Accountant, provided the Committee with an update on the financial performance of the Council in respect of both revenue and capital spend for the current financial year 2016/17.

Motion

That Committee agrees the recommendations set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

The Committee agreed to note:

1. The draft General Fund revenue underspend for the year of £0.570m.
2. Progress on delivering planned savings in the year.
3. The draft favourable outturn of £1.017m on the Housing Revenue Account.
4. The draft underspend in General Services capital of £3.347m of which £0.393m are savings in delivery of programme with the remainder carried forward to 2017/18.
5. The draft underspend on HRA capital of £5.723m of which £2.601m is additional income from house and land sales and £0.388m are savings in delivery of programme with the remainder carried forward to 2017/18.

Councillor McGill withdrew from the meeting during the introduction to the next item of business. Four (5) members remained present.

AF(17)30 SOCIAL SERVICES FINANCE REPORT

The report, submitted by the Head of Social Services, provided the Committee with an update on the financial performance of Social Services to date. The report focused on revenue spend for the current financial year 2016/17 and set out projected outturns up to March 2017.

Motion

That Committee agrees the recommendations set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

The Committee agreed to note:

1. The Social Services projected overspend of £1.527m and the key reasons for this position (paragraph 2.6 of the report);
2. The Social Services projected overspend is an increase of £0.049m compared to the £1.478m reported to the January 2017 Committee;
3. The key pressures in Child and Adult Care Services which contribute to balance of the overspend forecast (Sections 4 and 5 of the report respectively);
4. The updated pressures to that reported to the Committee in January 2017; specifically:
 - Older Person's Day Service MCB 2 & 3 savings of £469k not achieved
 - Projected overspend against care home placements of £386k
 - Placement with Lilius Graham Trust supporting two families (10 children) in order to prevent an admission to care. Projected cost for 2016/17 is £70k
5. The updated recovery plan which aims to minimise the level of forecast overspend in 2016/17 (Appendix 2 of the report); and
6. That the estimated loss of income from the cessation of shared Social Service Management with Stirling Council is £0.358m and that this is not included in the current projected out-turn.

Ends 1245 hrs.



MINUTES OF MEETING of the CLACKMANNANSHIRE COUNCIL held within the Council Chamber, Kilncraigs, Greenside Street, ALLOA, FK10 1EB, on THURSDAY 13 APRIL 2017 at 10.00 am.

PRESENT

Provost Gary Womersley (In the Chair)
Councillor Donald Balsillie
Councillor Janet Cadenhead
Councillor Alastair Campbell
Councillor Archie Drummond
Councillor Kenneth Earle
Councillor Ellen Forson
Councillor Irene Hamilton
Councillor Craig Holden
Councillor Kathleen Martin
Councillor George Matchett, QPM
Councillor Bobby McGill
Councillor Tina Murphy
Councillor Les Sharp
Councillor Jim Stalker
Councillor Derek Stewart
Councillor Graham Watt

IN ATTENDANCE

Elaine McPherson, Chief Executive
Stephen Coulter, Head of Resources and Governance
Stuart Crickmar, Head of Strategy and Customer Services
Ahsan Khan, Head of Housing and Community Safety
Gordon McNeil, Head of Development and Environment
Anne Pearson, Chief Education Officer
Lindsay Sim, Chief Accountant
Andrew Wyse, Acting Legal Services Manager (Clerk to the Council)
Margaret Summers, Committee Services Officer

CC(17)041 APOLOGIES

None

CC(17)042 DECLARATIONS OF INTEREST

None

CC(17)043 MINUTES OF MEETINGS: CLACKMANNANSHIRE COUNCIL

(i) Minutes of Meeting held on 9 March 2017

The minutes of the meeting of the Clackmannanshire Council held on 9 March 2017 were submitted for approval

Decision

The minutes of the meeting of the Clackmannanshire Council held on 9 March 2017 were agreed as a correct record and signed by the Provost.

(ii) Minutes of Special Meeting (1) held on 27 March 2017 at 10.00 am

An amended version of the minutes of the special meeting of the Clackmannanshire Council held on 27 March 2017 at 10.00 am were submitted for approval.

The amended version corrected an error in the draft Minute from the Special Council Meeting held on Monday 27th March 2017 at 10.00 am (General Service Revenue and Capital Budget 2017/18). The minute was amended at page 16 (CC(17)036) to indicate that there were 9 votes for the motion, no votes against and 8 abstentions.

Decision

The amended version of the minutes of the special meeting of the Clackmannanshire Council held on 27 March 2017 at 10.00 am was agreed as a correct record and signed by the Provost.

(iii) Minutes of Special Meeting (2) held on 27 March 2017 at 12.30 pm

The minutes of the special meeting of the Clackmannanshire Council held on 27 March 2017 at 12.30 pm were submitted for approval

Decision

The minutes of the special meeting of the Clackmannanshire Council held on 27 March 2017 at 12.30 pm were agreed as a correct record and signed by the Provost.

CC(17)044 COMMITTEE MEETINGS CONVENED SINCE THE PREVIOUS COUNCIL MEETING ON 9 MARCH 2017

The Council agreed to note the Committee meetings that had taken place since the last ordinary meeting on 9 March 2017:

- Audit and Finance Committee on 16 March 2017
- Clackmannanshire Licensing Board on 28 March 2017

CC(17)045 COMMITTEE RECOMMENDATIONS REFERRED TO COUNCIL

A report was submitted by the Chief Executive which sought Council approval of a recommendation which had been made by the Audit and Finance Committee on 16 March 2017.

Motion

That Council agrees the recommendation from the Audit and Finance Committee on 16 March 2017.

Moved by Councillor Les Sharp. Seconded by Councillor Donald Balsillie.

Decision

The Council agreed:

From the Audit and Finance Committee of 16 March 2017 in relation to the report entitled "Internal Audit Plan"

- To approve the planned Internal Audit coverage for 2017/18

Action

Chief Executive

EXEMPT INFORMATION

The Council resolved in terms of Section 50(A) of the Local Government (Scotland) Act, 1973, that the press and public be excluded from the meeting during consideration of the following item of business on the grounds that it involved the likely disclosure of exempt information as detailed in Schedule 7A, Part 1, Paragraph 12.

CC(17)046 ARBITRATION AWARD

A report was submitted by the Head of Resources and Governance which sought approval for the scope of an investigation into the circumstances leading to the arbitration award reported to Council at its special meeting on 27 March 2017 and updated Council on the most recent legal advice received by officers.

Motion

That Council agrees the recommendations set out in the report subject to the undernoted amendment:

To insert additional recommendation after paragraph 2.4

2.5 The investigation will be conducted by the Council's Senior Auditor.

Moved by Councillor Les Sharp. Seconded by Councillor Donald Balsillie.

Decision

The Council agreed unanimously to support the motion as amended to:

- (i) Approve the terms of reference for an investigation of the circumstances leading to the arbitration award.
- (ii) Note that the investigation report will come back to Council in June 2017.
- (iii) Note the updated legal advice received in regards to Schedule 15 of the Housing (Scotland) Act 1987 and the use of HRA, and
- (iv) That the investigation will be conducted by the Council's Senior Auditor.

Action

Head of Resources and Governance

Ends 1050 hrs

Following the conclusion of the meeting, there was a short presentation for those members not seeking re-election at the local government elections on 4 May 2017; Councillor Janet Cadenhead, Councillor Alastair Campbell, Councillor Irene Hamilton, Councillor Jim Stalker, Provost Gary Womersley and Councillor Walter McAdam, MBE (Councillor McAdam was not present).



**MINUTES OF MEETING of the PLANNING COMMITTEE held within the Council
Chamber, Kilncraigs, Greenside Street, Alloa, FK10 1EB, on THURSDAY 27 APRIL 2017
at 9.30 am.**

PRESENT

Councillor Alastair Campbell (In the Chair)
Councillor George Matchett, QPM (Vice Chair)
Councillor Archie Drummond
Councillor Kenneth Earle
Councillor Bobby McGill
Councillor Tina Murphy
Councillor Les Sharp
Councillor Derek Stewart

IN ATTENDANCE

Grant Baxter, Principal Planner
Ian Duguid, Planning and Building Standards Team Leader
Stuart McQueen, Solicitor, Legal Services (Clerk to the Committee)
Melanie Moore, Committee Services (Minutes)

PLA(17)11 APOLOGIES

Apologies for absence were received from Councillor Walter McAdam, MBE.

PLA(17)12 DECLARATIONS OF INTEREST

None

PLA(17)13 MINUTES OF MEETING: PLANNING COMMITTEE 24 FEBRUARY 2017

The minutes of the meeting of the Planning Committee held on 24 February 2017 were submitted for approval.

Decision

The minutes of the meeting of the Planning Committee held on 24 February 2017 were agreed as a correct record and signed by the Chair.

PLA(17)14 PLANNING APPLICATION

Application for Planning Permission – Erection of 42 No. houses With Associated Access Road, Parking and Landscaping – Former Alva Academy Site, Queen Street, Alva. Planning Ref. 17/00044/FULL

A report which provided an assessment of and recommendations on the above planning application was submitted by the Principal Planner. The application required a decision by the Committee as the Council has an interest in the application as the owner of the site and the Council had received representations against the proposals.

The application was submitted by Ogilvie Homes and proposed 42 No. houses and associated works on land comprising part of the former Alva Academy, Johnstone Sports Centre and associated carpark.

Attending

Mr and Mrs Kennedy, Objectors

The Committee heard representation from the objectors and had opportunity to put questions to them.

Motion

That Committee approves the application subject to the conditions and the reasons set out in the report.

Moved by Councillor Alastair Campbell. Seconded by Councillor Kenneth Earle.

Amendment

Councillor McGill proposed that the application is approved on a modified basis, subject to an additional condition being added to allow for part of the site to be removed from the planning approval pending further discussion. The terms of the condition is to be delegated to Planning Officers.

Moved by Councillor Bobby McGill. Seconded by Councillor Archie Drummond.

Decision

The Committee agreed unanimously to approve the motion as amended subject to the conditions and reasons set out in the report and subject to there being an additional condition added to allow for part of the site to be removed from the planning approval pending further discussion with the terms of the condition delegated to Planning Officers.

Action

Principal Planner

Following conclusion of the Committee everybody wished Councillor Alastair Campbell and Ian Duguid all the best for the future as today was their very last Planning Committee.

Ends 1015 hrs.

CLACKMANNANSHIRE COUNCIL

Report to: Clackmannanshire Council

Date of Meeting: 28 June, 2017

Subject: Appointments to Committees

Report by: Chief Executive

1.0 SUMMARY

- 1.1 The Council requires to fill a number of positions on its standing committees. This report invites Council to agree membership of these committees as set out in this report.
- 1.2 The recommendations reflect the political balance agreed by the Council at its statutory meeting (1 June, 2017) and take into account the appointments of Chairs and Vice Chairs which have already been made to the standing committees.

2.0 RECOMMENDATIONS

- 2.1 The Council is invited to appoint members on the following basis to its standing committees:

a) Planning

- SNP - 2
- Conservative - 3
- Labour - 3

b) Regulatory:

- SNP - 1
- Conservative - 3
- Labour - 2

c) Audit & Finance:

- SNP - 1
- Conservative - 2
- Labour - 3

d) Scrutiny:

- SNP - 3
- Conservative - 1 or 2
- Labour - 2 or 1

3.0 BACKGROUND

3.1 The political balance agreed by the Council on 1 June is as set out in this table:

Political Groups & Members	No.	Seats Planning Committee	Seats Regulatory	Seats Audit & Finance	Scrutiny
SNP	8	4	3	3	3
Conservative	5	3	3	2	2 or 3*
Labour	5	3	2	3	3 or 2*
	<u>18</u>	<u>10</u>	<u>8</u>	<u>8</u>	<u>8</u>

* The majority of seats (i.e. > 4) on Scrutiny have to come from outwith the political Administration. This suggests five from either of Conservative or Labour parties split on a 3 to 2 basis.

3.2 As Chairs and Vice Chairs have already been appointed to the standing committees, other places to be filled remain as set out in this table:

Political Groups & Members	Seats Planning	Seats Regulatory	Seats Audit & Finance	Scrutiny
SNP	2 (of 4)	1 (of 3)	1 (of 3)	3
Conservative	3	3	2	1 or 2* (of 2 or 3)
Labour	3	2	3	2 or 1* (or 3 or 2)
	<u>8</u>	<u>6</u>	<u>6</u>	<u>6</u>

4.0 Sustainability Implications

n/a

5.0 Resource Implications

5.1 n/a

6.0 Declarations

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

(1) **Our Priorities**

The Council is effective, efficient and recognised for excellence

(2) **Council Policies** (Please detail) n/a

7.0 Equalities Impact - n/a

8.0 Legality


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

9.0 Appendices

None

10.0 Background Papers

Report to Council of 18 May (reconvened 1 June, 2017) - Political Balance

NAME	DESIGNATION	SIGNATURE
Elaine McPherson	Chief Executive	

CLACKMANNANSHIRE COUNCIL

Report to: Clackmannanshire Council

Date of Meeting: 28 June, 2017

Subject: Member Appointments & Responsibility Allowances

Report by: Chief Executive

1.0 Introduction

- 1.1 At its statutory meeting, which concluded on 1 June, Council made a number of key member appointments.
- 1.2 Further to those appointments, Council is now asked to appoint to the positions of spokespersons and also to confirm the member posts which will receive senior responsibility allowances.

2.0 Recommendations

- 2.1 It is recommended that Council:
- a) appoints spokespersons for:
 - i) Health & Social Services
 - ii) Environment & Housing
 - iii) Education
 - b) reinstates the role of spokesperson for Partnership & Third Sector;
 - c) appoints a spokesperson to that reinstated role;
 - d) agrees the member appointments which should receive responsibility allowances as set out at paragraph 3.2 of this report; and
 - e) subject to agreeing the recommendations above, notes that consequential changes to Standing Orders and the Scheme of Delegation will be made to reflect Council's decisions.

3.0 Background

- 3.1 Council can appoint some of its members to positions of special responsibility. These tend to be committee chairs and spokespersons for certain policy/service areas.
- 3.2 The political Administration of the Council wish to have the following positions of special responsibility:
- a. Chair of Audit & Finance Committee
 - b. Chair of Scrutiny Committee
 - c. Chair of Planning Committee
 - d. Spokesperson for Education
 - e. Spokesperson for Health & Social Services
 - f. Spokesperson for Environment & Housing
 - g. Spokesperson for Partnership & Third Sector
- 3.3 These proposals reinstate the role of spokesperson for Partnership which was previously deleted in recognition of the importance of the third sector in communities and in service provision.
- 3.4 The proposals are compliant with the financial framework within which members allowances are permitted and no single member receives more than one allowance.

4.0 Sustainability Implications

n/a

5.0 Resource Implications

The proposals in this paper come within the budget available to Council for this purpose and will make a small saving.

6.0 Declarations

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

Our Priorities

The Council is effective, efficient and recognised for excellence

Council Policies - n/a

7.0 Equalities Impact - n/a

8.0 Legality


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

9.0 Appendices

None

10.0 Background Papers

10.1 None

NAME	DESIGNATION	SIGNATURE
Elaine McPherson	Chief Executive	

CLACKMANNANSHIRE COUNCIL

Report to: Clackmannanshire Council

Date of Meeting: 28 June 2017

Subject: Elected Member Representation on Outside Bodies

Report by: Chief Executive

1.0 Purpose

- 1.1 This report sets out requests for elected member representation on a range of outside bodies (see Appendix to this report). It seeks Council's view on whether it wishes to be represented on these bodies and, if so, asks Council to appoint members to relevant organisations.

2.0 Recommendations

- 2.1 It is recommended that Council:
- a) determines which organisations it wishes to be represented on; and
 - b) nominates elected members to those organisations as appropriate.

3.0 Background

- 3.1. The Council receives requests for elected member representation on a range of committees, boards and groups.
- 3.2. The Appendix to this report sets out those organisations on which Council has been invited to be represented.
- 3.3. The remarks in the third column of the table at the Appendix set out where there is prescribed representation (e.g. various Trusts and geographically specific groups) or where previous Council representation may have been based on an elected member position (e.g. Provost, Leader) rather than on an individual elected member (albeit not prescribed).

4.0 Considerations - Requirements

- 4.1. Elected Members nominated to fill some positions may be required to undertake training on their duties. Such training will normally be provided in-house and appointed members should be prepared to attend.
- 4.2. In accordance with Section 4 of the Councillors' Code of Conduct, every elected member has a personal responsibility to register interests, financial or otherwise. The Code advises that Councillors must register all directorships

and positions of office in public bodies, clubs, organisations and societies. Guidance notes on the registration of interests have been issued to every Clackmannanshire Councillor.

5.0 Sustainability Implications - n/a

6.0 Resource Implications

Financial Details - those organisations which have membership costs are referenced in the Appendix. There is budgetary provision for membership of those organisations.

Staffing - n/a

7.0 Exempt Reports

7.1. Is this report exempt? No

8.0 Declarations

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

(1) Our Priorities

The Council is effective, efficient and recognised for excellence

(2) Council Policies n/a

9.0 Equalities Impact - n/a

10.0 Legality


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

11.0 Appendices

11.1 List of Outside Bodies

12.0 Background Papers

12.1 None

NAME	DESIGNATION	SIGNATURE
Elaine McPherson	Chief Executive	

APPENDIX

Name of Outside Body	Number Of Reps	Comments / Criteria
Association for Public Service Excellence (APSE) (Main Membership - £2,548 + VAT) (Regional Subscription - £200 + VAT)	1	
Children's Hearing Scotland	1	
Clackmannanshire Alliance	4	Previously has been the Council Leader and Depute Leader and the Opposition Leader and Depute Leader. Suggest Council Leader and Depute Leader and Conservative and Labour group leaders
Clackmannanshire and Stirling Environmental Trust	3	Suggest 1 from each political group based on recent Council decisions on political balance
Clackmannanshire Business Ltd	2	Previously has been Leader of the Council and relevant spokesperson or portfolio holder
Dollar Academy Trust	1	Elected Member from Ward 5, Clackmannanshire East Ward
Dollar Museum	1	Elected Member from Ward 5, Clackmannanshire East Ward
Edinburgh Airport Consultative Committee	1	
Highland Reserve Forces & Cadets Association	1	Previously has been Provost
Integrated Joint Board (Health & Social Care)	3	Suggest 1 from each political group based on recent Council decisions on political balance
NHS Forth Valley Board (remunerated position)	1	Scottish Government Appointment based on Council nomination Preferred appointment either Leader or spokesperson for Health
Order of Malta Dial-a-Journey	1	Director
Pensions Committee	1	

Scotland Excel Committee (Membership Subscription £46,317)	1	
Scottish Schools Equipment Research Centre (SSERC)	1 plus 1 substitute	
Tullibody Healthy Living Initiative	4	Directors - 4 Elected Members from Ward 1 - Clackmannanshire West
University of Stirling Conference Committee	1	
TRUSTS		
Alloa Day Home Trust	5	Provost, Members of Clackmannanshire Central and South, Recommendation: 2 members from each of the these wards
Clackmannan District Brass Band Trust	4	Members of Clackmannanshire Central and South. 2 members for each of these wards
Clackmannan District Charitable Trust	4	Provost, 1 Member from combined wards of Clackmannanshire Central and South, 1 Member from North and 1 from East
Comrie Trust	4	Provost, Depute Provost and 2 Members of Clackmannanshire North.
Spittal Trust	5	Provost, and two members from each of Clackmannanshire Central and South.

Please note - CoSLA are changing their structure of working groups; details will be advised after the Convention meeting on 30 June and Councils invited to make nominations to the new groupings. This will be reported back to Council as required.

