



**Clackmannanshire  
Council**

[www.clacks.gov.uk](http://www.clacks.gov.uk)

Comhairle Siorrachd  
Chlach Mhanann

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

# **Meeting of the Audit & Finance Committee**

**Thursday 15 March 2018 at 9.30 am**

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

Date	Time
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## **AUDIT AND FINANCE COMMITTEE**

The remit of the Audit and Finance Committee is:

- a) To receive, review and consider reports on the Council's finance
- b) To receive, review and consider reports on value for money and best value
- c) To consider the Council's Annual Governance Statement
- d) To consider internal audit reports and results of internal audit investigations
- e) To consider external audit and resultant action plans
- f) To monitor and review actions taken on internal and external audit recommendations
- g) To approve the corporate risk strategy and risk management procedures
- h) To receive and consider reports on countering fraud and corruption

To meet every 2 months on the third Thursday.

**7 March 2018**

**A MEETING of the AUDIT AND FINANCE COMMITTEE will be held within the Council Chamber, Kilncraigs, Greenside Street, Alloa, FK10 1EB on THURSDAY 15 MARCH 2018 at 9.30 am.**

**NIKKI BRIDLE  
Depute Chief Executive**

**B U S I N E S S**

	<b>Page No.</b>
1. Apologies	--
2. Declarations of Interest 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 Officer.	--
3. Confirm Minutes of Meeting held on Thursday 18 January 2018 (Copy herewith)	07
4. External Audit Planning Report 2017/18 – report by the Depute Chief Executive (Copy herewith)	11
5. Internal Audit Progress Report 2017/18 – report by the Internal Audit Manager (Copy herewith)	29
6. Internal Audit Plan 2018/19 – report by the Internal Audit Manager (Copy herewith)	43
7. Council Financial Performance 2017/18 – December Outturn – report by the Chief Accountant (Copy herewith)	55



## Audit & Finance Committee – Committee Members (Membership 8 – Quorum 4)

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### Councillors

### Wards

Councillor	Phil Fairlie (Chair)	3	Clackmannanshire Central	SNP
Councillor	Les Sharp (Vice Chair)	1	Clackmannanshire West	SNP
Councillor	Darren Lee	1	Clackmannanshire West	CONS
Councillor	Dave Clark	2	Clackmannanshire North	LAB
Councillor	Derek Stewart	3	Clackmannanshire Central	LAB
Councillor	Mike Watson	3	Clackmannanshire Central	CONS
Councillor	Kenneth Earle	4	Clackmannanshire South	LAB
	(Vacancy)			





**MINUTES OF MEETING of the AUDIT AND FINANCE COMMITTEE held within the Council Chamber, Kilncraigs, Greenside Street, Alloa, FK10 1EB, on THURSDAY 18 JANUARY 2018 at 9.30 am.**

**PRESENT**

Councillor Phil Fairlie, Chair (In the Chair)  
Councillor Les Sharp, Vice Chair  
Councillor Dave Clark  
Councillor Kenneth Earle  
Councillor Ellen Forson (S)  
Councillor Darren Lee  
Councillor Bill Mason (S)  
Councillor Derek Stewart

**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  
Shiona Strachan, Chief Officer, Health and Social Care Integration  
Elizabeth Hutcheon, Management Accountancy Team Leader  
Lindsay Thomson, Service Manager, Legal and Democracy (Clerk to the Committee)  
Gillian White, Committee Services, Legal and Democracy

**AF(18)46      APOLOGIES**

Apologies for absence were received from Councillor Mike Watson. Councillor Bill Mason attended as substitute for Councillor Watson. Councillor Ellen Forson attended as substitute for the SNP vacancy on the Audit and Finance Committee.

**AF(18)47      DECLARATIONS OF INTEREST**

None

**AF(18)48      MINUTES OF MEETING: AUDIT & FINANCE COMMITTEE 16 NOVEMBER 2017**

The minutes of the meeting of the Audit and Finance Committee held on 16 November 2017 were submitted for approval.

**Decision**

The minutes of the meeting of the Audit and Finance Committee held on 16 November 2017 were agreed as a correct record and signed by the Chair.

**AF(18)49 COUNCIL FINANCIAL PERFORMANCE 2017/18 – OCTOBER OUTTURN**

A report which 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 2017/18, was submitted by the Chief Accountant.

**Motion**

That the Committee agrees the recommendations as set out in the report.

Moved by Councillor Les Sharp. Seconded by Councillor Darren Lee.

**Decision**

The Committee agreed to note:

1. The forecast General Fund revenue underspend for the year of £0.496m;
2. Progress on delivering planned savings in the year;
3. The favourable forecast outturn of £0.245m on the Housing Revenue Account;
4. The underspend in General Services capital of £4.313m of which £2.102m is grant income received earlier than anticipated with the remaining £2.227m being carried forward to 2018/19.
5. The forecasted underspend on HRA capital of £3.961m of which £0.448m is additional income from house and land sales. £0.183m of the underspend is proposed to be carried forward with the balance being taken as underspend within the year.

**AF(18)50 HEALTH AND SOCIAL CARE PARTNERSHIP**

A report which provided the Committee with current information on the financial performance of the services within the Health and Social Care Partnership was submitted by the Chief Officer, Health and Social Care Integration Joint Board. The services have been delegated to the Chief Officer for operational management since 3 July 2017.

**Motion**

That the Committee agrees the recommendations as set out in the report.

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

**Decision**

The Committee noted:

1. The projected overspend within the services delegated by the Integration Joint Board to Clackmannanshire council and the key financial pressures across the Partnership outlined in Table 1 of the report; and
2. That, whilst the focus on budget recovery requires to continue, it is now clear that this will not fully recover the position in year, therefore the constituent authorities and the Integration Joint Board require to consider, agree and document how the residual financial risk will be treated in line with the terms of the Integration Scheme.

**AF(18)51. CORPORATE RISK AND EXTERNAL AUDIT ACTIONS**

A report which provided the Committee with the 2017/18 half year update on the Council's Corporate Risk Log (attached as Appendix A to the report) was submitted by the Head of Strategy and Customer Services. Progress updates were also provided on Audit Scotland's recommendations following their audit of the 2016/17 accounts (attached as Appendix B to the report).

**Motion**

That the Committee agrees the recommendations as set out in the report.

Moved by Councillor Les Sharp. Seconded by Councillor Dave Clark.

**Decision**

Having commented on and challenged the report, the Committee agreed to note the report.

**AF(18)52 INTERNAL AUDIT PROGRESS REPORT 2017/18**

A report which provided the Committee with an update on progress with completing the 2017/18 Internal Audit Plan was submitted by the Internal Audit Manager. The Plan was agreed by the Audit and Finance Committee on 16 March 2017.

**Motion**

That the Committee agrees the recommendations as set out in the report.

Moved by Councillor Ellen Forson. Seconded by Councillor Kenneth Earle.

**Decision**

The Committee agreed to note progress being made with completing the 2017/18 Internal Audit Plan.

Ends: 12 noon



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**Report to Audit & Finance Committee**

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**Date of Meeting: 8 March 2018**

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**Subject: External Audit: Planning Report 2017/18**

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**Report by: Depute Chief Executive**

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**1.0 Purpose**

- 1.1 The purpose of the attached external audit planning report (Appendix A) is to set out the planned audit activity in respect of the audit of the financial year 2017/18

**2.0 Recommendations**

It is recommended that the Committee.

