

Public Space CCTV

1.0 Background

- 1.1 The Forth Valley CCTV Partnership involving Falkirk, Stirling and Clackmannanshire Councils and Police Scotland, will end on 31st March 2015. Members are asked to consider the future provision of public space CCTV provision in Clackmannanshire.
- 1.2 There are 57 cameras in Clackmannanshire, with 42 of these located in Alloa. Enigma Ltd is engaged by the Partnership to monitor its CCTV cameras from the Kilncraigs building.
- 1.3 Partnership costs are split equally between the four partners, with each paying approximately £150,000. The net cost of the service to Clackmannanshire Council for 2014-15 is £146K.

2.0 Future CCTV Provision In Clackmannanshire

- 2.1 Provision of CCTV is not a statutory obligation for local authorities. Police Scotland does not wish to take on the CCTV service. It will however support whatever new arrangement each Forth Valley local authority chooses, and make a contribution to the CCTV costs up to its current budget commitment for each area.
- 2.2 The Council now has four main options for CCTV. Each option has to be considered against the background of the budget deficit, public views on change to the service, and the potential impact on staff employed by Enigma. A budget provision will be set aside for any potential liabilities arising from the current arrangements which could reduce any year 1 savings.

Option 1 – Do nothing, and terminate all CCTV provision.

- 2.3 Termination of the CCTV service within the Clackmannanshire area would achieve the maximum annual savings of £146K. The space at Kilncraigs could be used by another council service.

Option 2 – Move to a record only service located at Alloa Police Office.

- 2.4 In a record-only service CCTV data would continue to be used as evidence in criminal prosecutions. As the majority of the equipment for Clackmannanshire is already located within the Alloa Police station it would be beneficial to move the remaining equipment held at Kilncraigs to the Police station. This would also free the space at Kilncraigs for other uses. With the contribution from Police Scotland, the total cost to the Council would then be in the region of £36,000. This should provide a budget saving of around £110K.

Option 3 – Procurement of an Alternate Service Provider

- 2.5 A procurement exercise could be undertaken to identify an alternate provider of CCTV monitoring services for a fixed period. Estimated costs from Scotland Excel show that it might be possible to provide a similar service and achieve a budget saving of up to £30,000. However, this cannot be guaranteed and it is possible that the tender returns would not result in any saving. There will also be the same ongoing revenue costs.

Option 4 – Purchase a Service from Falkirk or Stirling Council

- 2.6 It may be possible for the Council to buy in to the new service of either Falkirk or Stirling Council. As neither organisation has completed its tendering exercise it is not possible to accurately confirm the costs of this. However, costs for a full monitoring service are likely to be similar to those noted in option 3, given that the major expense is the monitoring staff.

3.0 Conclusion and Recommendation

- 3.1 CCTV is clearly not a panacea to the management of crime and disorder, but one tool to be used as part of an integrated problem-solving approach¹. The dissolution of the Forth Valley CCTV Partnership provides an opportunity to achieve savings and consider the contribution that CCTV makes to public safety. All four of the options should provide savings.

¹ 'A national strategy for public space CCTV in Scotland' Scottish Government March 2011
<http://www.scotland.gov.uk/Resource/Doc/346155/0115210.pdf>

Disclosure of Funded Organisations 2015/16

In September 2014, the Council's External Auditor recommended that the Council should disclose annually details of each individual voluntary organisation it funds including the Council role, the Council contribution and the type of services delivered.

The table below outlines this information for the financial year 2015/16. All funding arrangements are subject to Contract Standing Orders and the Council's Code of Practice for Funding External Bodies and Following the Public Pound.

There is a clear need to redesign services within the context of better joint resourcing of priorities for prevention. Over the next 2 years, working with Alliance Partners, and particularly Clackmannanshire Third Sector Interface who will play a pivotal role, the objective is to begin the move away from a list of organisations funded for historic reasons, to a consolidated outcomes-focused approach. That is, where strong, sustainable 3rd sector organisations are integral to the delivery of jointly-resourced public services as part of a developing, long-term relationship firmly focused on the delivery of shared outcomes, within a clear context of Best Value.

This consolidation could take the form of a Public Social Partnership, or a joint redesign and resourcing review to ensure we achieve best value from the use of the collective knowledge, assets, human and physical, of all public and 3rd sector resources to deliver better outcomes. There is a clear expectation that any organisation funded by the Council will participate constructively in service redesign. We would also look to work with organisations not currently funded or resourced otherwise by the Council or community planning partners, given they may have a contribution to make in future integrated service designs.