CLACKMANNANSHIRE COUNCIL

Report to Council

Date of Meeting: 28th June, 2017

Subject: Budget Strategy Update

Report by: Depute Chief Executive

1.0 Purpose

1.1. The purpose of this report is to maintain Council's regular update on the approved Budget Strategy. This report also provides an update on the fiscal outlook, the UK Chancellor's March Budget, medium term financial planning forecasts and implementation of the 2017/18 Budget, agreed in March 2017.

2.0 Recommendations

2.1 It is recommended that Council notes:

- a. the fiscal outlook and information on the UK and Scottish Budgets set out in Section 3
- b. the refreshed financial planning assumptions and resulting High, Median and Low financial planning scenarios (Exhibits 3 to 6)
- c. progress with the implementation of 2017/18 Budget savings (Appendices A to C and paragraphs 4.5 to 4.8)
- d. progress with regards the implementation of workforce related savings in 2017/18 in respect of Targeted Voluntary Redundancy (paragraphs 4.9 to 4.11)
- e. budget preparation activity (paragraph 4.12).

3.0 Fiscal outlook

3.1 There have been several briefings prepared by Fiscal Affairs Scotland since the preparation of the Council's Budget for 2017/18. This report covers the following:

- Brexit impacts update
- UK Government Budget 2017
- Scottish Budget considerations
- Accounts Commission report: 'Local government in Scotland- Performance and

challenges 2017'.

- 3.2 A key economic variable is the impact of Brexit on the UK economy. Thus far, the impact has been muted if the initial impacts on exchange rates are put aside. However, it is still very early in the process and it remains likely that uncertainty will continue to prevail until Brexit actually commences in more practical terms, though the timescales for this remain uncertain too.
- 3.3 In February 2017, the Office for National statistics (ONS) reported UK price inflation of 2.3% which is above the Government's 2% target for the first time since September 2013. Future inflation rates are difficult to predict. However, it is clear that Brexit and the consequential devaluation of the pound have made imports more expensive. As a consequence, there is economic evidence to suggest that businesses have been passing on some of their increased costs to consumers. These conditions suggest that inflation is likely to increase further during 2017.
- 3.4 As well as the potential impact on the prices of procured and commissioned goods and services, further increases in inflation also has implications for future wages. After a period of low wage increases for a number of years, particularly in the public sector, it is likely that workers, through pay negotiations, will be seeking higher wages to compensate for increasing prices.
- 3.5 The UK Government's Budget for 2017/18 was published on 8th March. This is the last planned UK Budget in March. From now on there will only be one (Autumn) Budget each year, and this is likely to be in November.
- 3.6 The Office for Budget responsibility (OBR) forecasts that:
- the UK economy will grow at a faster pace in 2017/18, offset by slower growth thereafter
 - public finances have improved during 2016/17 but largely due to one-offs rather than fundamental reprioritisation
 - the UK Government has still not met its target of a balanced budget by 2021/22 and there are suggestions that more difficult decisions are to come.
- 3.7 As a consequence of the UK Government Budget, Scotland will receive an extra £350 million in Barnett consequentials and the medium term profile of this additional funding is set out in Table 1 below.

Table 1: Barnett Consequential's from UK Budget 2017, £ million

	2017-18	2018-19	2019-20	2020-21	Total
Resource	21	22	24	23	90
Capital	124	85	51	-	260
Total	145	107	75	23	350

Source: SPICe

Much of this additional funding relates to schools and social care which are administered by local government in Scotland. However, it is for the Scottish Government to prioritise where any additional funding will be invested and to date local government has featured as an 'Unprotected Budget' in the wider public sector.

3.8 Scottish economic performance has been weaker when compared with the UK as a whole. In 2016, the Scottish economy grew by 0.4% compared with 1.8% in the UK as a whole. This in turn suggests a poorer short to medium term economic outlook for Scotland, largely down to a poorly performing economy resulting in lower tax revenues with a consequential knock on impact of lower public spending.

3.9 Some of the key uncertainties for the Scottish local government outlook relate to:

- whether Business rates income will make a positive contribution to LG budget. It seems more likely should relatively poorer economic growth continue in Scotland, that there will be a low or negative contribution to the Budget.
- the extent to which Council Tax levels will/ can be used locally to increase income for public spending
- the relative profile of local government in settlement negotiations and the potential impact of further political lobbying to protect local government settlements for future years
- any potential changes in the control of education and social work budgets.

3.10 The next Scottish Budget seems likely to be a one year settlement which makes it difficult to undertake medium term financial planning and get a clearer sense of the Scottish Government's spending priorities. Post Brexit, there will need to be a revised UK Spending Review. This will, in particular need to consider the budgets associated with returned spending areas such as Agriculture and Regional Assistance. From a Scottish perspective, many of these returned powers may become the responsibility of the Scottish Parliament.

3.11 On 7 March 2017, the Accounts Commission published its report: 'Local government in Scotland- Performance and challenges 2017'. The report emphasises three key areas:

- the scale of long term decline in revenue funding over time
- the variation in funding and performance across Scottish councils
- the need for clear priorities, supported by long term strategies and medium term plans covering finances, services, performance and workforce.

3.12 The Accounts Commission report highlights a 9.2% real terms reduction in total revenue funding for LG between 2010/11 and 2017/18. This overall reduction is made up of a 16.3% reduction in revenue grant funding, offset by a 16.5% increase in Non domestic Rates Income (NDRI). It should be noted that the positive contribution of NDRI over this period is unlikely to be sustained for the future as recent years have seen the level of income reducing.

4.0 Budget Strategy Implementation

4.1 On the 27th March 2017, the Council approved its budget for 2017/18. At that time, Council was also provided with updated details of the indicative funding gap for three years from 2018/19. This information is reproduced at Exhibit 2 below and shows an indicative funding gap of £13.7 million for 2018/19 and a cumulative gap of £28.5 million over the three year period to March 2021.

Exhibit 2: General Services Budget 2018/19-2020/21 Indicative funding gap

	2018/19	2019/20	2020/21
	£000	£000	£000
Net expenditure	123,859	128,424	133,014
Net Funding	110,190	107,230	104,450
Cumulative indicative Funding Gap	13,669	21,194	28,564
Annual indicative Funding Gap	13,669	7,525	7,370

4.2 The main assumptions included within Exhibit 2 are as follows:

- a 1% increase in the level of Council Tax in each year
- 1.25% pay inflation in each year
- cash reduction in General Revenue Grant of 5% in each year
- that the additional £1.217 million received for 2017/18 has not at this stage been baselined
- recurrent share of £250 million additional social care funding now baselined each year

- maintenance of the commitment to implement Minimum Living Wage.

4.3 As previously provided to Council the fuller range of financial scenarios have been refreshed based on a High, Medium and Low impact categorisation. Whilst it is unlikely all key financial planning variables will fall neatly into a single category, the scenarios provide a useful indication of the potential range of likely outcomes for financial planning purposes. Exhibit 3 summarises the underpinning assumptions for each of the three scenarios.

Exhibit 3: Financial Planning Scenarios: Assumptions for 2018/19 to 2020/21

	Low	Medium	High
General Revenue Grant Reduction	3%	5%	7%
Council Tax	0%	2%	3%
Non-Domestic Rates Income	3.5%	0%	-3.5%
Additional share of £130m revenue	100%	50%	0%
Pay award (teaching and non-teaching staff)	1%	1%	1.25%
Demand pressures (General and contract inflation)	£2.5m	£3.5m	£4.0m
Fees and charges	1%	2%	3%

4.4 The application of these assumptions results in the three scenarios summarised in Exhibits 4 to 6 for High, Median and Low impact categorisations respectively. These scenarios result in a range of potential indicative funding gaps from £10.5 million to £16.6 million for 2018/19 and £21.2 million to £36.2 million for the three years cumulatively to March 2021. It is considered prudent to plan for the High scenario outcome, though in practice the Median scenario is typically used as the most likely/realistic outcome.

Exhibit 4: HIGH SCENARIO: Indicative funding gap 2018/19 to 2020/21

Year	2018/19	2019/20	2020/21
Net expenditure	125,296	130,798	136,326
Net funding	108,675	104,204	100,093
Annual Indicative funding gap	16,621	9,973	9,639
Cumulative Indicative funding gap	16,621	26,594	36,233

Exhibit 5: MEDIAN SCENARIO: Indicative funding gap 2018/19 to 2020/21

Year	2018/19	2019/20	2020/21
Net expenditure	124,624	129,447	134,286
Net funding	111,006	108,059	105,289
Annual Indicative funding gap	13,618	7,770	7,609
Cumulative Indicative funding gap	13,618	21,388	28,997

Exhibit 6: LOW SCENARIO: Indicative funding gap 2018/19 to 2020/21

Year	2018/19	2019/20	2020/21
Net expenditure	123,645	127,489	131,349
Net funding	113,129	111,592	110,136
Annual Indicative funding gap	10,516	5,381	5,316
Cumulative Indicative funding gap	10,516	15,897	21,213

Implementation of 2017/18 Budget

- 4.5 The delivery of savings approved in the 2017/18 budget is being closely monitored. This is particularly important, given the more challenging experience of the Council in delivering its 2016/17 budget savings, and the potential scale of the indicative funding gap for 2018/19.
- 4.6 Detailed information on delivering the Council's General Services and Housing Revenue Account revenue and capital budgets will continue to be provided in the Council's corporate monitoring outturn reports. However, this report focuses on the implementation of Council approved savings. To obtain the full picture it is necessary to consider these two sources in parallel.
- 4.7 Progress in delivering approved savings is summarised in paragraph 4.8, and Appendices A, B and C provide additional detail in relation to policy savings, management efficiencies and the delivery of savings previously agreed in 2016/17 respectively. The Appendices provide a Red, Amber or Green flag which denotes:
- RED: Not implemented/ not possible to implement
 - AMBER: Work progressing to implement saving/ partial saving
 - GREEN: Saving implemented in full/ anticipated to be implemented in full.

Commentary is also provided for all Amber and Red flagged savings to provide further explanation of current progress for elected members.

4.8 To date a total of £2.6m (44%) of the £5.95m approved saving figure is on track to be delivered in full (Green) and a further £3.1m (52%) of savings where work is progressing to implement saving/ or a partial saving will be delivered (Amber). This leaves £0.25m (4%) of savings which are being forecast as unachievable (Red). The progress with delivering these savings will continue to be monitored especially in the case of Amber classified savings, where partial achievement of savings can only be quantified with greater certainty for future outturns. Officers are also endeavouring to find compensating savings wherever agreed savings are now forecast as unachievable. Summarised details of progress set out in Appendices A, B and C is as follows:

- 29% (£552K) of policy savings have been/ are expected to be implemented in full **(Green Appendix A)**
- 54% (£1.484m) of management efficiencies have been/ are expected to be implemented in full **(Green Appendix B)**
- 44% (£558k) of 2016/17 savings have been/ are expected to be implemented in full **(Green Appendix C)**
- 71% (£1.379m) of policy savings are in the process of being implemented and/ or will result in a partial saving **(Amber Appendix A)**
- 46% (£1.253m) of management efficiencies are in the process of being implemented and/ or will result in a partial saving **(Amber Appendix B)**
- 36% (£452k) of 2016/17 savings are in the process of being implemented and/ or will result in a partial saving **(Amber Appendix C)**
- 0% (£0) of policy savings have not been implemented and/ or will not be possible to implement **(Red Appendix A)**
- 0% (£0) of management efficiencies have not been implemented and/ or will not be possible to implement **(Red Appendix B)**
- 20% (£253k) of 2016/17 savings have not been implemented and/ or will not be possible to implement **(Red Appendix C)**.

Managed Contraction in the Cost of Employment

4.9 Another significant focus of review activity is the monitoring of progress with regards the implementation of Targeted Voluntary Redundancy (TVR) savings. The budget incorporated savings of £391k which has at this stage resulted in a potential impact for 75 members of staff (this includes both staff approached as part of a pool as their role has been identified as 'at risk' and individual members of staff within specified roles that are not part of a pool).

4.10 To date the following progress has been made:

- 62/ 75 affected members of staff received personal letters and met with their managers to discuss the offer of TVR with the balance of staff discussions delayed due to annual leave, absence or further work being needed to confirm staff in the 'pool'.
- 3/75 members of staff have accepted the offer of TVR
- 34/75 members of staff have either rejected or not taken up the offer of TVR
- 25 staff are awaiting further information on their individual offer (from Falkirk Pensions)
- vacancies are being scrutinised to maximise the potential pool of roles available to staff who are placed on redeployment
- a number of other temporary roles have been identified for staff on redeployment.

4.11 In addition the budget included £463k from service redesign. To date, £278k has been or is projected to be achieved based on vacancies and/or take up of voluntary redundancy. The achievement of the balance of £185k savings is dependent on further interest and/or take up of VR or vacancies.

Budget preparation 2017/18

4.12 Work is also progressing to develop the Council's proposed Budget for next year, though at this stage, this has been primarily officer driven whilst the new Council has been formed post the May 2017 Local Government elections. Work will continue through the summer, prioritising the necessary political input and direction to further develop the strategy and approach. It is intended that the next Budget Strategy report will set out the high level Budget preparation timetable.

5.0 Conclusions

5.1 This report provides an update on the fiscal outlook, impact of the UK and Scottish Budgets and details of the Accounts Commission's 'Local Government Performance and Challenges 2017' report.

5.2 On the basis of this wider fiscal and economic update, Council is also presented with refreshed financial planning assumptions and recalculated High, Medium and Low impact financial planning scenarios.

5.3 The report also provides a summary of progress in implementing the 2017/18 Budget savings approved by Council at the end of March 2017. These savings include those for TVR as part of the Council's ongoing aim to deliver a managed contraction in its costs of employment.

6.0 Sustainability Implications

6.1. N/A

7.0 Resource Implications

7.1 Financial Details

7.2 Accountancy has been consulted and has agreed the financial implications as set out in the report.

8.0 Exempt Reports

8.1 Is this report exempt? No

9.0 Declarations

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

(1) Council Policies(Please detail)

Budget Strategy

10.0 Equalities Impact

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

11.0 Legality

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

12.0 Appendices

Appendix A 2017/18 Schedule of policy saving proposals

Appendix B 2017/18 Schedule of management efficiencies

Appendix C 2017/18 savings approved in 2016/17

13.0 Background Papers



13.1 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)

Council Budget 2017/18 March 2017

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Lindsay Sim	Chief Accountant	01259 452078
Nikki Bridle	Depute Chief Executive	01259 452373

Approved by

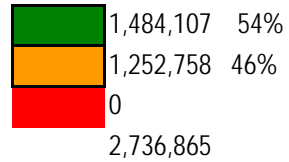
NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Depute Chief Executive	
Elaine McPherson	Chief Executive	

Covalent Code (Reference)	Saving Description	Year One Saving (2017/18)	RAG	Service Comments for REDs & AMBERS
SW 178 001	Respite care for adults	50,000	G	
SW 178 002	Adult social work	542,000	A	Proceeding. Review activity underway. Can be impacted by unforeseen changes in demand for services.
	Childrens Social Work	150,000	A	Proceeding - can be impacted by unforeseen events; plans in place for a further 3 young people to return from high cost placement home.
DAE 178 011	Review of Council Depots	135,000	A	Delay in implementing contracts. Service reviewing options.
DAE 178 004	Street Lighting	110,000	A	Slightly behind planned implementation due to supplier issues so will achieve £82,500. Service pursuing compensatory options for the remainder.
DAE 178 001	Glenochil Prison Partnership Working.	6,000	A	Reallocated to KI. SCO has met with Glenochil Governor. Scope of work being developed to take this forward.
HCS 178 001	B&B Places	78,000	G	
HCS 178 008	Harmonise TU facilities time	11,236	G	
EDU 178 005	School crossing patrols	2,789	G	
EDU 178 006	Sports Development Charges (academic year)	18,750	G	
EDU 178 011	Music Tuition Fees	2,818	G	
EDU 178 006	School efficiencies	200,000	G	
COU 178 013	Capital Programme	129,000	G	
COU 178 019	Refresh Income and Charging Strategy and Rates	60,000	G	
RAG 178 006	School meals	12,000	A	Implemented but saving may be impacted if take-up of school meals is reduced.
MCB RAG 039	Review of working week, role flexibility and other terms and conditions	363,000	A	Unsocial hours expenditure in 2016/17 was approx. £320k indicating potentially lower saving value. Council will have to dismiss and re-engage staff.
SCS 178 001	Review and target funding to voluntary organisations	37,500	A	Working group set up, CTSI & procurement manager included. Specific savings have now been identified - issue with IJB overlap, now resolved. Currently working through impacts and procurement issues - remain confident that saving will be achieved,.
MCB SCS 006a	Roll out of hub model:Community and leisure Facilities	23,000	A	Working group set up to progress. Design and timeline issues being worked through. There will be a need for community engagement.
		1,931,093		

	552,593
	1,378,500
	0
	1,931,093

Covalent Code (Reference)	Saving Description	Year One Saving (201718)	RAG	Service Comments for REDs & AMBERs
HCS 178 003	Housing Budget realignment	53,543	G	
HCS 178 004	Staffing: Housing	46,128	G	
HCS 178 005	Housing budget realignment	600,000	G	
HCS 178 006	Housing Staffing costs	29,000	G	
HCS 178 007	CCTV	15,000	G	
HCS 178 008	Budget realignment (assets)	67,000	A	Implemented. However full year saving value may be impacted by the work undertaken during the year- currently being monitored via time recording.
DAE 178 002	Environmental Health efficiencies	10,000	G	
DAE 178 003	Trading Standards efficiencies	8,000	G	
DAE 178 005	Fleet Review	83,720	G	
DAE 178 010	Review of Street Care	12,280	G	
DAE 178 023	Business Loans fund	40,000	G	
DAE 178 015	Waste treatment and refuse collection	110,000	A	Saving based on historic trend data and projections. Team Leader monitoring actual vs forecast position during year..
DAE 178 020	Standby for School Alarms	20,000	A	Delay in implementation due to staff absence. Interim staff cover being recruited.
DAE 178 018	Catering Service efficiency and income	300,000	G	
DAE 178 009	Building Standards Efficiencies	59,594	G	
DAE 178 013	D&E Vacancy management	70,000	G	
DAE 178 014	Storage lease (Meals on Wheels)	8,000	G	
DAE 178 016	Modern Apprentice	40,000	G	
COU 178 017	Business process efficiencies	200,000	A	Scope agreed focussed on income maximisation and commissioning and procurement efficiencies. Project lead to be identified
EDU 178 017	Education staff budget	605,758	A	Revised secondary school management structures have been agreed. Discussions are ongoing with staff in central education team about changes in structure
SCS 178 002	Strategy & Customer Services vacancy management	11,242	G	
SCS 178 003	Strategy & Performance grant finder	3,600	G	
RAG 178 001	Technology efficiency	40,000	G	
RAG 178 002	Training Budget	30,000	G	

RAG 178 003	Voluntary Severance	250,000	A	This is corporate saving and will come from approved VSs in all services not already provided for in agreed savings. VS is still open to any staff coming forward. Relaunch of VS under MCB workstream will take place by June 30th
RAG 178 004	Flexible working	20,000	G	
RAG 178 005	External Audit Fee	4,000	G	
		2,736,865		



BUDGET SAVINGS 2017//18 YEAR 2 APPROVED IN 2016/17 APPENDIX C

Service	2017/18 Saving £	2017/18 Saving Green £	2017/18 Saving Amber £	2017/18 Saving Red £
Resources & Governance	398,953	49,541	174,028	175,384
Development & Environment	430,038	224,286	155,590	50,162
Housing & Community Safety	55,587	55,587		
Strategy & Customer Services	127,138	83,966	43,172	
Social Services	192,293	122,651	58,809	10,833
Education	58,073	21,500	20,210	16,363
TOTAL	1,262,082	557,531	451,809	252,742

Report to: Clackmannanshire Council

Date of Meeting: June 2017

Subject: Draft Financial Statements 2016/17

Report by: Depute Chief Executive

1.0 Purpose

- 1.1. The Council is required by law to prepare a statement of accounts in accordance with 'proper practices' which set out its financial position at the end of each financial year. This is defined as meaning compliance with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom prepared by the CIPFA/LASAAC Joint Committee.
- 1.2. The Code specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position and transactions of the Council, including group financial statements where Councils have material interests in subsidiaries, associates or joint ventures. The financial statements aim to identify the key factors affecting the finances of the Council and that affect the physical resources that the Council can control to provide services.
- 1.3. The Local Authority Accounts (Scotland) 1985 Regulations require the Depute Chief Executive, as the Council's s95 officer, to prepare the Statement of Accounts as soon as practicable after the end of each financial year and to submit these to the Council and to the Controller of Audit by 30 June of the next financial year. The draft Financial Statements continue to be finalised for audit and have been made available in advance of the Council meeting in councillors rooms. In addition to this all elected members have had the opportunity to attend a specific briefing on the draft Financial Statements on 26 June 2017 where copies of the draft statements were circulated.
- 1.4. As in previous years, we have also prepared a Trustees Report and Financial Statement for Sundry Trust Funds where the Council is the sole trustee.
- 1.5. A Management Commentary is included within the accounts which is required to present the collective view of those charged with governance and apply relevant sections of the Companies Act 2006 in respect of the preparation of a Strategic Report. The Management Commentary is signed by the Leader of the Council, Chief Executive and Depute Chief Executive (as s95 officer). The Management Commentary includes the financial outlook for the Council. However, there is also a separate Budget Strategy report on this Council meeting agenda to provide for a fuller consideration of recent information.
- 1.6. The Council's Draft Financial Statements also include the annual Remuneration Report, and the Annual Governance Statement (AGS) which is signed on behalf of the Council by the Leader of the Council and the Chief Executive. Improvement

actions associated with the AGS are incorporated within routine performance reporting using the Covalent system.