- 2.1. Discusses and notes the proposed external audit plan for the 2017/18 financial year.

**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. The attached planning report sets out the activity in relation to the risks and planned audit work and the scope and timing of the audit for 2017/18.
- 3.2 The audit for 2017/18 and future audits will include the use of a new framework introduced by the Accounts Commission in June 2016 to audit Best Value. The audit of Best Value will be integrated into the wider scope of the annual audit.
- 3.3 Each year the external auditor prepares an annual plan which is submitted to the Audit and Finance Committee. The Section 95 Officer discusses and agrees the plan and the associated audit fee level. The Committee is encouraged to discuss the plan and associated assessments and rationale with the external auditor as appropriate.
- 3.4 Due to the statutory basis of the work of the external auditor, the audit planning report should be presented to the Audit and Finance Committee.

Thereafter, all external audit activity undertaken against this plan is formally reported to the Committee.

#### 4.0 Conclusions

- 4.1 The Council's external auditors, Audit Scotland, are in the second year of their five year appointment to Clackmannanshire Council. The attached report sets out details of their planned work for the 2017/18 audit.

#### 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 Planning 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)

Yes  (please list the documents below)

**CIPFA Audit Committee Principles in Local Authorities in Scotland**

### Author(s)

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

### Approved by

NAME	DESIGNATION	SIGNATURE
Stephen Coulter	Head of Resources & Governance	Signed: S Coulter
Nikki Bridle	Depute Chief Executive	Signed: N Bridle



# Clackmannanshire Council

Annual Audit Plan 2017/18



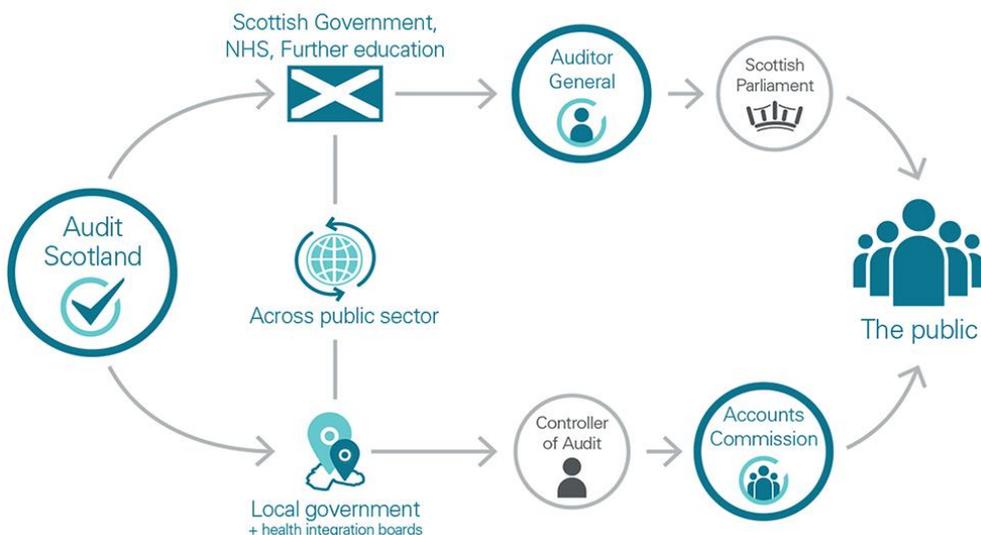
 AUDIT SCOTLAND

Prepared for Clackmannanshire Council  
March 2018

## 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.

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# Contents

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<b>Risks and planned work</b>	<b>4</b>
Audit risks	4
Reporting arrangements	6
Audit fee	6
Responsibilities	7
<b>Audit scope and timing</b>	<b>8</b>
Financial statements	8
Materiality	8
Internal audit	10
Audit dimensions	10
Best Value	12
Independence and objectivity	12
Quality control	12
Adding Value	13

# Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit and is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and any other relevant guidance. This plan identifies our audit work to provide an opinion on the financial statements and related matters and meet the wider scope requirements of public sector audit including the new approach to Best Value.

2. The wider scope of public audit contributes to conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

## Audit risks

3. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following main risk areas for Clackmannanshire Council (the council). We have categorised these audit risks into financial risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

## Exhibit 1

### 2017/18 Key audit risks

Audit Risk	Source of assurance	Planned audit work
<b>Financial statement issues and risks</b>		
<p><b>1 Risk of management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<p>Detailed testing of journal entries.</p> <p>Review of accounting estimates.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>
<p><b>2 Risk of fraud over income</b></p> <p>The council receives a significant amount of income in addition to Scottish Government funding, for example council tax and charges for services. The extent and complexity of income means that, in accordance with ISA 240, there is an inherent risk of fraud.</p>	<p>Sound budgetary control and monitoring arrangements in place.</p> <p>Financial systems controls over income.</p> <p>Robust and effective fraud prevention arrangements.</p>	<p>Analytical procedures on income streams.</p> <p>Testing of key controls.</p> <p>Focused substantive testing on higher risk areas.</p>

Audit Risk	Source of assurance	Planned audit work
<p><b>3 Risk of fraud over expenditure</b></p> <p>The Financial Reporting Council's Practice Note 10 (revised) requires public sector auditors to give consideration of the risk of fraud over expenditure. The extent of expenditure, for example on benefits and grants, means that there is an inherent risk of fraud.</p>	<p>Sound budgetary control and monitoring arrangements in place.</p> <p>Financial systems controls over expenditure.</p> <p>Robust and effective fraud prevention arrangements.</p>	<p>Analytical procedures on expenditure streams.</p> <p>Testing of key controls.</p> <p>Focused substantive testing on higher risk areas.</p>
<b>Wider dimension risks</b>		
<p><b>4 Financial sustainability</b></p> <p>The council projects it will have to achieve savings amounting to £29 million of its current budget in the years 2018 to 2021. This is about a quarter of the current budget of £118 million.</p> <p>There are increasing financial pressures due to demand, for example adult social services within the Integration Joint Board.</p> <p>There is a risk that the council will find it increasingly difficult to meet savings targets in future years and maintain financial sustainability.</p>	<p>Regular budget strategy reports to members, including scenario planning, identifying and tracking the progress of savings.</p>	<p>Assess the achievement of savings and the council's progress against funding gaps.</p> <p>Review the sustainability of the budget strategy and savings plans.</p>
<p><b>5 Service transformation</b></p> <p>The council is starting a programme of change designed to achieve savings and improve services.</p> <p>There is a risk that the council is unable to achieve the service transformation required to address its financial challenge whilst having sufficient officer time and skills to support change.</p>	<p>The "Taking Clackmannanshire Forward" project is being progressed along the main themes of target operating models, whole organisation redesign, workforce strategies and delivering services digitally.</p>	<p>Assess progress on the four main themes of the transformation programme, including progress on the workforce strategy and the corporate plan.</p> <p>Follow-up recommendations in the January 2018 Best Value Assurance Report and the issues raised in the Accounts Commission's findings (see paragraphs 31 to 35 of this plan).</p>
<p><b>6 Openness and transparency</b></p> <p>The council does not have an up to date register of interests for senior officers. There is a lack of available information regarding the interests, financial or otherwise, of senior officers, and a consequent risk of a lack of transparency.</p>	<p>Senior officers are subject to the policies in the council's employee handbook which include adherence to high standards of conduct.</p>	<p>The council has undertaken to produce a register of senior officer interests as part of the processes for producing the annual governance statement. We will review the process and documentation as part of the financial statements audit.</p>

4. The Charities Accounts (Scotland) Regulations 2006 specify the accounting and auditing requirements for Scottish registered charities. In 2016/17 the council administered four trusts with charitable status where the council was the sole trustee. The council has made arrangements so that it is no longer the sole trustee of these trusts which removes the requirement for external audit. We have prepared this plan on the basis that we are not required to audit the council's trust funds. However, we require confirmation from officers on the status of the trusts and will amend our audit approach if necessary.