Description	Category	Council Role	Value
Funded Halls and Trusts - Clackmannan, Coalsnaughton, Devonvale	Community Development/Resilience	Funder via SLA/Contract	£14,625
Clackmannanshire Sports Council	Health & Wellbeing	Funder via SLA/Contract	£6,923
Sauchie Active 8	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£34,827
The Gate: Soup Pot	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£3,000
The Gate: Foodbank	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£5,000
Clackmannanshire Women's Aid	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£179,156
Reachout with Arts in Mind	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£47,200
SAMH	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£159,800
Barnardo's (Freagarrach)	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£45,000
Central Carers Association	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£58,188

Description	Category	Council Role	Value
People First (Clackmannanshire)	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£22,172
Cafe Society	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£21,996
Central Scotland Rape Crisis and Sexual Abuse Centre	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£14,320
Supported Employability	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£40,050
Artist in Residence Project	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£4,780
Clackmannanshire Healthier Lives	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£191,770
Addictions Support and Counselling	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£8,640
Clackmannanshire Citizens Advice Bureau	Supporting Vulnerable Adults/Families	Funder via SLA/Contract	£128,700
Who Cares?	Supporting Vulnerable Adults/Families Adults	Funder via SLA/Contract	£7,630
Play Alloa	Supporting Vulnerable Children & Young People	Funder via SLA/Contract	£18,018
Action for Children (Tullibody Families)	Supporting Vulnerable Children & Young People	Funder via SLA/Contract	£160,875
Action for Children (Tayvalla)	Supporting Vulnerable Children & Young People	Funder via SLA/Contract	£93,410
Homestart	Supporting Vulnerable Children & Young People	Funder via SLA/Contract	£76,889
Community House	Supporting Vulnerable Children & Young People	Funder via SLA/Contract	£38,180

Housing Revenue Budget 2015/16 (Houses & Lock Ups)

APPENDIX J

	Budget October 2014 £'000	Business Plan 2015/16 £'000	Draft Budget 2015/16 £'000
REPAIRS & MAINTENANCE			
Private Contractors & Land Services	410	355	355
Void Houses	1,201	1,108	1,201
General Maintenance	2,219	2,252	2,219
Cyclical Maintenance	740	751	740
Gas Contract	481	488	481
Minor Social Work Repairs	43	44	43
	5,094	4,998	5,039
SUPERVISION & MANAGEMENT			
Staff Costs	2,187	2,160	2,201
Premises	7	7	7
Transport	28	28	28
Supplies & Services	237	115	237
Third Party Payments	201	104	109
Support Services	1,141	1,141	1,054
Democratic Core	103	103	105
	3,904	3,658	3,741
CAPITAL FINANCING COSTS			
Interest	1,649	1,657	1,503
Expenses	39	45	45
Principal Repayment	1,364	1,552	1,552
	3,052	3,254	3,100
OTHER EXPENSES			
Insurance	206	209	206
Stair Lighting	12	11	12
Void Rent Loss	427	370	427
Garden Aid Scheme (Incl Grounds Mtce)	147	148	147
Special Uplift	110	112	110
Pest Control	13	14	13
Contribution to Bad Debts	290	294	290
Council Tax on Empty Properties	12	13	12
	1,217	1,171	1,217
Gross Expenditure	13,267	13,081	13,097
INCOME			
Rents (Houses & Lock Ups)	-17,201	-18,025	-17,928
Other Income (Garage Sites & Shops)	-46	-59	-59
Interest on Revenue Balances	-53	-12	-12
	-17,300	-18,096	-17,999
Net Expenditure before CFCR Transfer	-4,033	-5,015	-4,902

Appendix K

Proposed rent charge 2015 / 2016

House	Rent 2014/15	Proposed Increase for 2015/16 3.75%	Proposed Revised Charge 2015/16
1 Apartment	£67.49	£2.53	£70.02
2 Apartment	£69.13	£2.59	£71.72
3 Apartment	£70.80	£2.66	£73.46
4 Apartment	£72.23	£2.71	£74.94
5 Apartment	£74.02	£2.78	£76.80
6 Apartment	£75.84	£2.84	£78.68
Flat			
1 Apartment	£66.26	£2.48	£68.74
2 Apartment	£67.84	£2.54	£70.38
3 Apartment	£69.52	£2.61	£72.13
4 Apartment	£71.03	£2.66	£73.69
5 Apartment	£72.80	£2.73	£75.53
Average Rent (48 week)	£70.63	£2.65	£73.28
Average Rent (52 week)	£65.20	£2.45	£67.65
Average Council Rent Increase		£2.65	