2.0 Recommendations

Council is asked to:

- 2.1. approve the 2016/17 draft Financial Statements
- 2.2. approve the 2016/17 Clackmannanshire Council Sundry Trust Funds draft Report and Financial Statements
- 2.3. approve the submission of these draft Financial Statements to the Controller of Audit no later than 30th June
- 2.4. note that finalised audited financial statements will be presented to the Audit and Finance Committee in September 2017
- 2.5. otherwise note the contents of the report.

3.0 Considerations

- 3.1. The accounts have been prepared in accordance with proper practices as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom 2016/17*. The Financial Statements show the actual figures for 2016/17 and the comparable figures for 2015/16.

Revenue Outturn

- 3.2. The financial results for 2016/17 are positive and provide a platform from which to address the challenging times ahead. Against the background of reducing resources the Council has successfully delivered services within budget therefore not requiring the full £1.523m of reserves approved to support the 2016/17 budget.
- 3.3. Gross revenue expenditure for the year was £117.287m. This represents the running costs of the Council and indicates the significant size and complexity of the organisation. The General Fund, started the year with a balance of £14.035m. The balance at 31 March 2017 is £10.073m, a net decrease of £3.962m.
- 3.4. Of the £10.073m balance at 31 March 2017, £5.234m is earmarked for specific purposes, much of which is for use either by individual services or to meet corporate liabilities. This committed balance can be summarised as follows:

Devolved School Management	£0.021m
Change Funds	£0.093m
Organisational Change Fund	£0.448m
Employment Fund	£2.585m
Sum approved in support of 2017/18 budget	£1.457m
Miscellaneous commitments	£0.480m
City Deal	£0.150m
Total	£5.234m

- 3.5 The earmarked balance also reflects the approval by Council in March 2017 to support its 2017/18 General Services Revenue Budget through the utilisation of £1.457m from reserves and £0.586m of new earmarked reserves.
- 3.6 The surplus achieved in the year compared to budget was £1.117m which is an increase in the surplus of £0.570m reported to Audit and Finance Committee in March. The surplus of £1.117m means that only £0.406m was required from the £1.523m budgeted contribution from reserves per the 2016/17 Budget approved by Council in February 2016.

In the year £3.556m was utilised from earmarked reserves. This along with the £0.406m contribution required from the budgeted amount of £1.523m results in a net decrease in reserves of £3.962m.

- 3.7 The Council's Reserves Strategy stipulates that it should retain uncommitted reserves at a minimum level of 3% of budgeted net expenditure, based on 2017/18 approved budget this equates to a figure of £3.543m. At the end of 2016/17, uncommitted reserves are £4.839m, therefore, £1.296m in excess of this minimum reserve figure which represents a level of 4.1% of budgeted net expenditure.
- 3.8 The Housing Revenue Account achieved a surplus within the year of £6.175m against a budgeted surplus of £4.918m, £1.257m greater than budget. This is a movement of £0.240m greater than the forecast figure of £5.935m reported to Audit and Finance Committee in March. During the year £4.912m of this surplus has been utilised for CFCR which reduces the requirement to borrow. This has resulted in contribution to reserves of £1.263m. The outcome of these results is that the opening housing reserve balance of £0.710m at the start of the year, has increased to £1.973m as at 31st March 2017, which equates to 10% of 2017/18 budgeted Housing Rents. This is £1.213m above minimum reserves of 4% which will be used to offset future capital expenditure and reduce the requirement to borrow.

Other Reserves

- 3.9 The opening balance on the Capital Receipts Reserve was £2.148m. A sum of £2m from this balance was identified to augment the Employment Fund as part of the Council's Budget setting for 2016/17. In the year £0.148m has been utilised to fund the statutory element of voluntary severance leaving a balance of £1.852m earmarked for this purpose.

During 2016/17 receipts of £0.108m were received as a consequence of asset sales during the year. None of these receipts were utilised leaving an unearmarked sum of £0.256m. This balance has been identified to support the 2017/18 approved budget. Further receipts have been received since 31st March in line with the budgeted 2017/18 figure.

- 3.10 During the year £0.293m has been added to the Capital Grants and Contributions Unapplied account taking the balance at 31 March 2016 to £0.622m. This sum represents the proceeds from the sale of land and is ring-fenced to support the 2017/18 approved budget.

Pensions Liability

- 3.11 The estimation of the Council's net liability in respect of pensions payable is a complex set of judgements. It requires estimates of the life expectancy of scheme members, assumptions about changes in retirement ages and expected returns on pension fund assets such as stock market investments. The Council engages actuaries to provide expert advice about prevailing assumptions.

- 3.12 As a result of the latest valuation of our Pension accounts in accordance with International Accounting Standard 19 (IAS19), we have witnessed a deterioration in our Balance Sheet position, with our net liability now standing at £163.343m compared to £108.274m at March 2016. This increase in liability is primarily due to a reduction in the discount rate which is determined on a prescribed basis.

Provisions

- 3.13 A new provision of £50k has been made in 2016/17 to cover the Council's estimated legal costs associated with the ongoing dialogue with the Council's PPP FM provider about the legal interpretation of contractual definitions. The matter is anticipated to be concluded within the 2017/18 financial year with the provision being either fully utilised or released back to general reserves if it is not required.
- 3.14 The Council has made further progress in the year to settle equal pay claims with £30k being paid out during 2016/17. The Council's provision for equal pay has consequently been re-assessed at £0.092m at 31 March 2017 and reclassified to short term provisions. It is considered that this remaining sum will be sufficient to meet the outstanding liabilities on existing claims which are expected to be concluded in the current financial year.
- 3.15 In line with IAS37 the Council created a provision in 2015/16 to cover the costs of voluntary severance that had been agreed but not paid before 31 March 2016. Of the £43k provision brought forward, £29k was paid out in the year with the remaining £14k being released back to General Fund uncommitted reserves. There are no further voluntary severance cases that were agreed but not paid before the 31 March 2017.3.16
- 3.16 During 2016/17, a provision of £300k was brought forward from 2015/16 relating to a contractual claim for damages in respect of a Housing Revenue Account kitchens and bathrooms contract. This provision was fully utilised in settling the final phase of this contractual dispute. An additional provision of £150k has now been established based on an estimate of the final costs likely to be required to conclude this action.
- 3.17 The provision for Municipal Mutual Insurance Limited (MMI) was established in 2012/13 on the advice of our insurers to cover a potential 30% levy triggered under the Scheme of Arrangement in respect of the winding down of the former Municipal Mutual Insurance Limited (MMI). This exposure relates back to former District and Regional Council operations. In 2016/17, £47k has been paid out against the original provision for claims which included an increase in the levy from 15% to 25% and £12k has been added to the provision based on a re-assessment of the liability taking the overall provision carried forward to £26k.
- 3.18 In 2015/16, £78k was provided to meet the costs of ongoing legal cases. During the year, £26k was utilised in concluding these cases, with the remaining £52k being released back to General Fund uncommitted reserves. There are no further cases of this nature as at 31 March 2017.

Contingent Liabilities

- 3.19 In order to reflect as yet potential uncertain and/ or unquantified timing and liabilities issues, aspects of those matters referenced in respect of PPP contract, Equal Pay and Insurance set out in paragraphs 3.13, 3.14 and 3.17, are also reflected in the draft Financial statements as contingent liabilities. The previous contingent liability in respect of the Kitchen Contract has been removed as the Council has now settled payment during 2016/17. A new Contingent Liability has been created in respect of a Health and Safety at work related issue. No Contingent Assets have been identified at 31 March 17.

- 3.20 Further details of the provisions and contingent liabilities summarised in this report were provided to elected members at the briefing which was held on 26th June 2017.

Capital Expenditure and Financing

- 3.21 During 2016/17 the Council spent £16.739m of Capital Expenditure, of this £16.568m was invested in its own assets with £0.171m granted to third parties including Common Good. This reflects an underspend of £11.100m on the budgeted programme, and an increase in the projected underspend of £2.030m reported to Audit and Finance Committee in March 2017.
- 3.22 Capital expenditure in the year has been financed by capital receipts (£2.925m), government grants and contributions (£6.903m) and direct revenue funding (£4.912m) leaving a balance of £1.990m requiring to be financed from borrowing. The balance was partly funded through cash reserves and a mixture of long and short term borrowing. Principal repayments against borrowing of £6.975m were made in the year.
- 3.23 The Council's gross external debt as at March 2017 stands at £146.149m, a decrease of £0.2m from the position as at March 2016 due mainly to the repayments towards finance leases of £1.3m offset by new borrowing of £1.1m to support the capital programme. Borrowing was in line with the Investment Strategy which focuses on the longer term goal of reducing the overall level of debt liabilities carried by the Council. Further detail is provided in the Annual Treasury Report also on this agenda.

Sundry Trust Funds

- 3.24 The Council currently acts as sole trustee for the Trust Funds of four organisations which have charitable status and are registered with the Office of the Scottish Regulator (OSCR). The Objectives and activities of each of the four Sundry Trust Funds are set out at Appendix A to this report and the Draft Financial Statements are set out at Appendix B.
- 3.25 The full Trustees Report and Draft Financial Statements were discussed in greater detail, along with Clackmannanshire Council's Draft Financial Statements, as part of the elected member briefing held on the 26 June 2017.

Group Accounts

- 3.26 With the formation of the Clackmannanshire and Stirling Integrated Joint Board, group accounts are now required to be prepared and included in the financial statements. The required statements and supporting notes are included towards the end of the Council's Draft financial Statements and show the group position for the Council, Integrated Joint Board, Central Scotland Valuation Joint Board and CSBP Clackmannanshire Investments Ltd.

Public Inspection

- 3.27 The Financial Statements, once submitted to the Controller of Audit will be made available for public inspection from the 30th June and will be subject to an audit period of up to three months.
- 3.28 The Council's final audited Financial Statements will be presented to Audit and Finance Committee along with the External Auditors Key Issues Memorandum in September 2017.

4.0 Conclusion

- 4.1 The results for the year are positive against the backdrop of the current economic climate. A surplus has been achieved in the year on General Fund which ensures our uncommitted reserves remain in excess of the Council's approved level. This position is an improvement on that previously forecast at Budget setting in March 2017 due to more favourable Quarter 4 outturn than anticipated at that time. This assists the Council by ensuring the retention of a sound financial platform from which to manage the Council's finances in the future.
- 4.2 Elected members have received regular updates on progress in implementing the Budget Strategy through Council and performance monitoring reports during the year, including management actions within services and corporately to improve the outturn position.
- 4.3 In summary, the Council has consistently applied its agreed budget, finance and investment strategies throughout 2016/17.

5.0 Sustainability Implications

- 5.1 Not applicable

6.0 Resource Implications

6.1 *Financial Details*

- 6.2 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

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

6.4 *Staffing*

7.0 Exempt Reports

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

8.0 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
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer

- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

(2) Council Policies (Please detail)

9.0 Equalities Impact

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

10.0 Legality

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

11.0 Appendices

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

Appendix A - Sundry Trust Funds Objectives

Appendix B - Sundry Trust Funds Trustees' Report and Draft Financial Statements 2016/17

12.0 Background Papers

12.1 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



Council draft financial statements 2016/17

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Lindsay Sim	Chief Accountant	2078
Nikki Bridle	Depute Chief Executive	2373

Approved by

NAME	DESIGNATION	SIGNATURE

Nikki Bridle	Depute Chief Executive	
Elaine McPherson	Chief Executive	

**APPENDIX A - EXTRACT FROM SUNDRY TRUST FUNDS
DRAFT TRUSTEE'S REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD 1 APRIL TO 31 MARCH**

OBJECTIVES AND ACTIVITIES

Name	Objective	Activities
Clackmannan District Council Charitable Trust	The income of the Trust Fund capital may be applied at the discretion of the Trustees for the benefit of the poor, sick, aged and handicapped persons and generally all persons in necessitous circumstances who normally reside within the boundary of Clackmannanshire.	The Trustees generally meet twice in a year (September and March) to consider applications. In recent years it is noted that the benefits from the trust have been to grant assistance in the form of essential household goods e.g. electric cooker, fridge, washing machine, beds and bedding. Payments totalling £660 were made in the year.
Clackmannanshire Educational Trust	The income of the trust may be applied to supplementary bursaries for Students attending Universities, Central Institutions etc. Assistance in obtaining practical experience of trades etc. Grants for student apprentices, travel grant, educational excursions, educational travel, adult education and educational experiments and research.	The main activity undertaken this year has been the assistance of 3 individuals with awards totalling £275. £100 was paid to an individual attending a learning opportunity abroad, £100 was paid to an individual to enable attendance of an adult Education Course, £75 was paid to another individual to support an adult Education course.
Tillicoultry Old Age Pensioners Outing Fund	To meet the cost of the annual excursion for old age pensioners.	This year as in recent years the income has been used to fund the hire of a coach £400 to enable a day trip for the benefit of the old age pensioners of Tillicoultry.
Old Folks Welfare Fund	Bequest from Tillicoultry and District Nursing Association. Income to be applied by Clackmannanshire Council for the welfare of the old people of Tillicoultry and District.	No trip was funded this year.

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Clackmannanshire Council Sundry Trust Funds

TRUSTEES' ANNUAL REPORT

1. INTRODUCTION

Clackmannanshire Council acts as sole trustee for the Sundry Trust Funds listed below which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR):

Charity Number	Charity Name
SC011479	Clackmannan District Council Charitable Trust
SC008282	Clackmannanshire Educational Trust
SC002564	Tillicoultry Old Age Pensioners Outing Fund
SC004079	Old Folks Welfare Fund

The principal address of the Sundry Trust Funds is:

Clackmannanshire Council
Resources and Governance
Kilncraigs
Alloa
FK10 1EB

The financial statements have been prepared on a receipts and payments basis under Schedule 3 of The Charities Accounts (Scotland) Regulations 2006, this allows aggregated financial statements to be prepared where charities have common control or unity of administration. Clackmannanshire Council administers the Sundry Trust Funds and separately accounts for them. They do not form part of the Council's single entity balance sheet, although under s222 of the Local Government (Scotland) Act 1973, the property of the Sundry Trusts "vest(s) in" the relevant local authority. However they are included in the financial statements of the Council as a Note to the main financial statements.

Clackmannanshire Council Sundry Trust Funds

TRUSTEES' ANNUAL REPORT (CONTINUED)

1. INTRODUCTION (CONTINUED)

Independent Auditor:

Audit Scotland
Statutory Auditor
4th Floor
102 West Port
Edinburgh
EH3 9DN

TRUSTEES

In terms of the "Trustees" of the Sundry Trusts, the guidance provided by OSCR is that those who have "general control and management" of the charity are the charity Trustees. Decisions regarding the general control and management of the Sundry Trust Funds are made by the full Council of elected members.

The following individuals were the Trustees of the Sundry Trust Funds in their capacity as elected members of Clackmannanshire Council for the full 2016/17 financial year.

Alastair Campbell	Irene Hamilton
Archie Drummond	Janet Cadenhead
Craig Holden	Jim Stalker
Derek Stewart	Kathleen Martin
Donald W. Balsillie	Kenneth Earle
Ellen Forson	Les Sharp
Gary Womersley	Robert McGill
George Matchett QPM	Tina Murphy
Graham Watt	Walter McAdam MBE

Clackmannanshire Council Sundry Trust Funds

TRUSTEES' ANNUAL REPORT (CONTINUED)

1. INTRODUCTION (CONTINUED)

TRUSTEES (CONTINUED)

All of the Trustees are normally elected or re-elected at local government elections. As a result of the Local Government Elections that took place on the 4th May 2017 the following elected members were in place from this date. The members listed below will have the responsibility of 'Trustees' of the Sundry Trusts for the forthcoming 2017/18 financial year.

Archie Drummond	George Matchett QPM
Bill Mason	Graham Lindsay
Chris Dickson	Kathleen Martin
Craig Holden	Kenneth Earle
Darren Lee	Les Sharp
Dave Clark	Martha Benny
Derek Stewart	Mike Watson
Donald W. Balsillie	Phil Fairly
Ellen Forson	Tina Murphy

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Sundry Trusts are constituted in a variety of ways, many coming in the form of bequests by individuals or families who have entrusted a predecessor local authority with the task of disbursing the funds for a charitable purpose.

Clackmannanshire Council Sundry Trust Funds

TRUSTEES' ANNUAL REPORT (CONTINUED)

2. STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

HISTORY

The following table gives an indication of the purpose of the Trusts:

Charity No.	Name	Purpose
SC011479	Clackmannan District Council Charitable Trust	Extract Decree by Lords of Council and Session dated 30 March 1990 whereby the income of the trust fund capital, thereof may be applied at the discretion of the Trustees for the benefit of poor, sick, aged and handicapped persons and generally all persons in necessitous or deserving circumstances and who are normally resident within the boundary for the time being of the District of Clackmannanshire.
SC008282	Clackmannanshire Educational Trust	To provide financial support in the form of Educational Grants, to aid with travel expenses, educational research and experiments and practical experience.
SC002564	Tillicoultry Old Age Pensioners Outing Fund	To meet the cost of the annual excursion for old age pensioners.
SC004079	Old Folks Welfare Fund	Bequest from Tillicoultry and District Nursing Association. Income to be applied by Clackmannanshire Council for the welfare of the old people of Tillicoultry and District.

Clackmannanshire Council Sundry Trust Funds

TRUSTEES' ANNUAL REPORT (CONTINUED)

2. STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

STATEMENT OF RESPONSIBILITIES

Responsibilities of Trustees

The Trustees are responsible for the strategic direction and governance of the Sundry Trust Funds. The Trustees are responsible for the distribution of funds from the Sundry Trust Funds and hold regular meetings, with any resulting payments made at their sole discretion. The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to Trusts in Scotland requires the trustees to prepare financial statements for each financial year which properly present the receipts and payments of the state of affairs of the Trust and of the incoming resources and application of resources of the Trust for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Provost on behalf of the Trusts is required to approve the Financial Statements. As the funds of the Sundry Trust Funds are held by Clackmannanshire Council the responsibilities of the Council in respect of these funds are detailed below.