## Reporting arrangements

5. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

6. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officers to confirm factual accuracy.

7. We will provide an independent auditor's report to Clackmannanshire Council and the Accounts Commission setting out our opinions on the annual accounts. We will also provide an annual report on the audit containing observations and recommendations on significant matters which have arisen in the course of the audit.

8. Under the Local Authority Accounts Regulations (Scotland) 2014 there is a requirement for the authority's audited accounts to be published by 31 October each year.

## Exhibit 2

### 2017/18 Audit outputs

Audit Output	Target date	Audit Committee (or Council) Date
Annual Audit Plan	15 March 2018	15 March 2018
Interim Management Report or letter	30 June 2018	To be confirmed
Independent Auditor's Report	30 September 2018	To be confirmed
Annual Audit Report	30 September 2018	To be confirmed

## Audit fee

9. The proposed audit fee for the 2017/18 audit of the council is £199,840 (2016/17, £199,000). In determining the audit fee we have taken account of the risk exposure of the council, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited financial statements, with a complete working papers package by 30 June 2018.

10. Where our audit cannot proceed as planned through, for example, late receipt of unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises out with our

planned audit activity, for example if we are required to audit the council's trust funds.

## Responsibilities

### Audit and Finance Committee and Management

**11.** Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

**12.** The audit of the financial statements does not relieve management or the Audit and Finance Committee as those charged with governance, of their responsibilities.

### Appointed auditor

**13.** Our responsibilities as independent auditor are established by the 1973 Act for local government and the Code of Audit Practice (including supplementary guidance) and guided by the auditing profession's ethical guidance.

**14.** Auditors in the public sector give an independent opinion on the financial statements and other specified information accompanying the financial statements. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

# Audit scope and timing

## Financial statements

**15.** The statutory financial statements audit will be the foundation and source for the majority of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of the council and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how the council will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

**16.** We will give an opinion on the financial statements as to:

- whether they give a true and fair view of the financial position of the council and its expenditure and income
- whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements
- whether the information which comprises the management commentary is consistent with the financial statements.

## Materiality

**17.** Materiality defines the maximum error that we are prepared to accept and still conclude that our objective has been achieved. It helps assist our planning of the audit and allows us to assess the impact of any audit adjustments on the financial statements.

**18.** We calculate materiality at different levels as described below. The calculated materiality values for Clackmannanshire Council are set out in [Exhibit 3](#).



## Exhibit 3

### Materiality values

Materiality level	Amount
<b>Planning materiality</b> – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2018 based on the audited accounts for 2016/17. Planning materiality will be updated for 2017/18 figures on receipt of the unaudited accounts in June 2018.	£1.94 million
<b>Performance materiality</b> – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 50% of planning materiality.	£0.97 million
<b>Reporting threshold (i.e. clearly trivial)</b> – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 2.5% of planning materiality, rounded to the nearest £10K.	£50,000

Source: Audit Scotland

**19.** We review and report on other information published with the financial statements including the management commentary, annual governance report and the remuneration report. Any issue identified will be reported to the Audit and Finance Committee.

### Timetable

**20.** To support the efficient use of resources it is critical that a financial statements timetable is agreed with us for the production of the unaudited accounts. An agreed timetable is included at [Exhibit 4](#) which takes account of submission requirements and planned Audit and Finance Committee dates:

## Exhibit 4

### Financial statements timetable

 Key stage	 Date
Latest submission date of unaudited annual accounts with complete working papers package	30 June 2018
Latest date for final clearance meeting with S95 Officer	(tbc) September 2018
Agreement of audited unsigned annual accounts Issue of Annual Audit Report including ISA 260 report to those charged with governance	By 30 September 2018
Independent auditor's report signed	By 30 September 2018

## Internal audit

**21.** Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carried out an assessment of the internal audit function. Internal audit is provided by Falkirk Council overseen by an Internal Audit Manager.

### Adequacy of Internal Audit

**22.** We reviewed the adequacy of the internal audit service and concluded that it has sound reporting arrangements in place and is complying with the main requirements of the Public Sector Internal Audit Standards.

### Areas of Internal Audit reliance

**23.** To support our audit opinion on the financial statements we plan to place formal reliance on internal audit's Payroll Transactional Testing audit.

**24.** In respect of our wider dimension audit responsibilities we also plan to consider other areas of internal audit work including:

- Cyber security
- Procurement.

## Audit dimensions

**25.** Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

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## Exhibit 5

### Audit dimensions



Source: Code of Audit Practice

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**26.** In the local government sector, the appointed auditor's annual conclusions on these four dimensions will help contribute to an overall assessment and assurance on Best Value.

### Financial sustainability

**27.** As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on the council's financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps
- whether the council can demonstrate the affordability and effectiveness of funding and investment decisions it has made.

### Financial management

**28.** Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:

- whether the council has arrangements in place to ensure systems of internal control are operating effectively
- whether the council can demonstrate the effectiveness of its budgetary control system in communicating accurate and timely financial performance
- how the council has assured itself that its financial capacity and skills are appropriate
- whether the council has established appropriate and effective arrangements for the prevention and detection of fraud and corruption.

### Governance and transparency

**29.** Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision – making and transparent reporting of financial and performance information. We will review, conclude and report on:

- whether the council can demonstrate that the governance arrangements in place are appropriate and operating effectively
- whether there is effective scrutiny, challenge and transparency on the decision-making and finance and performance reports
- the quality and timeliness of financial and performance reporting.

### Value for money

**30.** Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether:

- the council can provide evidence that it is demonstrating value for money in the use of its resources
- the council can demonstrate that there is a clear link between money spent, output and outcomes delivered
- the council can demonstrate that outcomes are improving
- there is sufficient focus on improvement and the pace of it.

## Best Value

**31.** The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. The introduction of the new approach coincides with the new five year audit appointments. Auditors will use the framework for their audit work from October 2016.

**32.** A key feature of the new approach is that it integrates Best Value into the wider scope annual audit, which will influence audit planning and reporting. Best Value will be assessed comprehensively over the five year audit appointment, both through the ongoing annual audit work, and also through discrete packages of work to look at specific issues. Conclusions and judgements on Best Value will be reported through:

- the Annual Audit Report for each council that will provide a rounded picture of the council overall
- an Annual Assurance and Risks report that the Controller of Audit will provide to the Commission that will highlight issues from across all 32 council annual audit reports
- a Best Value Assurance Report (BVAR) for each council that will be considered by the Accounts Commission at least once in a five year period.