Appendix L to Capital Programme Amendments in 2015/16

Description of Capital Project	2015/16	2016/17	2017/18	2018/19	2019/20	Commentary
CORPORATE ASSET MANAGEMENT PLAN						
School Estate			4,000,000	4,200,000	1,050,000	Funding moved from MCB (5* £1.050m) and £4m deferral of budget set aside for Redwell in 2014/15 not required due to receipt of grant funding.
Enablers - Schools Replacement Programme Secondary		140,000	140,000	140,000	140,000	Realigned from ICT strategy within IT Asset Management Plan.
Enablers - Schools Replacement Programme Primary		100,000	100,000	100,000	100,000	Realigned from within IT Asset Management Plan.
Village and Town centre Initiatives - Sauchie	280,000					£280k carried forward from 2014/15 for Sauchie and Realigned from Property Asset Management Plan.
Village and Town centre Initiatives	-280,000	250,000	-50,000	150,000	-70,000	Reprofiling of investment to anticipated community hubs and realigned from Property Asset Management Plan.
Enablers - Safer Routes to Communities - Roads	100,000	100,000	100,000	100,000	100,000	Additional £100k investment in 15/16 and 16/17 to 19/20 recurrent £100k realigned from Roads Asset Management Plan. This will cover improvements to carriageways, footpaths, cycle routes, accident prevention and road safety in line with community hub developments.
Street Lighting improvements	-400,000		400,000			£400k reprofiled from 2015/16 to 2017/18 from Roads Asset Management Plan. £35k remains in Roads for routine/planned improvements.
Tullibody - Install table at Tron Court	20,000					Realigned from Property Asset Management Plan.
Parks, Play Areas and Open Spaces	50,000	50,000	50,000	50,000	50,000	Realigned from Land Asset Management Plan.
Improvements to Network Infrastructure	-200,000	200,000				Reprofiled from 2015/16 investment within IT Asset Management Plan.
Community Grants	-125,000	-100,000	-75,000	-50,000		Reduced grant funding to reflect anticipated uptake over future years.
OTHER MOVEMENTS						
3-12 School Development	272,550	726,805				Reprofiling of approved budget to meet programmed spend.
2 year old school development	416,715	332,715				Carryforward of £296k from 2014/15 and additional grant of £453k received from the Scottish Government. Spend reprofiled over 2015/16 and 2016/17.
3 year old school development	30,000	307,000				Additional grant received in 2015/16, reprofiled to match programme spend over 2015/16 and 2016/17.
Heritage Improvements	355,000					Funding carried forward from 2014/15.
Property Asset Improvements - Kelliebank	275,000					Funding carried forward from 2014/15.
Childrens Residential Unit	250,000	750,000				Additional investment to build Childcare Residential Unit linked to savings proposal to deliver service inhouse. Indicative costings will be revised after options have been out for consultation and agreed.
St Serfs		200,000				Additional investment to accommodate increased class sizes.
B9140 Realignment of Bends	75,000	-29,000				Budgeted £650k for this project, £25k budgeted in 2014/15 for preliminary investigation works, remaining £625k within 2015/16 budget. £575k carried forward from 2014-15, of which £500k taken as a saving, £29k approved budget removed in 2016/17 and also taken as a saving.
Bowmar Area Enhancements	-80,000					£80k identified as a saving in 2015/16.
Streetscape Programme	-150,000					Removal of funding for streetscape programme as projects will be undertaken through enabling Community Hubs.
Demolition of Alva Pool	150,000					Additional investment to aid the development of the land
Vehicle Replacement Programme	90,000					Carryforward from 2014/15 £240k offset by a saving of £150k identified due to review of vehicle replacements.
Social Work AIS System	120,000					£50k carry forward from 2014/15 and additional investment £70k required for implementation of the system.
ITrent Legislative and benefit realising developments	100,000					Additional investment of £100k required.