Clackmannanshire Council Sundry Trust Funds

2. STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

STATEMENT OF RESPONSIBILITIES (CONTINUED)

The Council's Responsibilities as Sole Trustee

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Depute Chief Executive has been designated as that officer in Clackmannanshire Council. This officer manages the affairs of the Council to secure the economic, efficient and effective use of resources and safeguard its assets and those of any charitable trust it administers. Given the Sundry Trust Funds are administered by the Council; these specific provisions are supplemented by general provisions relating to the administration of local authority monies, i.e. the duty to obtain best value.

The Council provides administrative services to the Trusts and prepares the Financial Statements of the Sundry Trust Funds free of charge.

The Depute Chief Executive's Responsibilities

The Depute Chief Executive has responsibility for ensuring an effective system of internal financial control is maintained and operated. This system of internal financial control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions are recorded and properly authorised and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures and a system of delegation and accountability. The Depute Chief Executive is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trusts and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Trusts constitution. They are also responsible for safeguarding the assets of the Trusts and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Clackmannanshire Council Sundry Trust Funds

TRUSTEES' ANNUAL REPORT (CONTINUED)

3. OBJECTIVES AND ACTIVITIES

Income to the Sundry Trust Funds is solely from investment returns and bank interest - no donations to the Funds are solicited.

Name	Objective	Activities
Clackmannan District Council Charitable Trust	The income of the Trust Fund capital may be applied at the discretion of the Trustees for the benefit of the poor, sick, aged and handicapped persons and generally all persons in necessitous circumstances who normally reside within the boundary of Clackmannanshire.	The Trustees generally meet twice in a year (September and March) to consider applications. In recent years it is noted that the benefits from the trust have been to grant assistance in the form of essential household goods e.g. electric cooker, fridge, washing machine, beds and bedding. Payments totalling £660 were made in the year.
Clackmannanshire Educational Trust	The income of the trust may be applied to supplementary bursaries for Students attending Universities, Central Institutions etc. Assistance in obtaining practical experience of trades etc. Grants for student apprentices, travel grant, educational excursions, educational travel, adult education and educational experiments and research.	The main activity undertaken this year has been the assistance of 3 individuals with awards totalling £275. £100 was paid to an individual attending a learning opportunity abroad, £100 was paid to an individual to enable attendance of an adult Education Course, £75 was paid to another individual to support an adult Education course.
Tillicoultry Old Age Pensioners Outing Fund	To meet the cost of the annual excursion for old age pensioners.	This year as in recent years the income has been used to fund the hire of a coach £400 to enable a day trip for the benefit of the old age pensioners of Tillicoultry.
Old Folks Welfare Fund	Bequest from Tillicoultry and District Nursing Association. Income to be applied by Clackmannanshire Council for the welfare of the old people of Tillicoultry and District.	No trip was funded this year.

Clackmannanshire Council Sundry Trust Funds

TRUSTEES' ANNUAL REPORT (CONTINUED)

4. ACHIEVEMENTS AND PERFORMANCE

The Clackmannan District Council Charitable Trust made payments, in respect of charitable activities, totalling £660 (2015/16: £1,340) over this period. These payments granted assistance in the form of household goods, to various applicants residing within the boundary of Clackmannanshire. The total number of payments made was 3 (2015/16: 3). The interest received over this period was £15 (2015/16: £93, £71 of which related to the investment that was reimbursed during 2015/16).

The Clackmannanshire Educational Trust made payments, in respect of charitable activities, totalling £275 (2015/16: £225) over this period. These payments were made to cover the costs associated with adult education courses. The total number of payments made was 3 (2015/16: 3). The interest received over this period was £118 (2015/16: £133).

The Tillicoultry Old Age Pensioners Outing Fund made one payment of £400, in respect of charitable activities, over this period (2015/16: £420). This payment covered the cost of bus hire for a day trip. The interest received over this period was £9 (2015/16: £12).

The Old Folks Welfare Fund made no payments in respect of charitable activities over this period (2015/16: no payments). The interest received over this period was £29 (2015/16: £33).

The combined monies of the Sundry Trusts were invested in the Council's Loans Fund on the basis that the returns available were better than those available commercially. The average rate of interest achieved in the period was 0.48% (2015/16: 0.46%).

It was agreed at the Council Meeting held on the 9th March 2017 that the cost of the external audit fee of £4,000 for 2016/17 only (2015/16: £5,000) will be met in full by Clackmannanshire Council and not recharged to the individual Sundry Trust Funds.

Clackmannanshire Council Sundry Trust Funds

TRUSTEES' ANNUAL REPORT (CONTINUED)

5. FINANCIAL REVIEW

As a general principle the "capital" of the funds is held effectively as a permanent endowment, with only the annual income available for disbursement in the year. However this is not a legal obligation and capital can be reduced on the agreement of the Trustees.

In recent years the Trustees have taken the decision to award above the annual income and reduce the capital that is held. This has been in response to increased applications to the Trusts brought on by the economic downturn and a reduction of income, due to historically low interest rates.

Whilst the Sundry Trust Funds have incurred an operating deficit this year each of the individual funds remain in surplus.

6. CHANGES WITHIN YEAR AND FUTURE PLANS

There are currently no plans to significantly change the purpose or allocation bases of any of the Sundry Trust Funds. However, active steps are being taken to appoint independent members to the Charitable Trust and the Educational Trust and to amalgamate and transfer the Tillicoultry Old Age Pensioners Outing Fund and the Old Folks Welfare Fund to the Tillicoultry, Coalsnaughton and Devonside Community Council.

The Trustees wish to thank the Clackmannanshire Council officers involved in producing the Annual Report and Financial Statements.

Signed:

On behalf of the Trustees
Signed:

Nikki Bridle
Depute Chief Executive
Clackmannanshire Council

Provost Tina Murphy
Sundry Trust Chairperson
Clackmannanshire Council

Date: 28th June 2017

Date: 28th June 2017

Clackmannanshire Council Sundry Trust Funds

INDEPENDENT AUDITOR'S REPORT To follow

Clackmannanshire Council Sundry Trust Funds

SUNDRY TRUST ACCOUNTS FINANCIAL STATEMENTS OVERVIEW

1. INTRODUCTION

The following pages 13 to 18 detail the Statement of Receipts and Payments, the Statement of Balances and relevant Notes to the Financial Statements, as required by The Charities Accounts (Scotland) Regulations 2006. A Cash Flow Statement is not required as all of the charities are classified as small charities as defined in the Charities SORP and therefore are exempt from producing a Cash Flow Statement.

2. STATEMENT OF RECEIPTS AND PAYMENTS

The Statement of Receipts and Payments provides an analysis of the incoming and outgoing cash and bank transactions for the period. The Sundry Trust Funds have receipts and payments in their respective unrestricted funds.

3. STATEMENT OF BALANCES

The Statement of Balances reconciles the cash and bank balances at the beginning and end of the financial year with the surplus or deficit shown in the Statement of Receipts and Payments. The Statement of Balances also summarises final closing balances at the end of the year.

4. NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements expand on or explain the information contained in the Statement of Receipts and Payments and Statement of Balances.

Clackmannanshire Council Sundry Trust Funds

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31ST MARCH 2017

	Clackmannan District Council Charitable Trust SC011479	Clackmannanshire Educational Trust SC008282	Tillicoultry Old Age Pensioners Outing Fund SC002564	Old Folks Welfare Fund SC004079
	Total £	Total £	Total £	Total £
<u>Receipts</u>				
Receipts from investments other than land and building	15	118	9	29
Total Receipts	15	118	9	29
<u>Payments</u>				
Charitable Activities	(660)	(275)	(400)	-
Total Payments	(660)	(275)	(400)	-
Surplus/ (Deficit) for year	(645)	(157)	(391)	29

All funds are unrestricted

Clackmannanshire Council Sundry Trust Funds

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	Clackmannan District Council Charitable Trust SC011479	Clackmannanshire Educational Trust SC008282	Tillicoultry Old Age Pensioners Outing Fund SC002564	Old Folks Welfare Fund SC004079
	Total £	Total £	Total £	Total £
<u>Receipts</u>				
Receipts from investments other than land and building	93	133	12	33
Investment Reimbursed	853	-	-	-
Total Receipts	946	133	12	33
<u>Payments</u>				
Charitable Activities	(1,340)	(225)	(422)	-
Audit Fee	(1,071)	(2,852)	(367)	(710)
Investment Reimbursed	(853)	-	-	-
Total Payments	(3,264)	(3,077)	(789)	(710)
(Deficit) for year	(2,318)	(2,944)	(777)	(677)

All funds are unrestricted

Clackmannanshire Council Sundry Trust Funds

STATEMENT OF BALANCES AS AT 31ST MARCH 2017

	Clackmannan District Council Charitable Trust SC011479	Clackmannanshire Educational Trust SC008282	Tillicoultry Old Age Pensioners Outing Fund SC002564	Old Folks Welfare Fund SC004079
	Total £	Total £	Total £	Total £
Bank and Cash in hand				
Opening Balances	3,114	24,655	1,916	6,131
Surplus/(deficit) for year	(645)	(157)	(391)	29
Closing Balance	2,469	24,498	1,525	6,160

All funds are unrestricted

Signed:

Nikki Bridle

Depute Chief Executive

Clackmannanshire Council

Date: 28th June 2017

Clackmannanshire Council Sundry Trust Funds

STATEMENT OF BALANCES AS AT 31ST MARCH 2016

	Clackmannan District Council Charitable Trust SC011479	Clackmannanshire Educational Trust SC008282	Tillicoultry Old Age Pensioners Outing Fund SC002564	Old Folks Welfare Fund SC004079
	Total £	Total £	Total £	Total £
Bank and Cash in hand				
Opening Balances	5,432	27,599	2,693	6,808
(Deficit) for year	(2,318)	(2,944)	(777)	(677)
Closing Balance	3,114	24,655	1,916	6,131

All funds are unrestricted

Clackmannanshire Council Sundry Trust Funds

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

RESOURCES EXPENDED

Liability Recognition

Liabilities are recognised when cash is paid out.

Charitable Activities

Decisions regarding the way the Sundry Trust Funds' income is spent are taken by the Trustees of each respective Sundry Trust Fund.

Costs of Generating Funds

The internal cost of administering the Sundry Trust Funds is borne entirely by Clackmannanshire Council.

Governance Costs

Governance Costs, where applicable, include the:

- costs of the preparation and examination of statutory Financial Statements;
- cost of any legal advice to Trustees on governance or constitutional matters.

Grants Payable Without Performance Conditions

These are recognised in the Financial Statements when the grant has been paid.

INCOME RECEIVED

Receipts

Receipts comprise interest received from the investments held within the Councils Loan Fund which are recognised when received.

Clackmannanshire Council Sundry Trust Funds

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. ANALYSIS OF PAYMENTS

Details are provided in the Trustees' Annual Report (pages 8 and 9) explaining the grants that have been paid out by the relevant Sundry Trust Funds.

3. TRUSTEES' REMUNERATION AND EXPENSES

Neither the Trustees of the Sundry Trust Funds nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the Trustees during the period 2016/17.

4. RELATED PARTIES

During the period, the Sundry Trust Fund balances were invested by Clackmannanshire Council, who manage the administration of the Funds on behalf of the Trustees. No costs were incurred by the Sundry Trust Funds for this administration. The Council also acts as the banker for the Sundry Trust Funds and all transactions, incoming and outgoing are made via the Council's Financial Statements.

5. INVESTMENT HOLDINGS

None of the Sundry Trust Accounts currently hold external stock. In 2015/16 Clackmannan District Council Charitable Trust held £853 in treasury stock which was reimbursed in full.

Report to: Clackmannanshire Council

Date of Meeting: 28 June 2017

Subject: Annual Review of Debtors 2016-17 & Housing Benefit Budget Profiling

Report by: Head of Housing & Community Safety

1.0 Purpose

- 1.1. To update Council on income collection and to propose the 'write off' of those arrears considered irrecoverable or 'bad debts'. The report also discusses the Housing Benefit budget in relation to roll out of the Universal Credit (UC) full digital live service in Clackmannanshire during 2017.
- 1.2. The presentation of this report is a key milestone in the preparation of the Council's Draft financial statements which need to be approved by end of June each year.

2.0 Recommendations;

- 2.1. It is recommended that Council:
 - 2.1.1 Note the trends in income collection levels.
 - 2.1.2 Approve the proposed write-off of £788,931 as detailed in Table 6,
 - 2.1.3 Approve the write off of £211,503 of housing benefit overpayments (paragraph 5.4 and Table 7)
 - 2.1.4 Note and comment as appropriate on the other matters raised in the report.

3.0 Background

- 3.1. This report provides the annual update of the income and debtors position during 2016/17. It updates members on actions taken and proposes the write off for the financial year 2016/17.
- 3.2. It should be noted that whilst accounts are written off for the purposes of the annual accounts, and then not actively pursued, the debts remain in the system and will be collected if new information becomes available.
- 3.3. The Revenues team sits within the Housing & Community Safety Service. It collects:
 - income and arrears for council tax.
 - sundry income/debtors.

- garage and lock-up income.
 - former tenant arrears.
 - Non Domestic Rates (NDR) on behalf of the Scottish Government under the current rates pooling system.
 - Water Service Charges (collected with the Council Tax) on behalf of Scottish Water under direction from the Scottish Government.
- 3.4. The team also invoices for the two local Business Improvement Districts (BIDs). During 2016/17 the last of the council housing rents managed by the Revenues team were transferred back to the Housing Tenancy Management Service.
- 3.5. The value and volume of billing has increased across all main income streams throughout 2016/17, with £85.650M of charges raised, up from £72.899M in 2015/16. This increase is mainly the result of sundry invoices raised for the Clackmannanshire and Stirling Health and Social Care Partnership. There were also a number of one-off invoices relating to the cessation of shared services arrangements between Clackmannanshire and Stirling Council.

4.0 Collection Position and Debt Position

Council Tax

- 4.1. Council Tax and Water Service charges are levied on 24,296 domestic dwellings within Clackmannanshire. This annual charge to these properties is £30.628 million, an increase from £30.57million for 2015/16. Council Tax income for 2017/18 is £20.611m with the revised multiplier for Bands E-H increasing that amount by £869k. The Council will also receive £3.207m from the council tax reduction (CTR) scheme. The expenditure on CTR will need to be closely monitored as it could be that given changes to the benefit system level of awards and cases are in excess of the funding made available.
- 4.2. 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 2016/17, the Council's collection rate was 95.85%. From the information available this appears to be the highest ever collection rate, beating last year's record of 95.77%. The collection rate for 2014/15 was only 94.97%. This is all the more noteworthy given the mailing and IT problems during the year. It is also worth noting that Clackmannanshire residents make some of the highest levels of benefit changes in Scotland, leading to significant additional work when compared with other authorities.
- 4.3. Even more pleasing is that collection increased at the same time as an 11% reduction in the number of reminder notices issued, and a fall of 689 (10%) accounts reaching warrant stage.
- 4.4. It is felt that this is further demonstration of the progress that has been made since processes were revised as a result of our work with Vanguard.

Table 1 Debt Trend 2014-2017

Debtor	2014-15 £000¹	2015-16 £000¹	2016-17 £000²
Council Tax	10,302	10,531	10,559
Sundry Debtors	3,063	3,358	2,515
HRA debts*	2,477	2,710	2,943
Total Gross Debtor	15,842	16,599	16017
Total Provision	(9,562)	(10,612)	(11,472)
Total Net debt	6,321	5,987	4,545

*see appendix A table 3

- 4.5. 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.
- 4.6. The net debtor reflects the amount that the Council realistically expects to recover. 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 can be recovered.
- 4.7. For 2016/17, the figures are draft and still subject to audit. They also incorporate the proposed write off detailed within this paper 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.
- 4.8. Collection for Sundry debtors increased from 73.84% to 91.13% at the end of the year. Given the significant increase in billing for the Health and Social Care partnership, collection performance is not directly comparable with previous years. The Sundry Debt process is an area, which revenues working with the Technology 1 team and services are looking to review, to ensure that the collection rate is maximised.
- 4.9. Non Domestic Rates (NDR) collection showed a slight decrease from 98.15% to 97.09%. On further investigation of the 2015/16 performance, this was boosted by a significant reduction in some Rateable Values by the assessor during the year thus artificially boosting the collection rate. Members should note that recovery action is limited as per statute recovery cannot commence until 1st October in the financial year of the demand notice year.

¹ These figures are draft and are still subject to change as part of the 2016/17 external audit of the Council's Financial Statements

² These figures are draft and are still subject to change as part of the 2016/17 external audit of the Council's Financial Statements

- 4.10. The position with tenant arrears will be covered in the end of year Housing Report. The increase can already be partly attributed to the introduction of Universal Credit.

The Scottish Welfare Fund (SWF)

- 4.11. In 2016/17 the total SWF spend in Clackmannanshire was £541,304 of which £455,779 was Community Care Grants (CCGs) and £85,525 Crisis Grants. The budget was made up of the annual Scottish Government grant of £344,079; a £102,333 underspend carried forward from 2015/16; and an additional allocation of £94,892 from Clackmannanshire Council. Members will note that 2016/17 was the first time that there has been no carry forward of SWF since the Council took responsibility for this from the DWP.
- 4.12. The total SWF budget for 2017/18 stands at £344,000 of which, £120,000 has been apportioned to Crisis Grants. This is in anticipation of an increased level of demand resulting from the local introduction of Universal Credit (UC). The remaining £224,000 has been allocated to CCGs.
- 4.13. The increased budgetary pressure has required officers to take stricter line in decision making. This is to ensure that the fund can help the most vulnerable in the community. This has resulted in a reduction in both the number and average amount of CCG awards. Some households, who would have received assistance last year, will now be ineligible for help. This may have knock on impacts for other budgets e.g. the homeless temporary accommodation budget, or increased rent arrears.
- 4.14. The first weeks of 2017/18 have also seen an unprecedented number of applications for Crisis Grants. Increased demand in the latter half of 17/18 was anticipated and planned for but, if the current level of demand continues, the budget identified to mitigate the UC impacts will be inadequate. This is a particular cause for concern given new claimants have to wait six weeks before they receive their first payment.

Housing Benefit Budget Profiling and Processing Update

- 4.15. Housing Benefit (HB) is a national scheme administered by the DWP and delivered by local authorities. Where an applicant is entitled to assistance with their rental liability the local authority will, initially, bear the cost of making these payments and will later be reimbursed by the DWP. Therefore, the Council is required to budget for these payments and the cash flow movement.
- 4.16. The local authority receives a monthly payment from the DWP based on an estimate it makes of the upcoming annual spend. It takes account of a number of factors, including historic data, predictions of benefit uptake and the state of the economy. These estimates have been fairly accurate in recent years, as shown below.

Table 2: Estimates of Spend v Budget 2013-2017

	2013/14	2014/15	2015/16	2016/17

Estimated Spend	£21,006,507.00	£20,739,101.00	£19,229,287.00	£18,923,421.00
Actual Spend	£19,861,047.00	£19,915,307.00	£19,705,020.00	£19,003,697.00
Error Rate (%)	-5.45%	-3.97%	2.47%	0.42%

- 4.17. Any adjustment necessary at year end is made in the monthly payment received from the DWP in May of the next financial year. Although the DWP projections have become more accurate over the last few years this trend is very likely to be disturbed in this, and future years, largely due to the introduction of full digital live service of Universal Credit (UC).
- 4.18. The full digital live service as being rolled out currently, means that any new claim for Employment and Support Allowance, Housing Benefit, Tax Credits, will only be able to claim UC (which include a housing costs component). From 28th June 2017, half of the Clackmannanshire area will be going live with UC full digital service, with the remaining areas going live in December. Any current recipient that has one of those means tested benefit in the affected postcodes from June that has a change in circumstances, could have those current benefits ended and a claim made for UC. This could mean that for those applicants in receipt of HB that we will be closing the gateway for them to access support by the Council for Housing Costs (limited restrictions do apply).
- 4.19. Given the pace of this roll-out is being determined by the DWP and by the applicants own personal circumstances, then it could prove a challenge in accurately predicting the impact on the caseload.
- 4.20. Whilst the DWP does provide subsidy to authorities for Housing Benefit it should be noted that this is not 100% of expenditure. The government penalises claim processing inaccuracy and the use of certain types of accommodation. Where, for example, a claimant is overpaid benefit (for example, by a miscalculation; or not implementing a DWP change quickly enough) or has used B&B to accommodate a homeless person, then the subsidy payable by the DWP is less than the authority has paid out. The table below shows the impact of this.