**33.** Clackmannanshire Council was one of the six councils considered in the first year of the five year audit cycle, with the council's BVAR published in January 2018.

**34.** In its findings on the BVAR, the Accounts Commission requested a further report by the Controller of Audit on the progress made by the council. The Commission requested the progress report in June 2019 or earlier if the Controller identifies concerns that he considers should be brought to the Commission's attention before then.

**35.** As part of our annual audit work in 2017/18 we will follow-up the progress the council is making in response to the BVAR recommendations and the Commission's findings.

## Independence and objectivity

**36.** Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual "fit and proper" declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland's Ethics Partner.

**37.** The engagement lead for the council is Gordon Smail, Associate Director. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of the council.

## Quality control

**38.** International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

**39.** The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and relevant supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews, internal quality reviews and is currently reviewing the arrangements for external quality reviews.

**40.** As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

## **Adding Value**

**41.** Through our audit work we aim to add value to the council. We will do this by ensuring our Annual Audit Report provides a summary of the audit work done in the year together with clear judgements and conclusions on how well the council has discharged its responsibilities and how well it has demonstrated the effectiveness of its arrangements. Where it is appropriate we will recommend actions that support continuous improvement and summarise areas of good practice identified from our audit work.

# Clackmannanshire Council

## Annual Audit Plan 2017/18

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**Report to: Audit and Finance Committee**

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**Date of Meeting: 15 March 2018**

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**Subject: Internal Audit Progress Report 2017/18**

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**Report by: Internal Audit Manager**

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## **1.0 Purpose**

- 1.1. The purpose of this report is to provide an update on progress with completing the 2017/18 Internal Audit Plan.

## **2.0 Recommendations**

- 2.1. The Committee is asked to note progress being made with completing the 2017/18 Internal Audit Plan.

## **3.0 Progress With Completing 2017/18 Internal Audit Plan**

- 3.1. The Plan was agreed by Audit and Finance Committee on 16 March 2017. It set out sixteen assignments to be completed by the team during the year.
- 3.2. Two additional assignments have been undertaken, at the request of Services:
- Validation of the Council's Submission in Relation to the Public Body Duties Set Out in the Climate Change (Scotland) Act 2009; and
  - Vehicle Management and Usage (within Waste Services and Property Services).
- 3.3. Our Plan for 2017/18 included work on Procurement and Contract Monitoring. We have reviewed Procurement Governance arrangements, and undertaken more detailed work on the contract management arrangements across a sample of contracts. This has resulted in two, rather than one, report.
- 3.4. The Plan also included a review of Social Care and Education Transport. Again, due to differences in arrangements across the two Services, we have set out our findings in two separate reports.
- 3.5. At the previous meeting of this Committee, in January 2018, I proposed deferring planned work on Public Protection Governance to accommodate these additional assignments. Our 2018/19 Internal Audit Plan is included

elsewhere on the agenda of this meeting, and work on public protection has been scheduled for the early part of next year.

- 3.6. A summary of the status of this year’s work is attached at **Appendix 1**. All assignments have now been started or completed. A summary of the scope of, and findings arising from, each assignment completed to final report stage is set out at **Appendix 2**. Definitions of the assurance categories used by Internal Audit are set out at **Appendix 3**.
- 3.7. As per the Joint Working Agreement between Clackmannanshire and Falkirk Councils, Internal Audit measures performance against the following Key Performance Indicators (KPI).

Key Performance Indicator	2017/18 to date
Complete <b>85%</b> of main audit programme	<b>65%</b>
Have <b>90%</b> of recommendations accepted	<b>100%</b>
Issue <b>75%</b> of draft reports within 3 weeks of completion of fieldwork	<b>100%</b>
Complete (to issue of final report) <b>75%</b> of main audits within budget	<b>82%</b>

- 3.8. Performance is as expected and we will meet, or exceed, target for each of the KPIs.

#### 4.0 Conclusions

- 4.1. The team has now completed, or is in the process of completing, all planned 2017/18 work (subject to adjustments at paragraphs 3.2 – 3.5). This will allow a balanced and evidence based opinion on arrangements for risk management, governance, and control to be provided in the Internal Audit Annual Assurance Report that will be presented to the 17 May meeting of this Committee.

#### 5.0 Sustainability Implications

- 5.1. None noted

#### 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                          | <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 type="checkbox"/> |

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

## 8.0 Equalities Impact

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

## 9.0 Legality

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

## 10.0 Appendices

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

- **Appendix 1:** Internal Audit Plan 2017/18 – Progress at February 2018
- **Appendix 2:** Summary of Each Assignment Completed to Final Report Stage
- **Appendix 3:** Definition of Internal Audit Assurance Categories

## 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
Gordon O'Connor	Internal Audit Manager	07872 048 030

### Approved by

NAME	DESIGNATION	SIGNATURE
Stephen Coulter	Head of Resources and Governance	Signed: S Coulter
Nikki Bridle	Depute Chief Executive	Signed: N Bridle

## Internal Audit Plan 2017/18 – Progress at February 2018

Planned Assignments (as per 2017/18 Internal Audit Plan)			
	Service	Assignment	Status
1.	All Services	Pensions Transactional Testing	Work In Progress
2.	Resources and Governance / All Services	Payroll Transactional Testing	<b>Draft Report Issued</b>
3.	Resources and Governance / All Services	Recruitment and Selection	<b>FINAL REPORT ISSUED</b> Limited / Substantial Assurance
4.	Housing and Community Safety / All Services	Sundry Debtors	<b>FINAL REPORT ISSUED</b> Substantial Assurance
5.	Resources and Governance / All Services	Procurement Governance AND Contract Monitoring	<b>FINAL REPORTS ISSUED</b> <ul style="list-style-type: none"> <li>• <b>Procurement Governance:</b> Limited Assurance</li> <li>• <b>Contract Monitoring:</b> Limited / Substantial Assurance</li> </ul>
6.	Resources and Governance	Cyber Security	Work In Progress
7.	Social Services	Public Protection - Governance	<b>Defer into 2018/19 Plan</b>
8.	Social Services / Education Services	Social Care and Education Transport	<b>FINAL REPORTS ISSUED</b> <ul style="list-style-type: none"> <li>• <b>Social Care Transport:</b> Substantial Assurance</li> <li>• <b>Education Transport:</b> Substantial Assurance</li> </ul>
9.	All Services	Cash and Income Collection	<b>FINAL REPORTS ISSUED</b> <ul style="list-style-type: none"> <li>• Speirs Centre</li> <li>• St Mungo's Primary School</li> <li>• Park Primary School</li> </ul>
10.	Education Services	Pupil Equity Fund	Work In Progress
11.	All Services	Follow Up of Internal Audit Recommendations	Ongoing
12.	All Services	Ad Hoc / Consultancy Work	Ongoing
13.	All Services	National Fraud Initiative	Ongoing
14.	All Services	Continuous Auditing	<b>FINAL REPORT ISSUED</b> Duplicate Creditors payments of £116k identified – April 2016 to present
15.	Clacks and Stirling IJB	Financial Projections	Work In Progress
16.	Central Scotland VJB	IT Control Environment / General Electoral Roll Registration Process	Work In Progress