Housing Revenue Account Capital Programme APPENDIX N	Approved Budget 15/16 Feb 2014	C/fwds from 2014/15	New projects funded by additional grant	2015/16 Approved Budget Feb 14 including additional c/fwds	Proposed Amendments	Amended Budget 15/16	Approved Budget 16/17 Feb 2014	Proposed Amendments	Amended Budget 16/17	Approved Budget 17/18 Feb 2014	Proposed Amendments	Amended Budget 17/18	Indicative Budget 18/19 Feb 2014	Proposed Amendments	Amended Budget 18/19	Indicative Budget 19/20 Feb 2014	Proposed Amendments	Amended Budget 19/20
Scottish Housing Quality Standards																		
Primary Building Elements																		
Structural Works	150,000			150,000		150,000	150,000		150,000	150,000		150,000	6,800,000		6,800,000	7,004,000		7,004,000
Total Primary Building Elements	150,000	0	0	150,000	0	150,000	150,000	0	150,000	150,000	0	150,000	6,800,000	0	6,800,000	7,004,000	0	7,004,000
Secondary Building Elements																		
Damp Proof Course and Rot Works	50,000	150,000		200,000	50,000	250,000	50,000	50,000	100,000	50,000	50,000	100,000			0			0
Roof, Rainwater & External Walls	620,000			620,000	145,000	765,000	2,303,000		2,303,000	2,100,000		2,100,000			0			0
External Doors	10,000			10,000		10,000	78,000	(68,000)	10,000	80,000	(70,000)	10,000			0			0
Windows	250,000	230,000		480,000	20,000	500,000	1,819,000		1,819,000	1,800,000		1,800,000			0			0
Total Secondary Building Elements	930,000	380,000	0	1,310,000	215,000	1,525,000	4,250,000	(18,000)	4,232,000	4,030,000	(20,000)	4,010,000	0	0	0	0	0	0
Energy Efficiency																		
Fuel Efficient Central Heating	1,854,000			1,854,000		1,854,000	1,854,000		1,854,000	800,000		800,000			0			0
Total Energy Efficiency	1,854,000	0	0	1,854,000	0	1,854,000	1,854,000	0	1,854,000	800,000	0	800,000	0	0	0	0	0	0
Modern Facilities & Services																		
Kitchen Renewal	100,000			100,000	700,000	800,000	250,000	350,000	600,000	250,000	(200,000)	50,000			0			0
Bathroom Renewal	2,150,000			2,150,000	(1,400,000)	750,000	400,000	(350,000)	50,000	20,000		20,000			0			0
Total Modern Facilities & Services	2,250,000	0	0	2,250,000	(700,000)	1,550,000	650,000	0	650,000	270,000	(200,000)	70,000	0	0	0	0	0	0
Health Safe & Secure																		
Safe Electrical Systems	218,000			218,000		218,000	300,000	(50,000)	250,000	200,000	50,000	250,000						
CO Detectors	0			0		0	170,000	(170,000)	0	0		0						
External Works: Fencing, Gates & Paths	20,000			20,000		20,000	30,000		30,000	20,000		20,000						
Secure Door Entry Systems	100,000	100,000		200,000	50,000	250,000	60,000		60,000	20,000		20,000			0			0
Total Health Safe & Secure	338,000	100,000	0	438,000	50,000	488,000	560,000	(220,000)	340,000	240,000	50,000	290,000	0	0	0	0	0	0
NON SHQS ELEMENTS																		
Disabled Adaptation Conversions	50,000			50,000		50,000	50,000		50,000	50,000		50,000			0			0
Feasibility Work	20,000			20,000		20,000	20,000		20,000	0	20,000	20,000			0			0
The Orchard, Demolition	0			0	10,000	10,000	0		0	0		0						
Council House New Build	1,350,000			1,350,000	(1,350,000)	0	1,280,000	(1,280,000)	0	1,280,000	(1,280,000)	0	1,500,000	(1,500,000)	0	1,545,000	(1,545,000)	0
Hallpark, Sauchie 25 Units				0	50,000	50,000	0		0	0		0			0			0
Fairfield, Sauchie 19 Units		1,067,000		1,067,000	660,000	1,727,000	0	50,000	50,000	0		0			0			0
The Orchard, Tullibody 12 Units				0	1,380,000	1,380,000	0		0	0		0			0			0
Tillicoultry Community Centre Phase 1a 17 Units				0	2,083,000	2,083,000	0		0	0		0			0			0
Tillicoultry Community Centre Phase 1b 4 Units				0	490,000	490,000	0		0	0		0			0			0
Tillicoultry Community Centre Phase 2 8 Units				0	980,000	980,000	0		0	0		0			0			0
Lock Up Site Redevelopment for Affordable Housing				0		0	0		0	0	2,450,000	2,450,000			0			0
MCB Tenant Community Improvement Fund	200,000			200,000		200,000	200,000		200,000	200,000		200,000			0			0
Community Hub Enablement Works (Ex Streetscape)	125,000			125,000		125,000	125,000		125,000	125,000		125,000			0			0
Miscellaneous Conversions & Adaptations	150,000			150,000		150,000	150,000		150,000	100,000		100,000			0			0
HRA Roads & Footpath Improvements	100,000			100,000		100,000	100,000		100,000	100,000		100,000			0			0
Housing Business Management Enhancements		145,000		145,000		145,000	0	60,000	60,000	0		0			0			0
Town & Village Centre Initiative (Sauchie Main Street)				0	3,000	3,000	0		0	0		0			0			0
Total NON SHQS ELEMENTS	1,995,000	1,212,000	0	3,207,000	4,306,000	7,513,000	1,925,000	(1,170,000)	755,000	1,855,000	1,190,000	3,045,000	1,500,000	(1,500,000)	0	1,545,000	(1,545,000)	0
TOTAL CAPITAL PROGRAMME	7,517,000	1,692,000	0	9,209,000	3,871,000	13,080,000	9,389,000	(1,408,000)	7,981,000	7,345,000	1,020,000	8,365,000	8,300,000	(1,500,000)	6,800,000	8,549,000	(1,545,000)	7,004,000
Income																		
House Sales	(680,000)			(680,000)	(40,000)	(720,000)	(450,000)	210,000	(240,000)	0		0						
Scottish Government Housing Supply Grant	0			0	(2,377,000)	(2,377,000)	0	0	0	0	(920,000)	(920,000)						
Total Income	(680,000)	0	0	(680,000)	(2,417,000)	(3,097,000)	(450,000)	210,000	(240,000)	0	(920,000)	(920,000)	0	0	0	0	0	0
NET CAPITAL PROGRAMME	6,837,000	1,692,000	0	8,529,000	1,454,000	9,983,000	8,939,000	(1,198,000)	7,741,000	7,345,000	100,000	7,445,000	8,300,000	(1,500,000)	6,800,000	8,549,000	(1,545,000)	7,004,000