Table 3: Housing Benefit Expenditure v Subsidy

	2012/13	2013/14	2014/15	2015/16	2016/17
Expenditure	£20,080,058	£19,861,047	£19,915,307	£19,705,020	£19,003,697
Subsidy	£18,485,011	£18,522,520	£18,759,565	£18,842,385	£18,500,378
Loss (£)	£1,595,047	£1,338,527	£1,155,742	£862,635	£503,319
Loss (%)	7.94%	6.74%	5.80%	4.38%	2.65%

- 4.21. As with collections, this table also demonstrates improvements made in the service. However, future performance cannot be guaranteed due to matters beyond the control of the Service, for example, the changes in DWP policy, and the uncertainty of the client base particularly during the transitional phase.
- 4.22. As shown in table 3 below, benefit processing times also improved considerably over the year. Performance is now better than the national average.

Table 3: Housing Benefit Performance (Year-end Cumulative Average) 2014-2017

Performance Indicator	2014/15	2015/16	2016/17	National Average
HB Processing of new claims (days)	32	34	23	25
HB Processing of changes (days)	12	14	5	10

Former Tenant Arrears

4.23. One area that has shown progress in the last year is the collection of former tenant arrears, with the overall collection rate increasing by 12% (7.3% to 8.2%). The greatest improvement was with our own internal team, with the collection rate improving by 55% (7.1% to 11%). The sheriff officers collection rate dropped back by half a percentage point (9.02% to 8.51%). These balances arise for example, when tenants die, or leave properties without notice and forwarding address.

4.24. However, although improvements in recovery have been made the volume and size of arrears when accounts end has risen faster than the improvement made. The number of accounts and the amount that has risen, as shown in the table below.

Table 5: Former Tenants Arrears

	2015/16	2016/17	Increase
Amount	£727,577	£818,396	£90,819
No. of accounts	1398	1522	124
Average debt / account	£520	£538	£18

4.25. This year it is intended to write off a larger number of balances, which will enable a continued focus on the accounts where hopefully there is more likelihood of success. We will also consider options beyond the sheriff officers for recovery of this debt and proposals will be included in the Debt Policy to be presented to a future meeting of the Council.

5.0 Annual Write Off

5.1. Under the Corporate Recovery and Write Off Policy (January 2012), all debt deemed as irrecoverable is to be presented for write off. In doing so, the Council follows general accounting principles ensuring that all reasonable recovery actions have been undertaken prior to identifying a debt for write off.

5.2. The Corporate Recovery and Write Off Policy also provides that the Section 95 officer 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 2016/17, together with a comparison for the write off approved for 2015/16. The 2016/17 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 6 Proposed Write-offs for 2016/17

	Approved Write Off 2015/16		Proposed Write Off 2016/17	
Type of Debt	Number of accounts	Value	Number of accounts	Value
Council Tax	1,056	348,233	947	359,462
NDR	48	218,816	41	124,243
Sundry Debt	253	96,948	65	51,884
Former Tenant Arrears	111	110,447	532	253,342
Total	1,468	£774,444	1585	£788,931

Housing Benefit Overpayments

- 5.4. In addition to these write offs, it is also proposed this year to write off a number of housing benefit overpayments. As noted in the appendix there are a number of reasons for the overpayment of housing benefit, including errors, changes of circumstances and fraud. These have not been written off for some years, due to ongoing attempts to improve information held and recovery actions, and in particular to allow the position to be reviewed following the change in Sheriff Officers in 2015. The position has now been reviewed and it is considered that a number of accounts should now be written off.

Table 7 Proposed Housing Benefit Overpayment Write-offs for 2016/17

	Approved Write Off 2015/16		Proposed Write Off 2016/17	
	No. accounts	Value	No. accounts	Value
Housing Benefit Overpayments	0	0	537	£211,503

- 5.5. The write off for each category of income represents the following percentage of total debt raised:-
- Council Tax write off represents 0.42% of the total charges raised,
 - Non Domestic Rates represents 0.14% of the total charges raised,
 - Sundry Debt represents 0.06% of the charges raised,
 - Housing Benefit Overpayment represents 0.37% of the total charges raised
 - Former Tenant Arrears represents less than 0.11% of the total rent raised in year.
- 5.6. In accordance with the Corporate Recovery and Write off Policy a full record of each write off is retained by the Revenue 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 Conclusion

- 6.1. The overall collection levels of the Council continue to be closely monitored. The service has implemented Vanguard supported reviews in Housing Benefits and Council Tax with demonstrable results. During the course of 2017/18 the service will be carrying out a principal reviews of the management of sundry debt again to eliminate waste, reduce duplication and improve process for the customer and lead to better collection rates for the council.

7.0 Sustainability Implications

- 7.1. None

8.0 Resource Implications

8.1. *Financial Details*

- 8.2. 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

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

8.4. *Staffing*

- 8.5. There are no staffing implications arising from this report

9.0 Exempt Reports

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

10.0 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 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 2012 (as amended June 2016)

11.0 Equalities Impact

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

Yes

No

12.0 Legality

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

13.0 Appendices

13.1. 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 2017

14.0 Background Papers

14.1. 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)

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Murray Sharp	Service Manager - Strategy and Revenues	5113
Mark Brown	Revenues Collections Controller	5131

Approved by

NAME	DESIGNATION	SIGNATURE
Ahsan Khan	Head of Housing and Community Safety	
Nikki Bridle	Depute Chief Executive	

ANNUAL DEBTORS REVIEW 2016/17**REVIEW OF INCOME COLLECTION PERFORMANCE****1.0 Introduction**

- 1.1 During 2016/17, £85.650m of total income was charged by the Council, an increase from £72.899 million in 2015/16. In accordance with the Corporate Recovery and Write Off policy, responsibility for the collection and recovery of this income principally lies with the Housing and Community Safety Service.
- 1.2 The total income charged has increased by £12.751m due to an increase in billing in some areas.

2.0 Council Tax Collection

- 2.1 Council Tax and Water Service charges are levied on each domestic dwelling within Clackmannanshire. There are 24,296 such dwellings and the annual charge levied against these residential properties amounts to £30.628m, an increase from £30.433m for 2015/16.
- 2.2 The level of Council Tax debt (excluding water service charge debt) is £10.559M.
- 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 2015/16, the Council's collection rate was 95.77%, an increase from 94.97% in 2014/15. This represents the highest in year collection rates since 2009/10. It is the result of a greater focus on recovery processes, improvements made to the IT system, and better engagement with new sheriff officers.

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 2016/17 the Council billed £15.744m to over 1550 business premises in the Council area (an increase from £14.7204m in 2015/16). The poundage increased from 0.48% to 0.484%.
- 3.2 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.

4.0 Sundry Debtors Collection

- 4.1 Sundry debtors are billed by invoices raised to a customer or members of the community in respect of services provided. In 2016/17 £20.813 million (up from £9.807million in 2015/16) value of invoices were raised for services.

ANNUAL DEBTORS REVIEW 2016/17

REVIEW OF INCOME COLLECTION PERFORMANCE

- 4.2 The outstanding debt position has decreased from £3.318m to £2.491m in 2016/17, in year collection increased from 73.84% in 2015/16 to 105.65% in 2016/17. Performance was increased by collecting the significant proportion of invoices raised in quarter 4 of 2015-16.

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, re-chargeable repairs and housing benefit overpayments. The housing debtor can be broken into the following different categories.

HRA arrears position 2013/14 to 2015/16

	2014-15 £000	2015-16 £000	2016-17 £000
Current tenant arrears	589	634	708
Former tenant arrears	622	727	818
HB Overpayments	1,038	1,139	1,207
Rechargeable Repair	182	197	196
Other Misc	46	13	14
Total Gross Debtor	2,477	2,710	2,943
Provision	(1,960)	(2,220)	(2,431)
Total Net Debtor	517	490	512

- 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 £233k in the year. This has arisen due to all housing debts increasing over the period. This has been recognised by the increase in provision for bad debt. The net debt position has increased £66k over the three years ending at £490k at end 2015/16
- 5.4 Total gross rental income for 2016/17 payable by the almost 5,000 council tenants and associated lock-ups was £18.446 million (up from £17.792 million in 2015/16) an increase of £654,000.
- 5.5 The key measure of performance for current tenant rent arrears is expressed as the percentage of gross rent arrears as measured by the Scottish Social Housing Charter. For 2016/17 this was 8.39% an increase from 2015/16 performance of 7.95%. The roll out of Universal Credit has had and will continue to have a significant impact on rent arrears. Housing rent is management by the Tenancy Management and Housing Officers are working closely with tenants to help them to sustain their tenancy and pay their rent.

ANNUAL DEBTORS REVIEW 2016/17**REVIEW OF INCOME COLLECTION PERFORMANCE****Former Tenant Arrears**

- 5.6 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.
- 5.7 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. Although the arrears have increased, they have not increased by the same margin as previous years. They have increased by £91k compared to £101k in the previous year. This is because of a higher collection by Stirling Park, an increase of 76%.

Housing Benefit Overpayments

- 5.8 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 by the individual to the landlord.
- 5.9 Housing benefit overpayment relating to Council tenants, known as public sector overpayments increased from £1,139m in 2015/16 to £1,207m in 2016/17. These are being passed to our Sheriff Officer incrementally as we exhaust all other means of recovery.
- 5.10 in the future as we will be unable to claim ongoing deductions at source when claimants move to Universal Credit.
- 5.11 The greater focus of housing management staff now in keeping the benefits team up to date with changes in tenant circumstances will mitigate in avoiding overpayments, but it will not prevent it.

Rechargeable Repairs

- 5.12 Rechargeable repairs outstanding invoices have decreased in 2016/17 with outstanding invoices totalling £196,000 from £197,000 in 2015/16. Rechargeable repairs relates to repairs which are recharged to tenants where there has been malicious or negligent damage.
- 5.13 In line with the corporate approach rechargeable repairs is now issued from the Councils finance system Tech 1. This ensures that customers can pay for works using the included Paypoint Barcode that the previous solution didn't allow.

**ANNUAL DEBTORS REVIEW 2016/17
REVIEW OF INCOME COLLECTION PERFORMANCE**

ANNUAL DEBTORS REVIEW 2015-16
IRRECOVERABLE DEBT FOR WRITE OFF

1.0 Introduction

- 1.1 The following table identifies the proposed write offs for each income stream for 2016/17, together with a comparison of the write off approved for 2015/16. The 2016/17 Statement of Accounts reflects the net debt position.

Proposed write-offs for 2016-17

Type of Debt	Approved Write Off 2015/16		Proposed Write Off 2016/17	
	Number of accounts	Value	Number of accounts	Value
Council Tax	3,922	£348,233	947	359,462
NDR	48	£218,816	41	124,243
Sundry Debt	253	£96,948	65	51,884
Former Tenant Arrears	111	£110,447	532	253,342
Housing Benefit Overpayments	-	-	537	211,503
Total	4,334	£774,444	2,122	999,734

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	2015-16		2016-17	
	No of Accounts	Total £	No of Accounts	Total £
Deceased	353	94,021	368	91,218
Sequestration	393	197,767	479	237,743
Untraceable	45	27,888	40	11,515
Small Balance	3,922	22,617	2	4
Management W/O	252	5,941	-	-
Outwith Jurisdiction	-	-	44	15,263
SO Uncollectable	-	-	14	3,719
TOTAL	4,965	348,234	947	359,462

- 1.3 The proposed write off for Council tax compared with 2015-16 has increased but accounts written off have decreased due to an exercise last year to clear off a number of small balances, identified by work done with Vanguard.

ANNUAL DEBTORS REVIEW 2015-16
IRRECOVERABLE DEBT FOR WRITE OFF

Non Domestic Rates (NDR)

- 1.4 The following tables split the proposed write offs by reason for the write off. Full case records are retained by the Revenues Team for audit purposes.

Year	2015-16		2016-17	
	No of Accounts	Total £	No of Accounts	Total £
Moved away/Untraceable	38	149,049	9	20,654
Deceased	0	0	0	0
Sequestration/liquidation	8	68,088	13	42,196
Immaterial Balances	0	0	1	14
Trust Deed	2	1,679	0	0
Cease Trading	0	0	18	61,379
TOTAL	48	218,816	41	124,243

- 1.5 The largest increase in the proposed NDR write off has been from Sequestration/Liquidation and ceased trading tenants. This is not a phenomenon exclusive to Clackmannanshire but is being experienced across Scotland. This area is being discussed at officer practice forums to see if legislation can be altered to place responsibility onto owners to inform local authority of business tenant changes.

Sundry Debt

- 1.6 The following tables split the proposed write offs by 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 Revenues Service for audit purposes.

Reason	2015-16		2016-17	
	Number	£	Number	£
Deceased	66	31,124	51	41,602
Sequestration	37	14,247	1	430
Untraceable	150	51,577	13	9,852
TOTALS	253	96,948	65	51,884

ANNUAL DEBTORS REVIEW 2015-16
IRRECOVERABLE DEBT FOR WRITE OFF

Service	2015-16		2016-17	
	Number	Total £	Number	Total £
Community & Regulatory	23	17,726	0	0
Education	22	3,973	0	0
Facilities Management	54	12,893	0	0
Housing	45	24,776	15	26,954
Social Services	93	31,553	46	19,330
Support Services	16	6,027	0	0
D & E Services	0	0	4	5601
TOTALS	253	96,948	65	51,884

Former Tenant Rent Arrears

- 1.7 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.
- 1.8 Members should note that given the move of Current rent management to tenancy management has ensured a greater focus on FTA's. Every account under £500 has been reviewed to identify the best way to pro-actively reduce this debt. Unfortunately this review has meant that there is sizeable proportion of cases that are deemed irrecoverable.

Reason	2015-16		2016-17	
	Number	Total £	Number	Total £
Deceased	14	13,427	146	28,056
Untraceable	55	48,714	238	176,335
Prescribed	35	42,457	89	21,883
Sequestered	4	2,867	14	18,387
In Prison	1	698	0	0
Long Term Care	2	2,284	12	2,320
Small Balances	0	0	22	107
Abandonment	0	0	11	6,254
TOTALS	111	110,447	532	253,342

ANNUAL DEBTORS REVIEW 2015-16
IRRECOVERABLE DEBT FOR WRITE OFF

Housing Benefit Overpayments

1.9 The following tables show the proposed write offs for Housing Benefit Overpayments, showing the write offs split into each reason type.

Write off by amounts (bands)

Amount	total	no.	%
£01-50	£2,276	74	1%
£51-100	£7,056	105	3%
£101-200	£16,502	116	8%
£201-300	£17,007	69	8%
£301-400	£11,785	34	6%
£401-500	£10,713	24	5%
£501-600	£8,872	16	4%
£601-1000	£47,322	62	22%
>£1001	£89,969	36	43%
Total	£211,503	536	

Write of by category

Category of write off	number	amount	%
Abandoned	9,024	25	4%
Deceased	24,564	130	12%
in long term care	2,035	5	1%
sequestered	21,965	25	10%
Time Elapsed	45,012	123	21%
Address Unknown	108,903	228	51%
total	211,503	536	

1.10 These have not been written off for some years, due to ongoing attempts to improve information held and recovery actions, and in particular to allow the position to be reviewed following the change in Sheriff Officers in 2015. The position has now been reviewed and it is felt there is sufficient confidence in the information and recovery efforts made to recommend that 536 accounts are written off, at a total value of £211,503.

APPENDIX C

ANNUAL DEBTORS REVIEW 2015/16
DETAILED DEBTORS POSITION TO MARCH 2016

Debtor	2013-14 £000 ¹		2014-15 £000 ¹		2015-16 £000 ¹		2016-17 £000 ²	
Council Tax	9,576		10,302		10,531		10,559	
Provision	(6,477)	3,099	(7,108)	3,194	(7,559)	2,972	(7,927)	2,632
Rent	2,124		2,477		2,710		2,953	
Provision	(1,700)	424	(1,960)	517	(2,220)	490	(2,432)	521
Sundry Debtors	2,381		3,104		3,358		2,515	
Provision	(468)	1,913	(494)	2,610	(833)	2,525	(1,113)	1,402
Total Net Debt		5,436		6,321		5,987		4,555

¹ These figures are post audit and reflect the position on the Council's Financial Statement

² These figures are draft and are still subject to change as part of the 2016/17 external audit of the Council's Financial Statements

Report to: Council

Date: 28 June 2017

Subject: Annual Treasury Report 2016/17

Report by: Chief Accountant

1.0 Purpose

- 1.1 The purpose of this report is to detail the Treasury Management activities for the Council for 2016/17.

2.0 Recommendations

- 2.1 It is recommended that the Council note and consider the Annual Report 2016/17 on the Council's Treasury Management activities.

3.0 Considerations

- 3.1 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that Council be updated on treasury management activities regularly (Treasury Management Strategy Statement, annual and midyear reports). This annual report therefore ensures the Council is implementing best practice in accordance with the Code.

- 3.2 The report covers the following:

- The Economy and Interest Rates
- Interest Rate Forecast
- Investment Outturn for 2016/17
- Borrowing Requirement and Debt
- Borrowing Outturn for 2016/17
- Compliance with Treasury and Prudential Limits

The Economy and Interest Rates

- 3.3 The Bank of England addressed the expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25% in August 2016. This has meant reduced rates being offered on short term cash deposits.

- 3.4 There has been an exceptional level of volatility in financial markets over the last 12 months which has caused significant swings in PWLB Borrowing Rates. New long term borrowing has therefore been taken out to refinance maturing debt in 2016/17. As per the Treasury Management Strategy, the debt requirement is carefully reviewed to avoid incurring higher borrowing costs in future years, when the council may not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt.

Interest Rate Forecast

- 3.5 The Council's treasury advisors - Capita Asset Services, have provided the following interest rate forecast which is in line with the economic outlook set out in paragraph 3.3.

Table1: Investment Forecast provided by Capita Asset Management

	Jun-17	Sep-17	Dec-17	Mar-18	Jun18	Sep-18	Dec-18	Mar-19
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
5yr PWLB rate	1.40%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.80%
10yr PWLB rate	2.00%	2.10%	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%
25yr PWLB rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%
50yr PWLB rate	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	2.90%

- 3.6 Capita Asset Services updated its interest rate forecast after the Bank Rate was cut to 0.25% in August 2016 and a further review after the updated Bank of England quarterly inflation report in November 2016. The most recent review undertaken in May 2017 is reflected in the above table and remains relatively static with the bank rate anticipated to remain unchanged at 0.25% until the first increase to 0.50% in June 2019.

Investment Outturn for 2016/17

- 3.7 The Treasury Management Strategy Statement (TMSS) for 2016/17, which includes the Annual Investment Strategy, was approved by the Council on 3rd March 2016. It can be confirmed that the approved limits within the Annual Investment Strategy were not breached during the year ended 31st March 2017.
- 3.8 As at 31st March 2017 the Council held immediately available cash balances of £7.1m (£6.7m at 31st March 2016). The average level of funds available for investment during the year was £11.9m. These funds were available on a temporary basis and therefore to ensure the best interest rate was achieved a total of £13m was invested in short term deposits.