Additional Assignments			
	Service	Assignment	Status
1.	Development and Environmental	Validation of Climate Change (Scotland) Act 2009 Return	<b>FINAL REPORT ISSUED</b> Substantial Assurance
2.	Development and Environmental / Housing and Community Safety	Vehicle Management and Usage, Bulky Uplifts, and Garden Aid	<b>FINAL REPORT ISSUED</b> N/A as Consultancy Basis

### Summary of Each Assignment Completed to Final Report Stage

Assignment	Service	Assurance
Recruitment and Selection	Resources and Governance / All Services	Limited / Substantial
Scope	Final Report Executive Summary	
<p>We reviewed arrangements for the recruitment and selection of permanent, temporary, and casual staff. In particular:</p> <ul style="list-style-type: none"> <li>• policies, procedures, and guidance;</li> <li>• advertisement, application, assessment, and approval arrangements, including pre-employment checks;</li> <li>• the process for appointing successful applicants, including salary placement and contract award processes; and</li> <li>• procedures for notifying HR, Payroll, and Pensions of the outcome from the recruitment and selection process.</li> </ul>	<p>We provided <b>Limited Assurance</b> in relation to the adequacy of the Recruitment and Selection Policy and the associated training arrangements, and <b>Substantial Assurance</b> in relation to the corporate processes followed to recruit staff.</p> <p>The Recruitment and Selection Policy was last revised in May 2007. This has been recognised by Human Resources and a new draft Policy has been prepared. There remains some scope for improving this further, for example by including greater clarity on the pre-employment checks required when recruiting internal candidates to a different post.</p> <p>The Policy requires that all staff involved in the process must be trained. It has been a number of years since any training has been organised (this was the responsibility of the corporate Learning and Development Adviser). Human Resources have recognised this and are currently working on a training programme to be available later this year.</p> <p>We found there to be instances where the audit trail was incomplete. In particular, there was a lack of documentation to confirm why applicants have, and have not, been selected for interview (eg shortlisting and interview scoring matrices not fully completed and / or certified by panel members). There were inconsistencies in documentation being retained for individual recruitment exercises.</p>	

Assignment	Service	Assurance
Sundry Debtors	Housing and Community Safety / All Services	Substantial
Scope	Final Report Executive Summary	
<p>We tested different sundry debtor transaction types, and reviewed supporting policies and procedures. In particular, we tested:</p> <ul style="list-style-type: none"> <li>• new sundry debtor accounts;</li> <li>• changes to sundry debtor accounts; and</li> <li>• sundry debtor invoices (including cancelled invoices).</li> </ul> <p>We also tested debt management, arrears, and write off controls. Audit testing of a sample of council tax, NDR, sundry debtor, and former tenant arrears transactions, and write offs, focussed on:</p> <ul style="list-style-type: none"> <li>• outstanding debt, to ensure that appropriate recovery action was being taken; and</li> <li>• 2016/17 debt write offs, to ensure that appropriate action was taken to assess the likelihood of full or partial debt collection, and that the debt write off was appropriately authorised.</li> </ul>	<p>We provided <b>Substantial Assurance</b> in relation to the adequacy of the key controls for sundry debtor transactions, debt management, and write offs. This was based on the results of our testing of a sample of processed sundry debtor transactions.</p> <p>The arrangements for identifying and recording sundry debtor payments are robust, with debt write offs for the 2016/17 financial year authorised in line with the Council's Recovery and Write Off Policy.</p> <p>We did, however, note a number of areas where there was scope for further improving the existing framework of control.</p> <p>We found several instances where the audit trail was incomplete. In particular, there was a lack of documentation being retained by Services to support new or amended debtor accounts, and the raising or cancelling of invoices. In addition, the authorisation arrangements within Services for these transactions require to be reviewed to ensure they are consistent and being authorised by the appropriate Officer.</p> <p>We have recommended that an Authorised Signatory List should be established for Service requests to cancel sundry debtor invoices. We have also suggested that the functionality within the Tech One system should be utilised to enable supporting documentation to be available electronically.</p> <p>Our work highlighted there is scope for establishing corporate written procedures. These should be developed for creating or amending debtor accounts, raising or cancelling invoices, and identifying accounts for write off.</p>	

Assignment	Service	Assurance
Procurement Governance	Resources and Governance / All Services	Limited
Scope	Final Report Executive Summary	
We reviewed procurement governance arrangements, roles, and responsibilities.	<p>We provided <b>Limited Assurance</b> in relation to procurement governance arrangements.</p> <p>This assurance was broadly based on the level of monitoring, reviewing, and reporting of current procurement activity to senior management and to elected Members. Information provided is mainly historical and does not relate to current procurement activity. In our view, this is a significant weakness as procurement activity accounts for c£61m of annual expenditure. In addition, the need for senior management to be aware of all procurement activity is particularly important given the significant savings that procurement could potentially deliver.</p> <p>There were effective elements of the governance arrangements. A Procurement Strategy has been developed and there are regular meetings of the Procurement Matters Group. The Procurement Manager was clear about roles and responsibilities, and corporate procurement guidance is kept under constant review. Contract Standing Orders are in the process of being updated.</p>	

Assignment	Service	Assurance
Contract Management and Monitoring	Resources and Governance / All Services	Limited / Substantial
Scope	Final Report Executive Summary	
<p>Our contract management and monitoring work focused on a sample of Service managed contracts:</p> <ul style="list-style-type: none"> <li>• Facilities Management Repairs and Maintenance;</li> <li>• Mental Health Counselling for Adults; and</li> <li>• Fencing Replacement.</li> </ul> <p>For each of these contracts we reviewed:</p> <ul style="list-style-type: none"> <li>• financial controls, including budget setting and monitoring arrangements, and billing and invoice validation / approval procedures; and</li> <li>• contract management and monitoring arrangements.</li> </ul>	<p>We provided a separate assurance for each of the contracts reviewed.</p> <p>In overall terms, we found that staff were clear about their roles and responsibilities.</p> <p>We could, however, provide only <b>Limited Assurance</b> in relation to the Facilities Management Repairs and Maintenance contract. While contract management and monitoring arrangements have evolved and improved, our assurance is based on the arrangements across the lifetime of the contract.</p> <p>There has been a significant overspend on the Facilities Management Repairs and Maintenance contract. This has not been reported to Committee, as required by Section 53 of Contract Standing Orders.</p> <p>In addition, the supplier has provided services that were not included in the original contract specification. There has been a lack of robust monitoring of spend by the contract manager, with a number of officers involved in engaging the supplier's services.</p> <p>We provided <b>Substantial Assurance</b> in relation to the Mental Health Counselling for Adults contract. This was being well managed and monitored with adequate segregation of duties in place for the ordering of, and payment for, services.</p> <p>We also provided <b>Substantial Assurance</b> in relation to the Fencing Replacement contract (albeit with the caveat below). The contract was being managed and monitored with adequate segregation of duties in place for the ordering of, and payment for, services. The spend on contract work was on budget.</p> <p>However, the supplier was also being used for reactive repairs, which are not part of the contract. These repairs are being initiated and approved by teams that are not within the span of control of the contract manager. Reactive repair spend (ie off contract spend) has totalled £129,491 over the period September 2016 to December 2017.</p> <p>A common theme across the contracts tested is that there is no specific contract budget embedded within the Tech One finance system. Contract expenditure is allocated to ledger codes which are not restricted to particular contracts. This could result in failure to identify contracts exceeding their original agreed value.</p>	