	Indicative Budget Approved Feb 2014
	Carry forwards & Additional Grant Funded Projects
	Indicative Budget Approved Feb 2014 including carry forwards and additional grant funded projects
	Proposed Amendments
	Amended Budgets with proposed amendments

PROPOSED AMENDMENTS

APPENDIX O

Description of Project	Year 1 2015-16 £	Year 2 2016- 17 £	Year 3 2017-18 £	Year 4 2018-19 £	Year 5 2019-20 £	Narrative
SECONDARY BUILDING ELEMENTS						
Damp Proof Course and Rot Works	50,000	50,000	50,000			Analysis of demand levels during tender exercise has resulted in an identification of a future increase in works required.
Roof, Rainwater & External Walls	145,000					Stock Condition Surveys and case referrals from Repairs Team has identified additional works required.
External Doors		(68,000)	(70,000)			Less failures identified from Stock Condition Surveys.
Windows	20,000					Pilot programme to inform future tender requirements.
TOTAL SECONDARY BUILDING ELEMENTS	215,000	(18,000)	(20,000)	0	0	
MODERN FACILITIES & SERVICES						
Kitchen Renewal	700,000	350,000	(200,000)			Discussion with Scottish Housing Regulator identified the requirement to programme kitchen failures and current exemptions. This budget also allows for the installation of new kitchens in Amenity Converted properties.
Bathroom Renewal	(1,400,000)	(350,000)				Significant savings through current Contract.
TOTAL PROPERTY	(700,000)	0	(200,000)	0	0	
HEALTH SAFE & SECURE						
Safe Electrical Systems		(50,000)	50,000			Reprofiling of programmed spend.
CO Detectors		(170,000)				Budget not required as now identified through Gas Servicing programme.
Secure Door Entry Systems	50,000					Relates to existing system failures at Lochbrae & Craigview, Sauchie.
TOTAL HEALTH SAFE & SECURE	50,000	(220,000)	50,000	0	0	
NON SHQS ELEMENTS						
The Orchard, Demolition	10,000					
Feasibility Work			20,000			Continuation of current budget commitment.
Council House New Build	(1,350,000)	(1,280,000)	(1,280,000)	(1,500,000)	(1,545,000)	The budget for Council House New Build relates directly to the Council approval of the Strategic Housing Investment Plan (SHIP)
Hallpark, Sauchie 25 Units	50,000					
Fairfield, Sauchie 19 Units	660,000	50,000				
The Orchard, Tullibody 12 Units	1,380,000					
Tillicoultry Community Centre Phase 1a 17 Units	2,083,000					
Tillicoultry Community Centre Phase 1b 4 Units	490,000					
Tillicoultry Community Centre Phase 2 8 Units	980,000					
Lock Up Site Redevelopment			2,450,000			Lock Up Redevelopment identified for 20 New Build Houses.
Scottish Government Housing Supply Grant	(2,377,000)		(920,000)			
Housing Business Management System		60,000				Improvements to the Housing IT System following work undertaken by Vanguard Consultants.
Town & Village Centre Initiative	3,000					
TOTAL NON SHQS ELEMENTS	1,929,000	(1,170,000)	270,000	(1,500,000)	(1,545,000)	
House Sales Income	(40,000)	210,000				Change to deadline for House Sales from March 2017 to August 2016.
TOTAL PROPOSED AMENDMENTS	1,454,000	(1,198,000)	100,000	(1,500,000)	(1,545,000)	