- 3.9 Capita provide benchmark investment returns based on available deposits during the year. The average returns for the 2016/17 financial year are illustrated in the undernoted table:

Table 2: Benchmark Investment Returns 2016/17

Benchmark	2016/17 Average Benchmark Return
7 day	0.20%
1 month	0.22%
3 month	0.32%
6 month	0.46%
12 month	0.70%

- 3.10 The Council's budgeted cash investment return for 2016/17 was 0.60%. The Council achieved an actual investment return of 0.80% (£107k) for the year ended 31st March 2017. This comprised of 0.80% return on a 175 day notice deposit of £3m and three £5m 175 day notice deposits with returns of 0.90%, 0.65% and 0.85% respectively outperforming the 6 month benchmark of 0.46%. An average return of 0.25% was achieved throughout the year on everyday cash balances which also outperformed the benchmark return for both 7 day and 1 month investments. The actual investment return is higher than the budgeted return of 0.60% due to an active review of ongoing available deposit rates, however, this level of return may not be sustainable in future years as interest rates for deposits have now levelled out in line with the bank rate of 0.25% which is not expected to increase until at least 2019.

Borrowing Requirement and Debt

- 3.11 The Council's underlying need to borrow to finance capital expenditure, termed the Capital Financing Requirement (CFR) is shown below. This shows a reduction in actual CFR from Budget mainly due to slippage in the Capital programme.

Table 3: Borrowing Requirement (CFR) 2016/17

	31 March 2016 Actual £000	31 March 2017 Budget £000	31 March 2017 Actual £000
CFR General Fund	125,041	124,071	120,322
CFR HRA	28,298	31,779	26,729
Total CFR	153,339	155,850	147,051

Borrowing Outturn for 2016/17**New Borrowing**

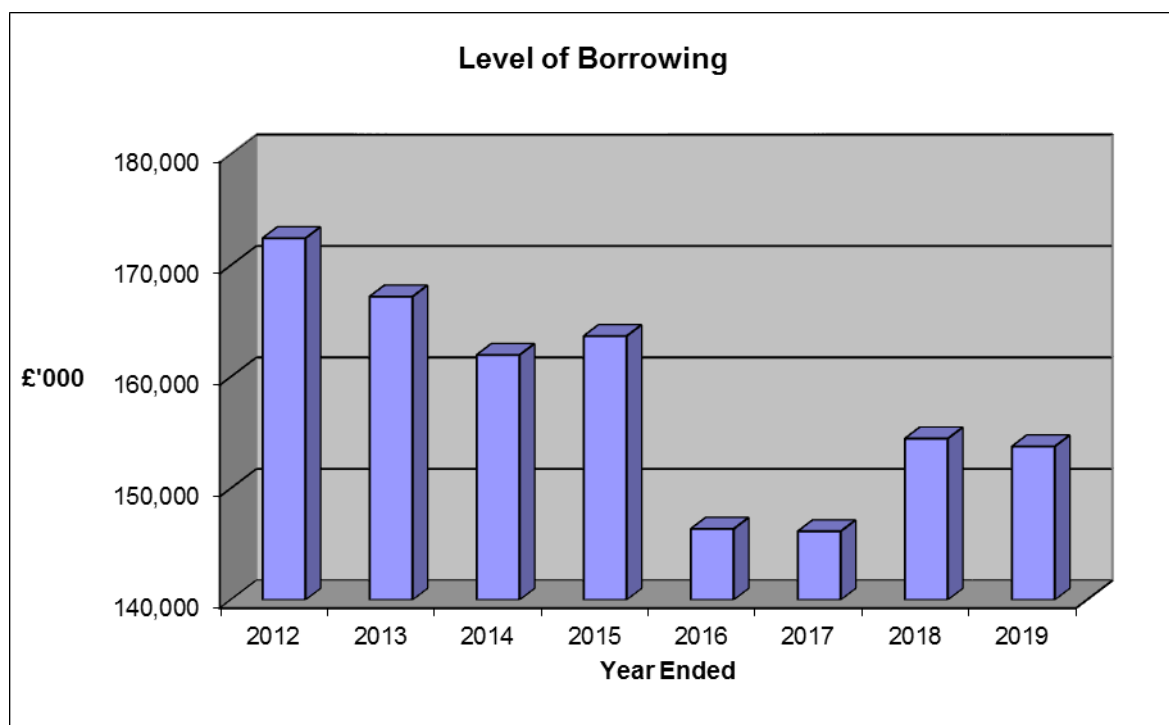
- 3.12 During the year ended 31st March 2017, the Council repaid a maturing £6.2m PWLB Loan which was budgeted to be replaced. This was replaced with a twenty-five year £4m PWLB loan and short term borrowing consisting of a £3m loan over twelve months. These were taken to fund the balance of the PWLB repayment and to fund the budgeted capital spend.
- 3.13 The Council also took out a SALIX loan of £300k to fund Street Lighting energy efficiency improvements. This loan is over a period of 8 years at a rate of 0%.
- 3.14 Repayments of £1.311m were made in the year toward the Council's PFI and finance lease.
- 3.15 The Council's external borrowing position as at 31st March 2017 is illustrated in the undernoted table:

Table 4: External borrowing at 2016/17

	March 2016 £000	March 2017 £000
Public Works Loan Board	78,646	76,445
Market Loans	24,006	24,000
Other long term liabilities	43,715	42,404
SALIX Loan	-	300
Other short term borrowing	-	3,000
Total	146,357	146,149

3.16 The Capital Programme has been set in line with the Council's strategy to reduce long term debt and budgeted levels remain fairly consistent over the next few years. This is illustrated in the following chart, demonstrating actual and forecast level of debt up to the end of 2018/19.

Table 5: External debt (actual and forecast)



3.17 The Council's debt position remained relatively stable with a net reduction of £0.2m. This reduction is made up of repayments towards PFI and finance leases of £1.3m offset by £1.1m of external borrowing to support the capital programme. Repayment profiles of debt maturity mean there are variations in annual change in debt year on year. The table shows a slight increase in the next two years in line with the approved capital programme, however by the end of 2019 there is a forecasted overall reduction in cumulative external debt of 11% since 2012, showing that over the longer term the Council is not increasing its level of debt to finance its capital programme.

Borrowing in advance of need

3.18 The Council has not borrowed in advance of need during 2016/17 and has no intention to borrow in advance in 2017/18.

Debt Rescheduling

3.19 Debt rescheduling opportunities have been limited in the current economic climate as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable. Consequently no debt rescheduling has been undertaken.

Compliance with Treasury and Prudential Limits

- 3.20 It is a statutory duty for the Council to determine and keep under review the affordable capital expenditure limits. The Council's Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy Statement.
- 3.21 During the year the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The prudential and treasury Indicators are shown in appendix 2.

4.0 Conclusions

- 4.1 The Council continues to outperform the benchmark return in interest on investments and cash balances are at a level of £7.1m which contributes to supporting the Council's capital financing requirement internally.
- 4.2 External borrowing has reduced by £0.2m, due to the net increase of external debt of £1.1m for repayment of matured debt and replacement debt and repayment of £1.3m towards PFI and Finance leases.

5.0 Sustainability Implications

- 5.1 None

6.0 Resource Implications

6.1 Financial Details

- 6.2 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

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

Yes

- 6.4 Staffing

- 6.5 None

7.0 Exempt Reports

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

8.0 Declarations

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

- (1) **Our Priorities** (Please tick)

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

(2) Council Policies (Please detail)

Treasury Management Policy Statement and Practices

9.0 Equalities Impact

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

N/A Yes No

10.0 Legality

10.1 In adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

11.0 Appendices

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

Appendix 1 – Investment Portfolio as at 31st March 2017

Appendix 2 - Prudential and Treasury Indicators as at 31st March 2017

12.0 Background Papers

12.1 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

Treasury Management Strategy 2016/17 - report to Council March 2016

Author

NAME	DESIGNATION	TEL NO / EXTENSION
Anne Bryce	Accountant	2256
Lindsay Sim	Chief Accountant	2078

Approved by

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Depute Chief Executive	
Elaine McPherson	Chief Executive	

APPENDIX 1: Investment Portfolio as at 31st March 2017

Borrower	Principal (£000)	Interest Rate	Start Date	Maturity Date
Bank of Scotland Plc	5,000	0.90%	30/12/16	29/12/17
Bank of Scotland Plc	5,000	0.65%	21/10/16	21/04/17
Bank of Scotland Plc	3,742	0.15%	Instant Access	
Royal Bank of Scotland Plc	3,345	0.01%	Instant Access	
Other Accounts	23	-		
Total Cash and Cash Equivalents	17,110			

Short Term Investments	Principal (£000)
CSBP Developments	15
Total Short Term Investments	15

Long Term Investments	Principal (£000)
CSPB Investments	1
Clackmannanshire Regeneration	4,906
Coalsnaughton NHT Project	2,976
Total Long Term investments	7,883

TOTAL INVESTMENTS	25,008
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APPENDIX 1: Investment Portfolio as at 31st March 2017

APPENDIX 2: Prudential and Treasury Indicators as at 31st March 2017

Treasury Indicators	2016/17 Budget £'000	Outturn as at 31st March 17 £'000
Authorised limit for external debt	171,500	171,500
Operational boundary for external debt	161,500	161,500
Gross external debt	146,869	146,149
Investments	14,538	25,008
Net borrowing	132,331	121,141

Maturity structure of fixed rate borrowing - upper and lower limits (excluding PFI and Finance Leases)	Upper and Lower Limits	Fixed Rate Borrowing as at 31 st March 2017 £'000	% of Total Fixed Rate Borrowing
Under 12 months	25% - 0%	3,000	2.9%
12 months to 2 years	25% - 0%	5,000	4.8%
2 years to 5 years	50% - 0%	412	0.4%
5 years to 10 years	75% - 0%	5,719	5.5%
10 years and above	100% - 0%	89,614	86.4%

APPENDIX 2: Prudential and Treasury Indicators as at 31st March 2017

Prudential Indicators	2016/17 Budget £'000	Outturn as at 31 st March 17 £'000
Capital expenditure - General Fund Services	11,324	7,060
Capital expenditure - Housing Revenue Account	11,994	8,479
Capital Financing Requirement (CFR) - General Fund	124,071	120,322
Capital Financing Requirement (CFR) - HRA	31,779	26,729
Annual change in CFR - General Fund	(970)	(4,719)
Annual change in CFR - HRA	3,481	(1,569)
In year borrowing requirement	8,017	1,999
Ratio of financing costs to net revenue stream - General Fund	8.24%	8.12%
Ratio of financing costs to net revenue stream - HRA	16.93%	16.38%

Report to Clackmannanshire Council

Date of Meeting: 28 June 2017

Subject: External Audit: Interim Audit Report

Report by: Depute Chief Executive

1.0 Purpose

- 1.1 The purpose of the attached External Audit report (Appendix A) is to set out the findings of the early systems and control testing work undertaken by the External Auditors, Audit Scotland, in respect of the 2016/17 financial year.

2.0 Recommendations

It is recommended that Council:

- 2.1. Considers and notes External Audit's findings and the management responses provided by Council management.

3.0 Considerations

- 3.1 Audit Scotland was appointed by the Accounts Commission as the External Auditor for Clackmannanshire Council for the five year period commencing 2016/17.
- 3.2 Audit Scotland prepares an Interim Audit Report for the Council to report its findings from early work to review the effectiveness of internal controls operating within key financial systems. This report will usually be presented to the Audit and Finance Committee, however, in the absence of a meeting prior to Council Recess, on this occasion, the report is presented to Council.
- 3.3 Audit Scotland has highlighted its findings, and management responses, actions and planned timescales are also detailed within the report.

4.0 Conclusions

4.1 The Councils external auditors, Audit Scotland, are in the first year of their five year appointment to Clackmannanshire Council. The attached report sets out details of their testing of key financial systems undertaken early in their tenure.

5.0 Sustainability Implications

5.1 N/A

6.0 Resource Implications

6.1 *Financial Details* - there are no implications for the Council's budgets arising from this report

6.2 *Staffing* - there are no implications for the Council's establishment arising from this report

7.0 Exempt Reports

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

8.0 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 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)

N/A

9.0 Equalities Impact

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

10.0 Legality

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

11.0 Appendices

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

External Audit Interim Report

12.0 Background Papers



12.1 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 (please list the documents below)

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Nikki Bridle	Depute Chief Executive	2030

Approved by

NAME	DESIGNATION	SIGNATURE
Stephen Coulter	Head of Resources & Governance	
Nikki Bridle	Depute Chief Executive	

Clackmannanshire Council

Interim Audit Report 2016/17



 AUDIT SCOTLAND

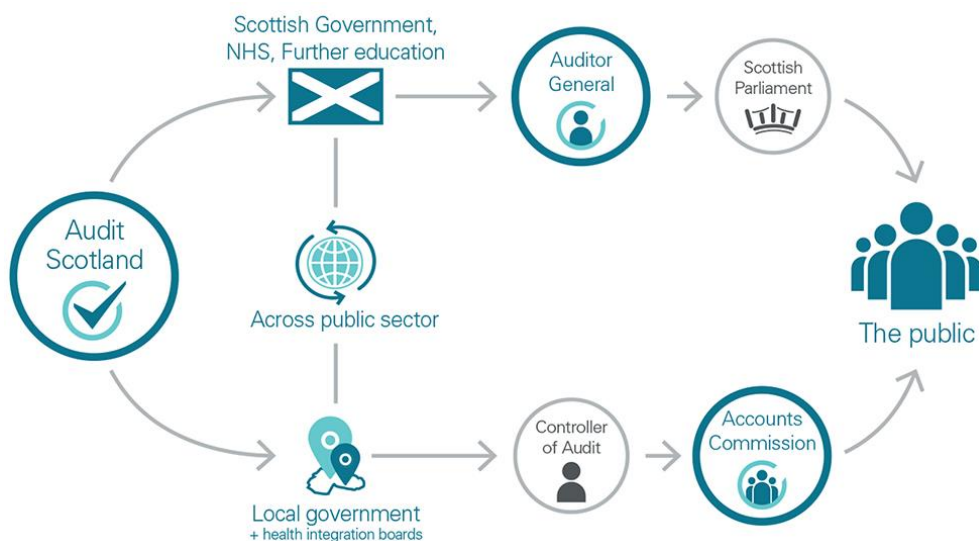
Prepared for Clackmannanshire Council

June 2017

Who we are

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

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



About us

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

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

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

Contents

Audit findings	4
Introduction	4
Conclusion	4
Work summary	4
Risks identified	4

Audit findings

Introduction

1. This report summarises the key issues identified during our interim audit work at Clackmannanshire Council (the council). This work included testing of key controls within financial systems to gain assurance over processes and systems used in preparing the financial statements. We will use the results of this testing to determine our approach during the 2016/17 financial statements audit.

2. Our responsibilities under the Code of Audit Practice require us to assess the system of internal control put in place by management. We seek to gain assurance that the audited body:

- has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements
- has systems of internal control which provide an adequate means of preventing and detecting error, fraud or corruption
- complies with established policies, procedures, laws and regulations.

Conclusion

3. We identified some areas where controls were not operating as expected or where improvements could be made. There are summarised in Exhibit 1 below. We will carry out additional audit work in response to these findings. This will enable us to take the planned assurance for our audit of the 2016/17 financial statements.

4. The matters raised in this report should be considered as part of the council's assessment of the review and adequacy of the financial governance processes in place to support the Annual Governance Statement.

Work summary

5. Our 2016/17 testing covered key controls in a number of areas including bank reconciliations, authorisation of journals and system access controls.

6. At the time of reporting, we had not received all the information required to complete our planned programme of interim testing and assurance. We will carry out further work in June and will report any significant matters arising in our final report on the year's audit.

7. The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit is gratefully acknowledged.

Risks identified

8. The key control risks identified during the interim audit are detailed in [Exhibit 1](#). These findings will inform our approach to the financial statements audit where relevant.

9. Any weaknesses identified represent those that have come to our attention during the course of normal audit work and therefore are not necessarily all the weaknesses that may exist. It is the responsibility of management to decide on the extent of the internal control system appropriate to the council.

Exhibit 1

Key findings and action plan 2016/17

Issue identified	Management response Responsible officer and target date	Additional audit procedures
Audit findings		
<p>Financial management</p> <p>Several documents which set out the council's financial management and governance arrangements are out of date and contain references to previous structures and roles. These are:</p> <ul style="list-style-type: none"> • Standing Financial Instructions (last reviewed 2008) • Scheme of Delegation (last reviewed 2014) • Corporate Debt Write-off Policy (last reviewed 2012). <p>There is a risk that differences between written procedures and actual processes and structures leads to key controls not being complied with.</p>	<ul style="list-style-type: none"> • Financial Regulations have been reviewed in both 2014 and 2016, though submission to members for approval was deferred to allow for further changes relating to the implementation of the new finance system Tech One. The updated regulations will be submitted to members for approval. • The Scheme of Delegation has been discussed by the Chief Executive and Head of Resources and Governance and will be submitted to the council for approval during 2017. • The Corporate Recovery and Write-off Policy was significantly updated in 2012 at the same time as a detailed annual write off report was implemented. The policy is scheduled for review during 2017 and the review is being taken forward by the Revenues Manager. Responsible Officer: Head of Resources and Governance. Target date: December 2017. 	<p>We will test a sample of the council's income and expenditure as part of our year end audit.</p>
<p>Reconciliations</p> <p>Bank reconciliations and income reconciliations were not carried out regularly in the first half of the 2016/17 Financial Year. This led to a backlog of work and additional resource was deployed later in the year to bring them up to date.</p> <p>The purpose of regular accounting reconciliations is to identify errors or unknown items close to the time they occur. A delay in reconciling bank and income transactions leads to a risk that potential frauds or errors are not identified timeously or investigated effectively.</p>	<p>There have been capacity issues within the Accountancy Team during the year due to unforeseeable circumstances. As a consequence there was a lag between identifying and commissioning backfill.</p> <p>All reconciliations were up to date in order to finalise the year end position.</p>	<p>We will review the reconciliations as part of our year end audit.</p>
<p>Exception reporting</p>	<p>The council is implementing Tech One on a phased roll out basis. The requirements for</p>	<p>We will test a sample of the</p>

Issue identified	Management response Responsible officer and target date	Additional audit procedures
<p>Exception reporting helps officers to identify unusual transactions that merit further review and investigation. The council implemented a new financial ledger in April 2016 and is still developing exception reporting. In addition, no exception reports are produced by the housing rents system.</p> <p>There is a risk that unusual transactions are not identified and investigated resulting in errors in the annual accounts.</p>	<p>exception reports are under review and include the Housing Rents system. There are a number of standard exception reports available in the system and development of further exception reports will be carried out during 2017/18 once the requirements are finalised.</p> <p>Responsible Officer: Chief Accountant. Target date: December 2017.</p>	<p>council's income and expenditure as part of our year end audit.</p>

10. All our outputs and any matters of public interest will be published on our website: www.audit-scotland.gov.uk.

Clackmannanshire Council

Interim Audit Report 2016/17

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www.audit-scotland.gov.uk

CLACKMANNANSHIRE COUNCIL

Report to Council

Date of Meeting: 28th June, 2017

Subject: Charitable Trusts

Report by: Depute Chief Executive

1.0 Purpose

- 1.1. The purpose of this report is to obtain Council approval for the transfer of two Charitable Trusts to Tillicoultry, Coalsnaughton and Devonside Community Council.

2.0 Recommendations

2.1 It is recommended that Council:

2.2.1 notes the background information set out in paragraphs 3.1 to 3.5

2.2.2 approves the transfer of the two Charitable Trusts in respect of the Old Folks Annual Outing and the Old Folks Welfare Fund to Tillicoultry, Coalsnaughton and Devonside Community Council.

3.0 Background Information

3.1 In presenting the Council's Annual Financial Statements for 2014/15, Council agreed that work should be taken forward to secure the appointment of Independent Trust members for each of its Sundry Trust Funds. This action aimed to minimise the cost of the annual audit fee and provide more formalised constitutional arrangements for each of the Trusts.