Assignment	Service	Assurance
<b>Social Care Transport</b>	Social Services	<b>Substantial</b>
Scope	Final Report Executive Summary	
<p>We reviewed arrangements:</p> <ul style="list-style-type: none"> <li>for ensuring that all drivers and transport assistants are vetted under the Protection of Vulnerable Groups scheme;</li> <li>for checking driver licensing, vehicle and passenger insurance, and the road worthiness of vehicles; and</li> <li>the arrangements for ensuring the suitability of volunteer drivers.</li> </ul>	<p>We provided <b>Substantial Assurance</b> in relation to the adequacy of Social Services transport management arrangements.</p> <p>We found that controls around transport management were sound. The staff in the business areas we visited had a clear understanding of their roles and responsibilities.</p> <p>We found that all drivers and passenger escorts were PVG Scheme members. We were also content with the arrangements in place to record and monitor vehicle usage, and for vehicle storage and security.</p> <p>Given the ongoing demand for transport services by service users, we have recommended that a formal Transport Policy is developed to ensure clarity and consistency of transport entitlement and provision.</p>	

Assignment	Service	Assurance
<b>Education Transport</b>	Education Services	<b>Substantial</b>
Scope	Final Report Executive Summary	
<p>We reviewed arrangements:</p> <ul style="list-style-type: none"> <li>for ensuring that all drivers and transport assistants are vetted under the Protection of Vulnerable Groups scheme; and</li> <li>for checking driver licensing, vehicle and passenger insurance, and the road worthiness of vehicles.</li> </ul>	<p>We provided <b>Substantial Assurance</b> in relation to the adequacy of Education transport arrangements.</p> <p>We found that controls around transport management were generally sound. The staff who manage this process on a day to day basis had a clear understanding of their roles and responsibilities.</p> <p>We found that all passenger escorts were PVG Scheme members.</p> <p>We did, however, recommend that the SLA (between Education Services and Stirling and Clackmannanshire Councils Public Transport Unit (PTU), which is staffed and operated by Stirling Council) could be more specific in relation to the driver and vehicle checks being carried out, and for the requirement that the PTU provides assurance that these checks have been satisfactorily completed.</p>	

Assignment	Service	Assurance
<b>Cash and Income Collection</b>	Strategy and Customer / Education Services	<b>N/A – Spot Checks</b>
Scope	Final Report Executive Summary	
<p>Over the course of the year we visited the following three premises to review local cash handling and safe security arrangements:</p> <ul style="list-style-type: none"> <li>Speirs Centre;</li> <li>St Mungo's Primary School; and</li> <li>Park Primary School.</li> </ul> <p>As part of the visit to the Speirs Centre we also reviewed wider security arrangements.</p>	<p><b>Speirs Centre:</b></p> <p>Cash floats and income collected at the time of the visit were complete and reconciled. The arrangements for the handover of income to the external security firm for banking were also operating effectively.</p> <p>There was scope for improving the control framework by ensuring:</p> <ul style="list-style-type: none"> <li>up to date written income handling, banking, and security procedures are in place;</li> <li>cash drawers are locked when not in use and excess cash is stored securely in the safe; and</li> <li>the physical security of the office is reviewed.</li> </ul> <p><b>St Mungo's Primary School:</b></p> <p>We were generally content with the processes being followed, though there was a need to ensure that:</p> <ul style="list-style-type: none"> <li>a log is maintained of safe contents; and</li> <li>an additional safe key is obtained.</li> </ul>	

Assignment	Service	Assurance
Cash and Income Collection	Strategy and Customer / Education Services	N/A – Spot Checks
Scope	Final Report Executive Summary	
	<p>In general, income is counted and banked by administration staff, with the Banking Income Analysis form signed by the Headteacher. There were no written income handling and banking procedures in place at the school. Procedures on the roles and responsibilities of staff regarding the collection, storing, reconciliation, and banking of income should be established and rolled out across all schools.</p> <p><b>Park Primary School:</b> Internal Audit's visit to Park Primary School followed two separate thefts of cash that had been reported to Internal Audit and the Police. The purpose of our visit was to discuss with the Depute Headteacher and administration staff the arrangements for cash and safe security.</p> <p>Since the thefts a number of changes had been made to the arrangements for storing school monies:</p> <ul style="list-style-type: none"> <li>• the original safe was no longer being used as it was identified by the Police as being potentially unsecure;</li> <li>• a locked filing cabinet was being used as an interim measure; and</li> <li>• two new safes and a key safe had been purchased by the school.</li> </ul> <p>We acknowledged that work was in progress to improve the framework of control. In addition to what is planned there was a need to ensure that a log is maintained of all safe contents.</p> <p>We re-iterated the recommendation above that procedures on the roles and responsibilities of staff are established and rolled out to all schools.</p>	

Assignment	Service	Assurance
Continuous Auditing	All Services	N/A – Ongoing Assurance
Scope	Final Report Executive Summary	
<p>This involved analysing Creditors payment file data (payments to suppliers of goods and services) to identify any potential duplicate payments.</p> <p>We used audit interrogation software to identify any matches on invoice date, invoice amount, and invoice number. We then checked our initial results on Tech One to identify any cancelled payments; payments made to different suppliers; and duplicate payments that have already been identified and either cancelled or monies recovered. We also reviewed the scanned version of the invoices on Tech One.</p>	<p>For the period April 2017 to September 2017 we identified 23 potential duplicate payments, with a value c£24,000.</p> <p>The first stage of this work covered the period April 2016 to March 2017. The findings arising from this work were reported to management in July 2017, and identified 72 potential duplicate payments with a value c£90,000.</p>	

Assignment	Service	Assurance
<b>Validation of Climate Change (Scotland) Act 2009 Return</b>	Development and Environment	<b>Substantial</b>
<b>Scope</b>	<b>Final Report Executive Summary</b>	
<p>The Climate Change (Scotland) Act 2009, introduced the requirement for public bodies to report on their climate change duties. The Council's annual report had to be submitted to the Sustainable Scotland Network by 30 November.</p> <p>The annual report format is a standard template split into:</p> <ul style="list-style-type: none"> <li>• Profile of Reporting Body;</li> <li>• Governance, Management, and Strategy;</li> <li>• Emissions, Targets, Projects;</li> <li>• Adaptation; and</li> <li>• Procurement.</li> </ul> <p>Internal Audit work focused on reviewing the reporting arrangements and the accuracy of the information in the report.</p>	<p>We provided <b>Substantial Assurance</b> on the Council's reporting arrangements and the accuracy of the information in the report.</p> <p>We made one recommendation, relating to enhancing the audit trail associated with the reporting process by using an electronic evidence pack to support each of the sections of the report.</p> <p>During the course of our audit work we also identified issues which should be considered for future years' reporting. These related to the inclusion of Waste Management related emission sources in the annual report, and the inclusion of data for all carbon reduction projects.</p> <p>In addition, we suggested that target dates are set for updating the Sustainability and Climate Change Strategy, establishing a Carbon Management Group, revising the Carbon Management Plan, and developing a Climate Change Adaptation Strategy.</p>	