Report to: Special Council

Date: 24th February 2015

Subject: Prudential Indicators 2015/16 to 2019/20

Report by: Depute Chief Executive

1.0 Purpose

- 1.1. The 2015/16 to 2019/20 capital budgets have been prepared by Clackmannanshire Council under the self regulating Prudential Code. Local authorities are required by regulation to comply with the Prudential Code in terms of meeting their statutory duty under Section 35(1) of the Local Government in Scotland Act 2003 to *'determine and keep under review the maximum amount which it can afford to allocate to capital expenditure'*.
- 1.2. The key objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable, as well as being consistent with local asset management planning. To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out 8 indicators that must be considered covering 3 distinct areas - capital expenditure, external debt and treasury management; affordability; and prudence.
- 1.3. The purpose of this report is to update and revise the indicators approved by Council last year in the context of the Council's latest spending plans over the period 2015/16 to 2019/20. The report describes the purpose of each of the indicators and the implications of the proposed levels, values and parameters for Clackmannanshire Council.

2.0 Recommendations

It is recommended that Council:

- 2.1. Approves the prudential indicators set out in this report for the years 2015/16 to 2019/20 in compliance with the Prudential Code requirements.

3.0 Considerations

- 3.1. The Council is advised that the Prudential Indicators shown in Sections 4 to 6 below have been determined based on the budget proposals contained in the General Services Revenue and Capital Budgets 2015/16 to 2017/18 and 2015/16 to 2019/20 report and Housing Revenue Budget 2015/16 and Capital Programme 2015/16 to 2019/20 report.

- 3.2. A number of the indicators presented in this report are calculated for seven financial years in total - the 2013/14 actual year end position, latest estimate for 2014/15 and estimates for the 5 years 2015/16 to 2019/20. The code requires a minimum of 3 future years to be approved but a further two years are shown to provide a longer term view.
- 3.3. As noted, there are 8 Prudential Indicators set out in the Code covering a number of areas - capital expenditure, affordability, prudence, external debt and treasury management. Arguably those indicators relating to affordability, which measures the bottom line impact of the Council's capital expenditure proposals, are the most significant. It is important however to view the indicators in sections 4 to 6 of this report as a comprehensive and inter-related package which is intended to demonstrate that the Council's capital investment plans are prudent, affordable and sustainable.

4.0 CAPITAL EXPENDITURE, EXTERNAL DEBT AND TREASURY MANAGEMENT INDICATORS

The Prudential Code has 5 indicators relating to these areas.

4.1 CAPITAL EXPENDITURE

Purpose of the Indicator

The Prudential Code requires the Council to make reasonable estimates of the total capital expenditure that it plans to incur during the forthcoming financial year and the following two financial years. The Code also requires this information to be split between General Fund Services and Housing Revenue Account (HRA).

To provide a longer term view, the estimates of gross capital expenditure to be incurred for the next five years together with the projection for the current year and actual for 2013/14 are as follows:

Gross Capital Expenditure

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000	£000	£000
	Actual	Projection	Estimate	Estimate	Estimate	Estimate	Estimate
General Fund Services	16,954	11,282	9,475	10,458	10,069	8,880	10,860
Housing Revenue Account	7,789	9,173	13,080	7,981	8,365	6,800	7,004
Total	24,743	20,455	22,555	18,439	18,434	15,680	17,864

Implications

The above figures are shown net of any income and are consistent with the capital programme proposals for General Services and Housing contained in the previous agenda items. These capital plans take full account of the requirements of the Prudential Code. Levels of expenditure across the years reflect the funding envelope available consistent with the Council's Borrowing and Investment strategy to minimise increases in external borrowing. The planned spending figure of £22.555m for 2015/16 will be kept under review through the capital monitoring process and reported to Resources and Audit Committee quarterly.

4.2 CAPITAL FINANCING REQUIREMENT

Purpose of the Indicator

Capital expenditure that is not financed upfront by the use of capital receipts, capital grants or directly from revenue will increase the capital financing requirement of the Council. The calculation of the Capital Financing Requirement is therefore intended to reflect the Council's underlying need to borrow for a capital purpose and it is used as a key measure in treasury management decisions for this reason.