3.2 In addition, it was proposed at Council that two Trusts (Tillicoultry Old Age Pensioners Outing and the Old Folks Welfare Fund) transfer to Tillicoultry, Coalsnaughton and Devonside Community Council, the legal competency of this proposal to be confirmed as work progressed.

3.3 Council was updated on progress and next steps at its meeting on the 9th March 2017, including confirmation of the nominated Independent Trust Members. Since then, work has focussed on the preparation/ amendment of constitutions for submission to the Trusts' Governing Body (Office of the Scottish Charity Regulator). This work is now nearing completion.

3.4 Legal checks have also confirmed the competency of the additional proposal in respect of the two Tillicoultry Trusts. Therefore, additionally, Council is now formally requested to support the transfer as detailed in paragraph 3.2. Once this authority is in

place, the Council will submit paperwork to OSCR for approval.

3.5 Subject to OSCR's approval, appropriate transfers and appointments will then take place.

5.0 Conclusions

5.1 This report requests formal approval to transfer two Tillicoultry Charitable Trusts to the Tillicoultry, Coalsnaughton and Devonside Community Council.

6.0 Sustainability Implications

6.1. N/A

7.0 Resource Implications

7.1 *Financial Details*

7.2 Accountancy has been consulted and has agreed the financial implications as set out in the report.

7.3 *Staffing* – the financial impact of planned savings not being delivered in respect of the managed contraction in the workforce is detailed within the report.

8.0 Exempt Reports

8.1 Is this report exempt? No

9.0 Declarations

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

(1) **Council Policies**(Please detail)

Budget Strategy

10.0 Equalities Impact

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

11.0 Legality

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

12.0 Appendices

None

13.0 Background Papers



13.1 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)

Council Minute June 2015
Charitable Trusts March 2017

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Nikki Bridle	Depute Chief Executive	01259 452373

Approved by

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Depute Chief Executive	
Elaine McPherson	Chief Executive	

Report to Clackmannanshire Council

Date: 28th June 2017

Subject: Scheme for the Establishment of Community Councils

Report by: Head of Strategy & Customer Services

1.0 Purpose

- 1.1. The purpose of this report is to obtain approval to initiate the second phase of the process to consult on a new draft Scheme for the Establishment of Community Councils.

2.0 Recommendations

- 2.1. It is recommended that Council
- i. note the conclusions from the public consultation on community council boundaries and composition (Appendices 1 & 2), and
 - ii. approve for public consultation the new draft Scheme for the Establishment of Community Councils (Appendix 4).

3.0 Considerations

- 3.1. The Scheme for the Establishment provides the framework within which community councils establish and operate. Clackmannanshire Council approved the preparation of a new Scheme for the Establishment of Community Councils at its meeting in January 2017 and in so doing initiated a statutory public consultation on the contents of the document.
- 3.2. During the first 8-week consultation period, the public were invited to make suggestions on the boundaries and composition of community councils by means of a questionnaire and/or at community council meetings.
- 3.3. Ongoing dialogue with community councils has generated qualitative information which has helped the analysis of suggestions received during the public consultation and has informed conclusions, as have responses in a separate online questionnaire on attitudes to community activity.
- 3.4. The Council's approach to the content of the Scheme is based on the following assumptions

- i. that that people of Clackmannanshire will be active participants in the level of local democracy which community councils represent
 - ii. that the framework should make it easy for community councils to establish and operate legitimately, democratically, accountably and transparently, and
 - iii. that the framework should strive to empower communities to choose approaches to representation and participation which best suit their respective communities.
- 3.5. An overview of information gathered during the consultation is contained in Appendices I and 2.

4.0 Proposed Draft Scheme (Appendix 4)

Boundaries and Name

- 4.1. Existing boundaries have been found generally to reflect natural communities or communities which can viably be grouped under a single community council. Although the public consultation produced suggestions for changes affecting 3 community council boundaries, the argument presented for change was found not to outweigh the grounds for retaining the existing boundaries.

Composition

- 4.2. The current compositions of each community council have proven to be reasonably practicable. Without altering them significantly, the new Scheme proposes to set maximum composition from the date of the next scheduled community council elections as an odd number. This aims to facilitate democratic decision-making when a community council has maximum membership and all members are present at a meeting. There will be no immediate impact on existing memberships.
- 4.3. The new Scheme also proposes to set a new requirement for a minimum number of nominations, set at one more than minimum numbers for operating, to reduce the likelihood of significant disruption to community council business caused by a single resignation immediately after establishment/a regular election.
- 4.4. It is proposed to allow community councils operating with maximum numbers under the current Scheme to continue with that number until the next election and to implement both the new maximum number for membership and new minimum number for nominations from the next elections, and at the next scheduled regular elections in 2020 at the latest.

Other Provisions in the Scheme

- 4.5. The next stage of the statutory process is the opportunity to present for consultation the contents of a draft Scheme showing revisions to reflect our aspirations to empower communities and help community councils modernise to suit present-day circumstances and attitudes.
- 4.6. Responses from the public in respect of their attitudes to community activity confirm that transparency and accountability are important to people but that participatory democracy depends on people seeing tangible results from their

efforts. The experiences of community councils since the 2011 review also suggest that being able to directly link results to administrative workload helps maintain community participation and interest.

- 4.7. Ideas for modernising practice and facilitating participation were circulated to community councils for discussion via the Joint Community Council Forum and community councils were invited to suggest their own ideas. These have been taken into consideration in the proposed revisions.
- 4.8. The proposed draft Scheme preserves provisions for elections, eligibility, meetings, resourcing and accounts and information exchange. The key changes to the existing Scheme in the proposed draft Scheme are summarised below
 - i. Addition of an option giving community councils more scope to directly engage their own community in filling vacancies (para 7.2).
 - ii. Replacement of co-option as a process for filling vacancies with Top-up Elections, to maintain the emphasis on the electorate choosing their representatives whilst making it easier to fill vacancies within the 4-year election cycle (para 8.5). This proposal has ongoing additional financial implications for the Council in terms of staff time.
 - iii. Revisions to wording to emphasise the autonomy of community councils (para 10.1 and 10.5) and clarify that the power of, dissolution (para 12) and disqualification (removal of former Disqualification paragraph) lies with communities not the Council.
 - iv. Removal throughout of minor content and wording which need not be contained in the Scheme itself or may be subject to short-term change and can be included in supporting documents.

5.0 Next Steps

- 5.1. Subject to Council approval, the draft document will be put out to public consultation for a statutory period of eight weeks. Council will then consider the outcome of the consultation at its meeting in December 2017 to consider recommendations arising from the public response and the approval of a final draft document
- 5.2. An indicative timeline is included as Appendix 3.

6.0 Resource Implications

6.1. Financial Details

- 6.2. 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

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

6.4. *Staffing*

7.0 Exempt Reports

7.1. 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 type="checkbox"/>
Our communities are more cohesive and inclusive	X
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 type="checkbox"/>
The environment is protected and enhanced for all	<input type="checkbox"/>
The Council is effective, efficient and recognised for excellence	X

(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 Summary of Information informing the review

Appendix 2 Summary of Ideas

Appendix 3 Indicative Review Timetable

Appendix 4 Draft proposed Scheme for the Establishment of Community Councils

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
Lesley Baillie	Community Planning Adviser	2012

Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Head of Strategy & Customer Services	
Garry Dallas	Executive Director	

Appendix I

Summary of information informing the Review of the Scheme for the Establishment of Community Councils

Publicity for the consultation appeared on the Council's website and social media and was circulated to the local press. Community councils and Clackmannanshire's Third Sector Interface publicised the consultation through their own social media. Posters and flyers were distributed to settlements and at the community conference held at the end of March in Alloa..

Information has been drawn from four key sources:-

1. Questionnaire on Boundaries & Composition February – April 2017
2. Face-to-face meetings February – April 2017
3. Ongoing Dialogue with Clackmannanshire's Community Councils 2011-2016
4. Online questionnaire on attitudes to community groups February – April 2017

In addition, a request from the Minister for Local Government & Housing (January 2017) has been considered in relation to the proposed content of the Scheme.

All nine of Clackmannanshire's community councils are active and the 2011 boundaries and membership are proving to be viable, so the subjects of boundaries and composition were not expected to provoke high levels of interest either from community councillors or the public.

Questionnaire on Boundaries & Composition and Face-to-face Meetings February – April 2017

Response to the online questionnaire was low (15 respondents). Responses came from people living in 7 different community council areas. Most (12) had experience of community council meetings.

The Community Council Liaison Officer attended four community council meetings at the request of the community councils who had advertised the Review of the Scheme on the agenda to give the public an opportunity to comment directly.

Comments on boundaries and composition were analysed and conclusions were drawn based on the following criteria:

- i. The ease with which existing boundaries and composition facilitate participation in community council activity
- ii. the viability of the resulting community council; and

- iii. whether or not the area reflects, as far as is practicable, a natural community

There were suggestions for changes to the boundaries of Alloa, Menstrie and Tullibody, Cambus GLenochil Community Councils. However, the arguments presented for change were considered not to outweigh the grounds for retaining the existing boundaries.

The breadth of views on community council composition submitted as part of the consultation covered suggestions for increasing, for decreasing and for remaining the same or at similar levels. There is a valid argument for all options but no compelling argument standing out, and most comments indicated support for existing numbers or similar.

Ongoing dialogue with community councils 2011-2016

Ongoing dialogue with community councils and experience of applying the provisions of the Scheme have informed conclusions on boundaries and composition, and on the proposed content of a new Scheme.

In revising the Scheme, Clackmannanshire Council is guided by the principle that community councils should be - and be seen to be - instruments made by and for the people and that the Scheme should make it easy for people to establish a community council, have a say in who represents them on a community council and operate them in an open and transparent way.

Key considerations for the Council and therefore for the contents of the Scheme are:-

- i. Everyone on the community council got there through the agreed process and is entitled to be there (Legitimacy)
- ii. Work is done and decisions are made with the knowledge of the people and in a way in which the people consider to be fair. (Democracy)
- iii. The people can ask the community council to explain their decisions and actions (Accountability)
- iv. The community council makes sure they know enough about the needs and interests of the people to speak on their behalf. (Representation)

The aspect of the current Scheme which several community councils reported as impeding their operations is the process by which places left vacant after an election and vacancies which arise through resignations are filled. Alongside this, most community councils, as with community groups generally, have been operating with less than maximum numbers and report that it is becoming more difficult to recruit new members and to maintain numbers and continuity. The Council has been exploring with community councils the extent to which recruitment challenges are a symptom of changes in attitudes and lifestyles or of the high standards of governance within which community councils operate. It is therefore accepted that the provisions of the

current Scheme should change to allow for easier recruitment but without relaxing democratic standards.

A summary of ideas for modernising community council governance to suit prevailing attitudes is shown in Appendix 2.

Questionnaire on attitudes to community groups

An online questionnaire yielded comments from 35 people living in eight of the nine community council areas. Most (94%) have lived in the area for more than 4 years and approximately half (51%) said they know about the community groups in their area while 23% said they knew about the groups but not what they do.

Responses show a spread of attitudes towards and expectations of community groups. There were no extremes, albeit the number of responses was low, or significant surprises in the nature of the comments made throughout the questionnaire with no indication of the need for wholesale radical change. A selection of responses is listed below:

Not having enough time puts 46% of respondents off joining a community group. Other answers: not having anything to offer (6%); not having anything to gain (6%); community groups don't get things done (17%).

Too much talking and not enough action was what 37% of respondents who had experience of being a member of group said was the aspect of the group they like least. Other answers: rules and regulations get in the way of business (3%); it was disorganised and chaotic (14%); only 1 person seemed to have all the power (14%); it was more formal than it needed to be (6%).

Seeing visible action would motivate 31% of respondents to join a community group. Other answers: a direct benefit (6%); like-minded people (20%); no formal joining process (9%); clear rules and operating parameters (17%).

Examples of circumstances under which respondents would be happy for a community group to represent them were:-

If the group tell them who they are and what they're doing (54%); if the respondent has a say in who they are and what they do (49%); if the group has strict rules about who they are and what they do (34%) and if nothing the group does commits respondents to do anything ((9%). Five respondents said they would be happy under no circumstances (14%).

A proper community group should: work flexibly to respond to changing needs (86%); have a written purpose and rules (69%); be able to do what it thinks best within reason (46%); not have to have rules (3%).

Letter from Kevin Stewart, Minister for Local Government and Housing

Following receipt of concerns around provisions in Schemes across Scotland for complaints against community councils and community councillors, the Minister wrote to all Local Authorities in January 2017 encouraging them when they reviewed their Schemes to consider including a complaints procedure and sanctions.

Fortunately, in Clackmannanshire, complaints against community councils have been minimal and have been dealt with through mechanisms already in place for residents to make enquiries and raise matters of general concern with community councils. In such matters, Clackmannanshire Council has taken the stance that community councillors are elected by residents, are accountable for their behaviour and actions to and are removed by residents.

However, it is recognised that existing processes are not able to handle progressively problematic matters, and one of our community councils is currently developing standards of communication. These aim firstly to prevent problems, including problems arising from complaints about the behaviour of community councillors, and secondly to address any such recurring problems through a self-regulation process which inherently builds working relationships, rather than by means of a Complaints Procedure and sanctions. Clackmannanshire Councils is actively supporting this approach and would seek to give it time to test its effectiveness first before resorting to introducing a formal Complaints Procedure which adds to voluntary and statutory workloads.

Summary of ideas explored for modernising community council governance

1 Purpose

These ideas (Table 1 below) for modernising community council governance were circulated to community councils as a basis for collective discussions in preparation for the formal review of the Scheme for the Establishment of Community Councils. The ideas were not proposals but instead aimed to stimulate discussion, especially on the matter of co-option on which the view of community councils and Council officers significantly diverge, before any proposals are made. Some were based on ideas which other Local Authorities have considered.

Community councils were asked to contribute their thoughts on ideas and suggest other ways in which the aspects of the Scheme which they felt were barriers to effective operations could be changed, or elements could be added to increase participation.

2 Background

Council interests - in brief

Clackmannanshire Council's main interests are that all community councils are democratic, accountable directly to the people they represent and transparent, and that their legitimacy is unquestioned. The Council sees the inherent potential in the concept of community councils for greater community self-determination and empowerment and recognises that it is in its interests as well as that of the population that our community councils are active and represent their communities accurately.

The Council does not believe it to be in the interests of the reputation of community councils for it to be involved in the operations of community councils. The Council sets the governing framework but has no wish to be seen in the eyes of the public as the governing body for community councils.

Community council interests - in brief

Community councils are keen to enhance their role in local democracy and decision-making.

Their key interest in the Scheme is for more flexibility in recruitment and in filling casual vacancies but at the same time maintaining legitimacy through contested elections.

Opportunity & Need for Change

Recent JCCF discussions would suggest that if community councils are to fulfil an enhanced role and continue to be relevant to local democracy, they need to change or change the perception with which they are held. The review of the Scheme is routine but the timing presents an opportunity which might make change easier and better promote the role of community councils.

Apart from the cap on co-options, the Scheme content does not otherwise substantially prevent community councils from operating in a way which suits their members and community. However, changes to the tone of the Scheme may help the community adopt new ways of working.

4. Conclusion

Community councils expressed no strong consensus for or against any of the ideas and it is understood that the role of community councils in terms of their working relationship with public agencies and in the eyes of their communities should also be the focus of efforts to improve participation.

Table 1 Ideas for modernising governance

Idea	For	Against
<p>1) Operating rules idea The Scheme is stripped back to the minimum required in legislation. Apart from what's in the Scheme, the Council provides written guidance only on suggested minimum operating standards but withdraws further from involvement in the operations of community councils.</p>	<ul style="list-style-type: none"> ▪ <i>Ccs are seen to be independent</i> ▪ <i>Each cc has more authority over its governance and meeting arrangements</i> ▪ <i>Ccs are more clearly accountable to the people they represent for their choice of meeting arrangement, decision-making etc...</i> 	<ul style="list-style-type: none"> ▪ Ccs within the local authority area will all operate very differently ▪ The Council will not be able to provide guidance on how the public or ccs should interpret or implement cc governing documents
<p>2) Peer Review of Standards idea Members of the public concerned about the standards of practice or behaviour of their own cc can request a panel of ccllrs from other areas to assess their complaint.</p>	<ul style="list-style-type: none"> ▪ <i>Provides a final judgement on persistent complaints and closes them off</i> ▪ <i>Keeps standards of behaviour and practice to the fore and allows mutual support</i> ▪ <i>Avoids perceptions that the Local Authority is a higher authority than a cc</i> 	<ul style="list-style-type: none"> ▪ Creates more work for ccs ▪ Peer review may not satisfy the public ▪ May be viewed as criticism of another cc rather than support
<p>3) Co-options idea There are no co-options. Vacancies arising after an election and places not filled at a regular election are only filled through an open election process, but it does not have to be a regular election.</p>	<ul style="list-style-type: none"> ▪ <i>All ccllrs have full ccllr status</i> ▪ <i>No ratio constraints</i> ▪ <i>Less bureaucracy, less need to refer to the Council for guidance</i> 	<ul style="list-style-type: none"> ▪ Co-option as a means of recruiting members is popular with ccs.
<p>4) Election method and administration idea Community councils can either choose at the start of a 4-year election period to arrange their own elections and mini elections within that cycle, or ask the Council to do so. The Council will administer cc elections on the current basis. It will not have a role in the elections of a cc which chooses to arrange its</p>	<ul style="list-style-type: none"> ▪ <i>Ccs who opt out of the Council-administered elections can have as many or as few elections as they wish in a format which suits them and their electorate</i> ▪ <i>Ccs are seen to be independent of the Council. The Council is no longer misunderstood to be picking ccllrs</i> 	<ul style="list-style-type: none"> ▪ Extra workload for ccs (admin grant might not cover cost) ▪ Possible challenges to election probity ▪ Non-standardised elections may cause confusion across the local authority area ▪ Does not in itself guarantee that every election is contested

own.	<ul style="list-style-type: none"> ▪ <i>Ccs have more control over the process by which they receive enough nominations for the election to be contested</i> 	<ul style="list-style-type: none"> ▪ Ccs would have to set out the format for their elections in their constitutions ▪ Difficult (but not impossible) for ccs to verify eligibility
5) Council administered Elections & election period idea Clackmannanshire Council will on request administer regular elections every four years, 'top-up' elections in the second and third Januarys after a regular election to fill vacancies (casual and places not filled at the regular election) and interim elections when numbers fall below the operating minimum. There are no co-options.	<ul style="list-style-type: none"> ▪ <i>All cllrs are in place through an election process, if not also a contested election (ballot).</i> ▪ <i>More frequent elections avoid membership numbers falling below operating minimum</i> ▪ <i>Helps people become cllrs within an election period</i> ▪ <i>Helps ccs whose numbers are low to recruit new members democratically</i> 	<ul style="list-style-type: none"> ▪ Ccs cannot co-opt to recruit members ▪ Eliminates a method of recruiting members which is popular with ccs (co-option)
6) New Nominations Minimum idea A new guideline does not allow a cc to be established after an election with only the minimum operating number. A cc must receive two more nominations than the number it needs to operate legitimately. In Council-administered elections, there is an option for a second call for nominations to go out if a cc gets below the minimum number of nominations.	<ul style="list-style-type: none"> ▪ <i>'Breathing space' after an election will take the cc to the next election with fewer inquorate meetings, and with less fear of becoming inoperative hanging over them.</i> 	<ul style="list-style-type: none"> ▪ Possible misunderstandings and confusion between minimum operating and minimum nominations
7) Meetings bureaucracy idea Community councils may choose to manage their contact with their own community and decision-making processes more loosely than current terms allow, as long as an agreed proportion of total annual meeting duration is clearly spent in activity which ascertains the views of the electorate of the	<ul style="list-style-type: none"> ▪ <i>Helps the cc get on with its activities and spend less time on satisfying bureaucratic needs</i> ▪ <i>People who do not like bureaucracy may choose to join ccs</i> ▪ <i>People who like action not meetings may</i> 	<ul style="list-style-type: none"> ▪ Possible challenges to legitimacy and criticism if meetings are less formal, not 'the norm' ▪ Modern format may intimidate people with more conventional tastes, people may lose

<p>area and all formal decisions are properly recorded.</p>	<p><i>choose to participate</i></p> <ul style="list-style-type: none"> ▪ <i>People participation is what proves the cc is the voice of the people, not paperwork</i> ▪ <i>Ccs design their work to suit the way the people they represent expect them to work (within reason).</i> 	<p>confidence is less formal meetings</p>
<p>8) Power to suspend a cc idea</p> <p>The Scheme is more specific that the Council has no power to dissolve community councils but that it has the right not to recognise a cc if there is evidence it is in breach of the law or the Scheme. (NB : refers to suspension of a cc as a whole - not individual cllrs)</p>	<ul style="list-style-type: none"> ▪ <i>Safety net in the event that a cc with more authority over its governance forgets to adhere to minimum standards</i> 	<ul style="list-style-type: none"> ▪ Could be seen as Council interference, or a threat hanging over ccs
<p>9) Selection without elections idea</p> <p>Community councillors are chosen through a random selection process using the electoral register. Members of the electorate are invited to join the community council until either maximum membership is achieved or a stated deadline is reached. There are no contested elections.</p>	<ul style="list-style-type: none"> ▪ <i>Appeals to the sort of people who don't like the idea of putting themselves forward but who like to be co-opted or invited</i> ▪ <i>Can be done on a rolling basis and could maintain numbers</i> ▪ <i>Would send a message that everyone has a role to play in local democracy the way the jury selection process does for justice</i> 	<ul style="list-style-type: none"> ▪ Could not guarantee that enthusiastic volunteers with relevant skills become cllrs ▪ Does not guarantee that a cc will be established at all ▪ Less transparent than the current election method

Appendix III

Indicative Review Timetable

- 1.1. The steps involved in this process and proposed timescales are laid out in the Table below.