Assignment	Service	Assurance
<b>Vehicle Management and Usage (within Waste Services and Property Services)</b>	Development and Environmental / Housing and Community Safety	<b>N/A – Consultancy Basis</b>
<b>Scope</b>	<b>Final Report Executive Summary</b>	
<p>Supervisory and monitoring roles and responsibilities of Service management in relation to:</p> <ol style="list-style-type: none"> <li>1. Vehicle Management and Usage (Waste Services and Property Maintenance): <ul style="list-style-type: none"> <li>• vehicle management policies, procedures, and guidance;</li> <li>• recording and monitoring of vehicle usage; and</li> <li>• expenditure on vehicle maintenance and fuel.</li> </ul> </li> <li>2. Bulky Waste Uplifts: <ul style="list-style-type: none"> <li>• approving and monitoring service requests, work rotas, and works undertaken;</li> <li>• ensuring that service charges are accurately recorded and billed for.</li> </ul> </li> <li>3. Garden Aid: <ul style="list-style-type: none"> <li>• approving and monitoring service requests, work rotas, and works undertaken; and</li> <li>• the stock control of Garden Aid equipment.</li> </ul> </li> </ol>	<p>This work did not result in a formal Internal Audit report. It identified various common themes and operational findings that will form the basis of an action plan. The Internal Audit team are in the process of agreeing the content of that action plan with the Team Leader (Traffic and Transportation).</p> <p>Key common themes identified were:</p> <ul style="list-style-type: none"> <li>• No evidence of review of size of fleet by Services (eg, on an annual basis) to ensure continuing need and that best value is being achieved. No fleet related management information provided, by Fleet Services, to managers and supervisors since April 2017.</li> <li>• No corporate guidance detailing the roles and responsibilities of all vehicle users (and their supervisors). There is a Code of Practice for the Use of Council Vehicles dating from 2007. Updated corporate guidance should cover: <ul style="list-style-type: none"> <li>○ requirement for first vehicle checks;</li> <li>○ details of when vehicles can and cannot be used;</li> <li>○ who can drive the vehicles;</li> <li>○ what vehicles are authorised to be taken home (and who approves this);</li> <li>○ the requirement to complete logbooks and for logbook review;</li> <li>○ refueling arrangements; and</li> <li>○ steps to be followed if vehicle is involved in an accident.</li> </ul> </li> <li>• Telematics not widely used for monitoring purposes by managers or supervisors. Automated reports are being provided from Telematics on speed limits, idling time, and mileage but no indication that this is being reviewed. Could be better use of system functionality to highlight issues which require further manager or supervisor review (eg, vehicle not used, vehicle out with Clackmannanshire boundary, high daily mileage etc.).</li> <li>• Roles and responsibilities of supervisors for day to day vehicle management should be recorded in their job descriptions.</li> </ul>	



### Definition of Internal Audit Assurance Categories

Level of Assurance	Definition
<b>Substantial assurance</b>	Largely satisfactory risk, control, and governance systems are in place. There is, however, some scope for improvement as current arrangements could undermine the achievement of objectives or leave them vulnerable to error or abuse.
<b>Limited assurance</b>	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse.
<b>No assurance</b>	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.



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**Report to: Audit and Finance Committee**

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**Date of Meeting: 15 March 2018**

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**Subject: Internal Audit Plan 2018/19**

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**Report by: Internal Audit Manager**

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### **1.0 Purpose**

- 1.1. This report presents an Internal Audit Plan for 2018/19.

### **2.0 Recommendations**

- 2.1. The Committee is asked to:
- note the resources available to Internal Audit, within the context of the joint working agreement with Falkirk Council;
  - approve planned Internal Audit coverage for 2018/19; and
  - note that progress will be reported to Audit and Finance Committee on an ongoing basis.

### **3.0 Considerations**

- 3.1. The Public Sector Internal Audit Standards 2017 (PSIAS) require the Internal Audit Manager to prepare a risk based Internal Audit Plan (the Plan) setting out the section's annual work programme. The Plan should take account of the Council's risk and performance management arrangements, and detail the resources available to Internal Audit.
- 3.2. The 2017/18 Internal Audit Plan was delivered via a joint working agreement arrangement with Falkirk Council. This was initially set up as a one year pilot, with extension dependent upon satisfactory delivery of planned Internal Audit work.
- 3.3. On the basis that all planned 2017/18 work will be delivered, the joint working agreement will be rolled forward for a further two years (covering 2018/19 and 2019/20) with the option of a further year.
- 3.4. As with 2017/18, the Internal Audit Manager will have overall responsibility for ensuring delivery of all planned assignments. Clackmannanshire Council's Internal Audit Officer will continue to work with various members of Falkirk Council's Internal Audit Team to deliver audit work.

- 3.5. The resource available to Internal Audit will remain unchanged, and is summarised in the table below:

Activity	Planned Days
Planned Assignment Time	331
Ad Hoc / Consultancy Work	40
Work on Recommendations Outstanding	10
<b>Total Direct Internal Audit Activity</b>	<b>381<sup>1</sup></b>

- 3.6. Planned Assignment Time can be further broken down into the following three categories:

- **Annually Recurring Assignments:** these are assignments that Internal Audit is committed to undertaking on an annual basis. They will be completed as demand requires, and time permits, over the course of the year. A summary of each of these assignments is set out at **Appendix 1**;
- **Committed Assignments – April 2018 to September 2018:** It is inevitable that there will be changes to the risk profile of the Council, and the wider external environment (locally and nationally) over the course of the year. On that basis, it would be prudent to ‘commit’ to undertaking a fixed programme of assignments for only the first six months of the year. Details of the reviews to be undertaken between April and September are set out at **Appendix 2**.
- **Indicative Plan – October 2018 to March 2019:** while it is desirable to ensure that there is a degree of flexibility in the latter part of the year to react to any changes in the Council’s risk profile, there remains a need to set out an ‘indicative’ plan for that period. This is set out at **Appendix 3**.

- 3.7. For each planned assignment, a more detailed Terms of Reference will be agreed with the relevant Chief Officer prior to the commencement of fieldwork. This will set out key risks, and the scope of work to be undertaken.
- 3.8. On completion of each review, Internal Audit will issue a draft report to the Chief Officer. In most instances, this will include an opinion on the adequacy of risk management, governance, and control arrangements in the area under review, and an action plan setting out any recommendations for improvement. The assurance will be provided in line with the definitions set out at **Appendix 4**.
- 3.9. For some assignments no overall assurance will be provided. This may be the case where, for example, Internal Audit undertake work in relation to a developing system and issue a Position Statement rather than a full report (although recommendations may still be raised), or where we are involved as part of a longer term workstream.

<sup>1</sup> Including provision of Internal Audit service to Central Scotland Valuation Joint Board and Clackmannanshire and Stirling Integration Joint Board.

- 3.10. Where Internal Audit do make recommendations, Service managers will be required to provide formal responses (including action dates). The report and completed action plan will then form the final record of the assignment, with the implementation of recommendations monitored and managed via the corporate Pentana system.
- 3.11. Progress with completing the 2018/19 Internal Audit Plan will be reported to Committee throughout the year.
- 3.12. On an annual basis, an Internal Audit Assurance Report will be presented to Committee. This will give an overall opinion on the Council's risk management, governance, and control arrangements, based on the work Internal Audit has carried out over the course of the year.