Estimates of the end of year Capital Financing Requirement for the Council for the current and future years together with the actual position last year are:

Capital Financing Requirement as at:

	31/03/14	31/03/15	31/03/16	31/03/17	31/03/18	31/03/19	31/03/20
	£000	£000	£000	£000	£000	£000	£000
	Actual	Projection	Estimate	Estimate	Estimate	Estimate	Estimate
General Fund Services	134,346	131,653	127,683	124,937	123,019	120,006	118,714
Housing Revenue Account	32,074	31,020	34,576	35,405	35,604	34,574	33,270
Total	166,420	162,673	162,259	160,342	158,623	154,580	151,984

Implications

The capital financing requirement is estimated to reduce over the next five years to £152m by the end of March 2020. This indicates that there is no requirement for the Council to increase long term borrowing over the next five years which is in line with the approved financial strategy of minimising long term borrowing.

The financing requirement for General Fund services steadily reduces in line with the strategy of keeping the capital programme at a level that does not incur any net additional borrowing.

The Housing programme currently requires modest increases in capital finance over the years 2015/16 to 2017/18 in order to maintain delivery of the current approved housing business plan.

4.3 AUTHORISED LIMIT FOR EXTERNAL DEBT

Purpose of the Indicator

The authorised limit for external debt is required to separately identify external borrowing (gross of investments) and other long term liabilities such as finance lease obligations. The limit provides a maximum figure that the Council could borrow at any given point during each financial year.

Authorised limit for external debt

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000	£000
Borrowing	136,000	126,000	126,000	125,000	122,000	121,000
Other long term liabilities including PFI	51,000	49,000	48,000	47,000	46,000	45,000
Total	187,000	175,000	174,000	172,000	168,000	166,000

Implications

The authorised limit set out above is consistent with approved capital investment plans and Treasury Management policy and practice but allows sufficient headroom for unanticipated cash movements. The limit has been reduced over the next five years in line with reductions in actual external borrowing. The limit will be reviewed on an on-going basis during the year. If the authorised limit is liable to be breached at any time, the Depute Chief

Executive will report to the Resources and Audit Committee. It will then be open to Committee to raise the authorised limit or to take measures to ensure the limit is not breached.

4.4 OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

Purpose of the Indicator

This is a key management tool for in-year monitoring and is lower than the Authorised Limit as it is based on an estimate of the most likely level of external borrowing at any point in the year. In comparison, the authorised limit is the maximum allowable level of borrowing.

Operational Boundary for external debt

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000	£000
Borrowing	129,000	121,000	121,000	120,000	117,000	116,000
Other long term liabilities	46,000	44,000	43,000	42,000	41,000	40,000
Total	175,000	165,000	164,000	162,000	158,000	156,000

Implications

This indicator is consistent with the Council's plans for capital expenditure and financing with Treasury Management policy and practice. It is sufficient to facilitate appropriate borrowing during the financial year and will be reviewed on an on-going basis.

4.5 TREASURY MANAGEMENT INDICATOR

The prudential indicator in respect of treasury management is that the local authority has adopted the CIPFA Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes. This revised code (2009 version) was formally adopted by Council at its meeting on 16th December 2010.

Purpose of the Indicator

The aim of this indicator is to ensure that treasury management is led by a clear and integrated forward treasury management strategy, and a recognition of the pre-existing structure of the Council's borrowing and investment portfolios.

5.0 AFFORDABILITY INDICATORS

The Prudential Code has 2 indicators relating to affordability.

5.1 RATIO OF FINANCING COSTS TO NET REVENUE STREAM

Purpose of the Indicator

The Prudential Code requires the Council to make estimates of the ratio of capital financing costs to its net revenue stream.

The indicator is intended to measure the percentage of the Council's total income that it is estimated will be committed towards meeting the costs of borrowing used to fund capital expenditure. For the General Fund this is the ratio of financing costs of borrowing against net expenditure financed by government grant and local taxpayers. For the HRA the indicator is the ratio of financing costs to gross rental income.