Date	Step
<i>January 2017:</i>	Council agrees to revoke existing Scheme.
<i>February 2017:</i>	Public notice of intention to revoke existing Scheme and statutory minimum 8-week public consultation inviting the public to make suggestions as to the areas and composition of the community councils.
<i>June 2017:</i>	Council meeting considers the outcome of the consultation, recommendations arising from comments gathered during the public consultation and the contents of a draft new Scheme.
<i>August 2017:</i>	Public notice of second statutory minimum 8-week public consultation inviting the public to make representations on the aspects of governance of community councils and their relationship with Clackmannanshire Council which the Scheme details.
<i>December 2017:</i>	Council consider any revised draft proposals on the contents of a proposed new Scheme. If there are none, Council may consider adopting a new Scheme.
<i>February 2018:</i>	If required, the public will have a 4-week period in which to make any final representations on the proposed document.
<i>April 2018:</i>	Council will consider any final representations and will formally adopt a new Scheme.
<i>April 2018:</i>	Public notice of the adopted Scheme and invitation for electors to apply for establishment in areas where no community council exists.

- 1.2. The eventual Scheme is timetabled for implementation in 2018.



SCHEME FOR THE ESTABLISHMENT OF COMMUNITY COUNCILS

1. Introduction

- 1.1. Community Councils were first established in Scotland following the Local Government (Scotland) Act 1973. Thereafter, the Local Government (Scotland) Act, 1994, which produced the current system of unitary local authorities and made provision for the continuation of Community Councils. Under the legislation, every local community in Scotland is entitled to petition their local authority to establish a Community Council in their area.
- 1.2. The Scheme for Community Councils is designed to enable the establishment of Community Councils across Clackmannanshire to provide a common minimum basic framework governing their creation and operation.

2. Statutory Purposes

- 2.1. The statutory purposes of Community Councils established under this Scheme are set out in Section 51 (2) of the Local Government (Scotland) Act 1973, as follows: -
- 2.2. "In addition to any other purpose which a Community Council may pursue, the general purpose of a Community Council shall be to ascertain, co-ordinate and express to the local authorities for its area, and to public authorities, the views of the community which it represents, in relation to matters for which those authorities are responsible, and to take such action in the interests of that community as appears to it to be expedient and practicable".

3. Role of Community Councils

- 3.1. Community councils have a duty under statute to represent the views of their local community. Clackmannanshire Council recognises community councils as the voice of the community on matters which directly affect public services in their areas and as appropriate bodies to participate at all stages of Local Development Planning.
- 3.2. Community councils have a statutory right to be consulted on planning applications which affect their area.
- 3.3. Community councils are competent objectors for licensing applications.
- 3.4. It is the role of community councils to enable and facilitate active community deliberation on key developments affecting their area.
- 3.5. Community councils also play an important role in:
 - Promoting the well-being of the communities they represent

- Fostering community spirit
- Informing the communities they represent of matters of public concern, and
- Safeguarding and improving the amenities of the community council area, its buildings and its natural environment.

4. Boundaries and Membership

- 4.1. The boundaries for community council areas and names of the community council areas are as outlined below and shown in this Scheme.
- 4.2. There shall be minimum and maximum membership numbers of elected community councillors in a community council. In addition, there shall be a minimum number of nominations required at a regular election and below which a community council may not establish. These are listed below.

Community Council	Membership maximum	Minimum membership to operate	Minimum nominations at a regular election	Population est
Alloa	15 members	8 members	9 nominations	14085
Alva	13 members	7 members	8 nominations	4824
Clackmannan	13 members	7 members	8 nominations	3716
Dollar	13 members	7 members	8 nominations	3084
Menstrie	13 members	7 members	8 nominations	2826
Muckhart	11 members	6 members	7 nominations	534
Sauchie & Fishcross	13 members	7 members	8 nominations	6425
Tillicoultry	13 members	7 members	8 nominations	5931
Coalsnaughton, & Devonside				
Tullibody, Cambus, & Glenochil	13 members	7 members	8 nominations	9345

- 4.3. Places not filled at Elections cannot be filled by co-option.

5. Eligibility

- 5.1. To qualify for nomination and election to a Community Council, a candidate must:
- Reside in the community council area for which membership is sought and,
 - be aged 18 or over and included on the current electoral register for the Community Council Area, or
 - be aged 16 or over and included in the roll of 16-18 year olds held by the Returning Officer
 - Not be, or within the last 5 years have been, declared bankrupt, convicted of any offence of which the sentence was anything other than a fine
 - Not be a Clackmannanshire Council elected member, an MP, an MEP or an MSP.
 - Not to have been refused permission or had permission withdrawn if an employee of Clackmannanshire Council.

6. Establishment

- 6.1. After the adoption of this Scheme, Clackmannanshire Council will invite electors in an area where no community council exists to apply in writing to the Chief Executive for the establishment of a community council in their area.
- 6.2. Clackmannanshire Council will arrange an election in areas where at least 20 electors, who in their own right would be eligible to stand for election to a community council, notify the Chief Executive in writing within 21 days that they wish to see a community council established for their area. The method of election will be that of a regular election described in Paragraph 8.
- 6.3. If nominations are received for less than the minimum nomination number, no community council will be formed. Clackmannanshire Council will give a statement of reasons why a community council may not be formed in any area.
- 6.4. In areas where no community council is established, 20 electors may petition the Chief Executive at any time to hold an election to establish a community council. This will be subject to there being no more than two elections in a twelve month period in any one community council area.
- 6.5. Clackmannanshire Council will make reasonable arrangements to accommodate establishment of a new community council when a petition is made in the year a regular, National or Local election is scheduled.

7. Methods of Election

- 7.1. Regular elections for community councils will take place every four years. Clackmannanshire council shall set the schedule for regular elections. The first regular elections following the adoption of this Scheme are scheduled for September 2020.
- 7.2. Clackmannanshire Council is committed to exploring innovative election methods to encourage greater involvement in community council elections and to enhance the democratic process. Therefore, in areas where a community council exists, the community council will determine the method of election for their own area to be used for the 4 year election period. Community councils which commit at the start of an election cycle to conducting all their own elections for that 4-year election cycle must submit in writing details of the chosen method and timetable of election to Clackmannanshire Council at least 2 months in advance of an election.

8. Elections conducted by Clackmannanshire Council

- 8.1. Clackmannanshire Council is committed to supporting community councils to conduct robust and consistent elections and will conduct community council elections to allow a community to establish a community councils and on behalf of existing community councils for the duration of the election cycle if requested at the start of an election cycle to do so. Clackmannanshire Council will make reasonable arrangements to accommodate community council elections in the year of a regular, National or Local election and will use the following method of election.

Returning Officer

- 8.2. The Returning Officer for Community council elections carried out by Clackmannanshire Council will be the Chief Executive of Clackmannanshire Council. The Returning Officer may appoint such number of deputies as may be considered necessary for the proper discharge of the relevant functions.

Regular Elections Period

- 8.3. Regular elections arranged by Clackmannanshire Council are held every four years at a time to be determined by Clackmannanshire Council. Clackmannanshire Council will make reasonable arrangements to accommodate community council elections in a year National or Local Elections are scheduled.

Regular Election Method

- 8.4. For regular elections, the following method will be used:

Step 1 Nominations

All serving Community councillors will stand down and will be eligible for re-election. For all serving community councillors, the term of office will end at midnight of the day prior to the scheduled polling day at the next regular election.

Clackmannanshire Council will advertise a Notice of Election by public notices in the area covered by the community council. This notice will invite residents of the area to put forward nominations for membership of the community council.

Nominations will be in the form decided by the Returning Officer and will be subscribed by one proposer and one seconder, both of whom must be eligible for election in their own right. Nominations require to be submitted with the candidate's consent. Self-nomination is not permitted.

Nominations for election to a community council must be received by the Returning Officer by the time specified.

Step 2 Election Process

Where nominations are received for between the nomination minimum and 100% of the places to be filled by election, those individuals will be declared elected unopposed and the Returning Officer will produce and display a notice to that effect in the local area.

Where at any election the number of nominations received exceeds the number of places to be filled, a ballot will be held.

Step 3 Ballot

When a ballot is held, community councils shall be elected on the Block Voting system. The ballot will be secret and will follow the process set by the Returning Officer.

Optional Step: Nomination deadline extension

Should the total number of candidates nominated be below the minimum nomination number as specified for the community council area, no community council will be established in that area at that time. However, Clackmannanshire Council may, at its discretion, extend the deadline and within 6 months of the closing date for the registration of the first call for nominations issue a second call for nominations for a community council area failing to meet the minimum nomination requirement.

Filling vacancies which arise between regular elections

- 8.5. Clackmannanshire Council will also assist, if requested at the start of an election cycle, with elections to fill vacancies which arise between regular elections through one of the following methods:-

1) Top Up Elections - to fill vacancies arising since the previous election

Clackmannanshire Council will make arrangements for top up elections in the January of the second and third years after every regular election to fill only vacancies arising since the previous election.

2) Interim Elections - when membership numbers fall below the operating minimum, or when the community council fails to receive the minimum nominations at a regular election

Clackmannanshire Council will make arrangement for an Interim election to be held if the community council notifies the Returning Officer that its number of community councillors has fallen to less than half the operating minimum membership number. An interim election within 6 months of a regular election will be at the discretion of Clackmannanshire Council.

The method for an Interim Election and of a Top Up Election is that of the nominations and ballot process in a Regular Election but nominations shall be invited only for the number of vacancies arising since the previous election. There will be no second call for nominations. A community councillor elected at a Top-up Election or an Interim Election will hold office until the next Regular Elections.

First Meetings of Community Councils

- 8.6. The Returning Officer will call the first meeting of the community council after its establishment and after regular elections. This meeting will take place within 4 weeks of the election or as soon thereafter as is practicable. The election of a chairperson for that meeting from amongst community councillors present must be the first item of business at this meeting. Until a chairperson for that meeting is elected, the Returning Officer or a suitable deputy appointed in his/her place will chair the meeting.

9. Constitution

- 9.1. Each community council is required within 2 months of establishment or as soon thereafter as is practicable to adopt a Constitution which adheres to the terms of this Scheme. The constitution must minimum standards of legitimacy, democracy, accountability and transparency relevant to the statutory function of community council and is required to be approved by Clackmannanshire Council prior to adoption by the community council.

10. Meetings of Community Councils

- 10.1. Community council shall determine the format of their meetings subject to meetings being open to the public, with the place, date, time, nature of the business to be conducted at the meeting and draft note of any decisions made at the previous

- meeting advertised in the community council area at least 7 days before the meeting.
- 10.2. Each community council will determine the frequency with which it meets subject to a minimum of 4 meetings held in public per year.
 - 10.3. Each community council shall hold a meeting by September of each regular election year and by October in non-election years at which it will account for its activities in the previous year, present its annual accounts and elect its office bearers.
 - 10.4. Each community council will adopt and make available publicly Standing Orders which lay out the procedure and business for its meetings.
 - 10.5. Community councils will set aside a minimum of one third of the total annual duration of meetings (however apportioned) specifically for the purpose of ascertaining the views of the electorate of the area.

11. Resourcing

- 11.1. Clackmannanshire Council will provide assistance to community councils to support their administrative needs. The details of this assistance and resourcing which the Council will from time to time determine will be set out in the Protocol which accompanies this Scheme.
- 11.2. Any financial assistance will be made available to community councils following receipt of bank account details and, in the case of established community councils, approval by the Director of Finance and Corporate Services of independently examined annual accounts which the community council can demonstrate have been approved by the community council at a properly-convened meeting which is open to the public.
- 11.3. Clackmannanshire Council will provide guidance where relevant to assist community councils to adhere to the terms of this Scheme.

12. Suspension and Dissolution

Suspension

- 12.1. Clackmannanshire Council may move to consider a community council to be suspended where:
 - It does not meet in public at least 4 times in a period of 12 months
 - It has demonstrated a major single breach or a series of breaches to its adopted constitution or to the requirements set out in this Scheme and where said breach(es) have not been remedied after being brought to the community council's attention.
 - A majority of its members collectively or separately have been charged with an offence under the law

- 12.2. Should Clackmannanshire Council consider a community council to be suspended, it shall publish a public notice in the area giving reasons. Within 2 months of suspension of a community council (or as soon as is practicable) Clackmannanshire Council shall set in motion a process to establish if the community wish the community council to be dissolved or re-instated. The process will be set out in the public notice.
- 12.3. A community council which is considered by Clackmannanshire Council to be suspended will not receive further Council resources.

Dissolution

- 12.4. Clackmannanshire Council will, upon request of the community in question and following due process as set out in the community council's own constitution, assist a community with the process of the dissolution of a community council which it considers to be suspended. Clackmannanshire Council shall not dissolve a community council.

13. Exchange of Information

Community Council Liaison Officer

- 13.1. Clackmannanshire Council will appoint a Liaison Officer who will have prime responsibility for ensuring that information exchange mechanisms between community councils and the Council are operational.

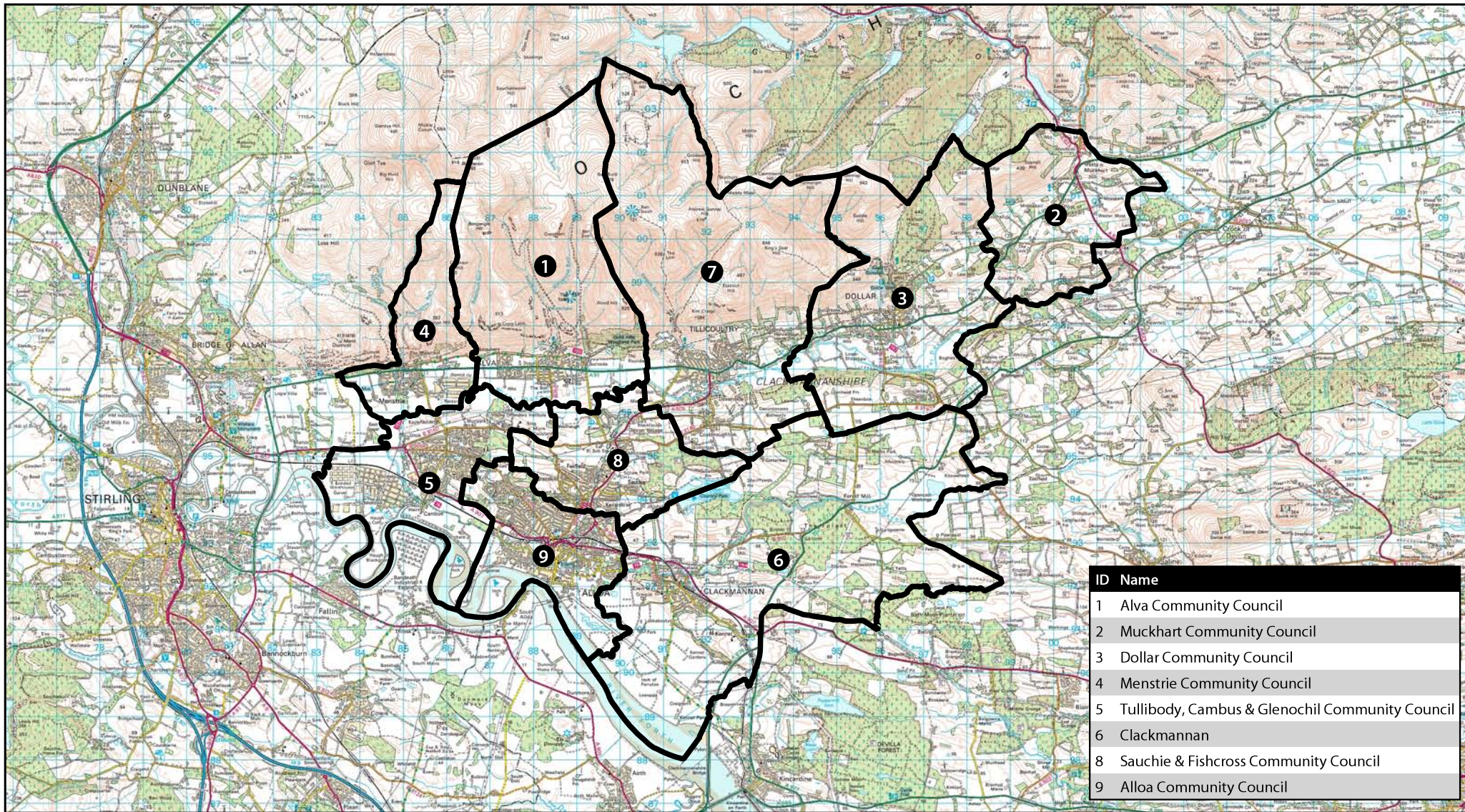
Single Point of Contact

- 13.2. Each community council shall elect from among its members a Single Point of Contact for communication with Clackmannanshire Council and other public authorities, and provide the name and contact details of the Single Point of Contact to Clackmannanshire Council for wider publication to the public.. The community council shall notify the Community Council Liaison Officer of any changes to the Single Point of Contact.

Procedures

- 13.3. Procedures for the exchange of information on matters of mutual interest will be negotiated, and updated to suit changes in working arrangements, between community councils and Clackmannanshire Council. They are set out in the community council Protocol which accompanies this Scheme.

[appendix – map of community council boundaries]



ID	Name
1	Alva Community Council
2	Muckhart Community Council
3	Dollar Community Council
4	Menstrie Community Council
5	Tullibody, Cambus & Glenochil Community Council
6	Clackmannan
8	Sauchie & Fishcross Community Council
9	Alloa Community Council

0 2 4 6 8 10 km



Scale: 1:125,000 Date: June 2017

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Community Councils
 Proposed Community Council Boundaries
 No change to 2011 boundaries

- Legend**
- Community Council boundary



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