Estimates of the ratio of financing costs to net revenue stream for the current and future years are:

Ratio of financing costs to net revenue stream

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000	£000	£000
	Actual	Projection	Estimate	Estimate	Estimate	Estimate	Estimate
General Fund	8.10%	8.04%	8.16%	8.50%	8.89%	8.88%	8.88%
Housing Revenue Account	18.05%	16.91%	18.31%	19.16%	18.83%	18.24%	17.71%

Implications

The above figures show that for the General Fund, over the next five years, the proportion of the budget allocated to loan charges shows a modest increase which is a positive outcome over this period against a backdrop of broadly reducing levels of government grant funding, stable levels of council tax and increasing annual PPP costs. This demonstrates that capital financing costs are being controlled through the effective implementation of the Council's borrowing and investment strategy

Capital investment in Housing is in accordance with the revised Business Plan to achieve the Scottish Housing Quality Standard together with our own Clackmannanshire Standard. The ratio of capital financing costs to rental income is projected to reduce in 2014/15 as a result of reduced borrowing due to the approved Business Plan reducing the level of reserves held from £3m

to 4% of net income approx. £700k. The ratio then increases in the short term over the next two years to reflect additional investment to bring properties upto the required standard and meet the demands for Social Housing.

5.2 ESTIMATES OF INCREMENTAL IMPACT OF NEW CAPITAL INVESTMENT DECISIONS ON COUNCIL TAX AND HOUSE RENTS

Purpose of the Indicator

This indicator is intended to measure the incremental impact on the Council Tax and Housing Rents which would arise from changes to the Council's existing capital budget.

Incremental impact of capital spending on:

	2015/16	2016/17	2017/18	2018/19	2019/20
Council Tax (Band D)	NIL	NIL	NIL	NIL	NIL
Average Weekly House Rents (per week)	£12.11	(£4.31)	NIL	(£4.82)	(£5.22)

Implications

The capital financing cost consequences of the General Services capital proposals for the years 2015/16 to 2019/20 have been assessed against the plans approved last year. The Council's approved Finance Strategy determines that the funding envelope for new capital investment is restricted to the sum of capital grants and current levels of loan repayment provision. This policy is unchanged in the current capital plans and therefore the General Services Capital programme are considered to be affordable without requiring any specific additional Council Tax in these years

The HRA capital investment plans record a significant increase in planned net borrowing requirement in 2015/16 compared to the previous year. This is due to previously planned spend in 2016/17 being brought forward into 2015/16 which has resulted in a reduction in the incremental impact in 2016/17.

6.0 FINANCIAL PRUDENCE INDICATOR

The Prudential Code has one indicator relating to prudence

6.1 GROSS EXTERNAL BORROWING AND THE CAPITAL FINANCING REQUIREMENT

Purpose of the Indicator

In December 2012, CIPFA issued an amendment to the Prudential Code to replace the prudential indicator for net debt with an indicator for gross debt to be compared with the capital financing requirement. The requirement is now for gross debt to be kept below the CFR, except in the short term i.e. in the preceding year plus estimates of any additional capital financing requirement in the current and next two financial years

This indicator records the extent that gross external borrowing is less than the capital financing requirement (indicator 4.2 above). This is a key indicator of prudence and is designed to ensure that, over the medium term, external borrowing is only for a capital purpose. The values are measured at the end of the financial year.

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000	£000	£000
	Actual	Projection	Estimate	Estimate	Estimate	Estimate	Estimate
Gross External Borrowing	161,969	163,665	154,246	153,555	157,262	153,645	150,475
Capital Financing Requirement	166,420	162,673	162,259	160,342	158,623	154,580	151,984
(Over)/ Under Limit by	4,451	(992)	8,013	6,787	1,361	935	1,509

Implications

At the end of 2014/15 the Council is projected to be above the gross limit due to an unexpected grant of £4m being received in the latter part of the financial year once the Council was already committed to borrowing. However, as an under borrowed position is maintained over the medium term in the preceding and future years the Council meets the requirement of the indicator.

The Council's gross borrowing has reduced in 2013/14 due to debt repayments and the use of cash balances to fund capital expenditure in place of new debt. However, in order to maintain sufficient cash balances in future years, capital expenditure is assumed to be funded by new debt within the

parameters of the capital financing requirement and the Council's strategy to reduce long term borrowing.

7.0 CONCLUSION

7.1 The Prudential Indicators laid out in Sections 4 to 6 above are considered to provide the Council with a robust framework for moving forward under the Prudential Code and reflect a capital investment strategy which is prudent, affordable and sustainable.

8.0 Sustainability Implications

8.1 None

9.0 Resource Implications

9.1 *Financial Details*

9.2 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

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

Yes

9.4 *Staffing*

9.5 None

10.0 Exempt Reports

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

11.0 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

12.0 Equalities Impact

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

Yes No

13.0 Legality

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

14.0 Appendices

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

None

15.0 Background Papers

15.1 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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Approved by

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