#### 4.0 Sustainability Implications

- 4.1. None noted

#### 5.0 Resource Implications

##### 5.1. *Financial Details*

- 5.2. 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

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

##### 5.4. *Staffing*

#### 6.0 Exempt Reports

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

#### 7.0 Declarations

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

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

- The area has a positive image and attracts people and businesses
- 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)

**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:** Internal Audit Plan 2018/19 – Annually Recurring Assignments.
- **Appendix 2:** Internal Audit Plan 2018/19 – Committed Assignments – April 2018 to September 2018.
- **Appendix 3:** Internal Audit Plan 2018/19 – Indicative Assignments – October 2018 to March 2019.
- **Appendix 4:** Definition of Internal Audit Assurance Categories.

**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
Gordon O'Connor	Internal Audit Manager	07872 048 030

**Approved by**

NAME	DESIGNATION	SIGNATURE
Stephen Coulter	Head of Resources and Governance	Signed: S Coulter
Nikki Bridle	Depute Chief Executive	Signed: N Bridle

## INTERNAL AUDIT PLAN 2018/19 – ANNUALLY RECURRING ASSIGNMENTS

No.	Service	Purpose and Scope of Assignment
A1	All Services	<p><b>Continuous Auditing</b></p> <p>The purpose of continuous auditing work is to consider, review, and test transactional systems on an ongoing basis.</p> <p>For 2017/18 this focussed on the testing of payments to suppliers of goods and services to identify any duplicate amounts paid. Given the findings arising from that work, we will again direct continuous auditing resource towards the analysis of creditors payments.</p>
A2	All Services	<p><b>National Fraud Initiative</b></p> <p>The National Fraud Initiative (NFI) is a bi-ennial counter fraud exercise using data matching to identify potential fraud and error. In Scotland, the NFI is administered by Audit Scotland, with the results of the data matching exercise made available to individual Councils via a secure website.</p> <p>The Head of Resources and Governance and Internal Audit Manager are joint 'key contacts' for Clackmannanshire Council. The role of the 'key contact' is to co-ordinate the gathering of data from Services and to the upload that data to the secure NFI web portal. When the outcomes arising from Audit Scotland's data matching are released back to the Council it is the responsibility of the 'key contact' to co-ordinate and support Services in their investigation of those matches.</p>
A3	Development and Environmental	<p><b>Climate Change Act Public Body Duties Audit</b></p> <p>The Climate Change (Scotland) Act introduced the requirement for public bodies to report on their climate change duties. The Council must submit an Annual Report to the Sustainable Scotland Network (SSN). This report must cover areas such as climate change governance, management, and strategy, emissions, targets, and projects.</p> <p>Internal Audit will review reporting arrangements, and the accuracy of the information included in the report, prior to submission to the SSN.</p>
A4	All Services	<p><b>Cash and Income Collection</b></p> <p>Internal Audit will undertake a programme of visits to cash-handling sites across Council Services, with a view to ensuring that appropriate systems of control have been established to protect Council and client funds and valuables, and the staff responsible for handling these.</p>

No.	Service	Purpose and Scope of Assignment
A5	All Services	<p><b>Follow Up of Internal Audit Recommendations</b> All recommendations made by Internal Audit will be uploaded to the Pentana performance management system, with responsibility for implementing each recommendation allocated to the relevant manager.</p> <p>While Internal Audit will not follow up on the implementation of all recommendations, we have allocated time to the targeted follow up of a sample of these.</p>
A6	All Services	<p><b>Ad hoc / Consultancy Work</b> The Public Sector Internal Audit Standards are clear that the provision of ad hoc consultancy and advice to Services is a key element of Internal Audit's role.</p> <p>This time will be used to work closely with Services on things like: involvement in corporate projects and working groups; the provision of advice on guidance and controls; short term assignments requested by Services; and input into the investigation of actual or alleged irregularities.</p>
A7	Clackmannanshire and Stirling Integration Joint Board	<p><b>Clackmannanshire and Stirling Integration Joint Board</b> Stirling Council's Audit Manager fulfils that role for the Integration Joint Board (IJB) for the three years from 01 April 2016. He will present an Internal Audit Plan for 2018/19 to the IJB Audit Committee in due course.</p> <p>Clackmannanshire Council's Internal Audit team will again provide resource to support the IJB Audit Manager in discharging his duties.</p>
A8	Central Scotland Valuation Joint Board	<p><b>Central Scotland Valuation Joint Board</b> To be determined and agreed with Board management.</p>

**INTERNAL AUDIT PLAN 2018/19 – COMMITTED ASSIGNMENTS – APRIL 2018 TO  
SEPTEMBER 2018**

No.	Service	Purpose and Scope of Assignment
A9	Social Services	<p><b>Public Protection (Children and Families) - Governance</b> This assignment is carried forward from 2017/18.</p> <p>We will review Public Protection governance arrangements, including strategy, policy and procedures, and processes for ensuring their practical application.</p> <p>In particular, we will review arrangements for partnership working (for example through information sharing protocols) and for the provision of meaningful management information and reports.</p> <p>Our work in this area will help provide assurance on the management of the corporate risk 'Harm to Children'.</p>
A10	Education / All Services	<p><b>Building Security (Operational Council Buildings)</b> Internal Audit will review controls established to manage the risks to the security of operational Council buildings.</p> <p>We will visit a sample of buildings across all Council Services and test local security controls and arrangements. Particular emphasis will be placed on school security.</p> <p>This audit work links to the corporate risks 'Health and Safety Non-Compliance' and 'Harm to Children'.</p>
A11	Strategy and Customer / All Services	<p><b>PREVENT (Counter Terrorism) and Serious Organised Crime Readiness</b> We will review the Council's approach to embedding the duties and principles set out in:</p> <ul style="list-style-type: none"> <li>• <a href="#">PREVENT Duty Guidance for Scotland</a>; and</li> <li>• <a href="#">Scotland's Serious Organised Crime Strategy</a>.</li> </ul> <p>This will include overarching governance arrangements, and more detailed plans setting out operational actions. This work will help provide assurance on the management of the corporate risks 'Failure to Prevent Extremism and / or Radicalisation' and 'Failure to Address Serious Organised Crime'.</p>
A12	Resources and Governance	<p><b>Supplier Set Up and Supplier Bank Account Changes</b> We will review controls over the input and authorisation of supplier information to the Tech One system, and the subsequent, ongoing, maintenance of the supplier database. This will include the process for making any changes, particularly to supplier bank account details. Internal Audit work in this area links into the corporate risk 'Insufficient Financial Resilience'.</p>

No.	Service	Purpose and Scope of Assignment
A13	Internal Audit	<p><b>External Quality Assessment – Participation in External Quality Assurance Programme</b></p> <p>Clackmannanshire Council's Internal Audit section will be subject to External Quality Assessment (EQA). Five yearly EQA is required by the Public Sector Internal Audit Standards.</p> <p>The review will be undertaken by another Local Authority's Internal Audit Manager, and will require preparation and engagement on the part of Internal Audit.</p>

**INTERNAL AUDIT PLAN 2018/19 – INDICATIVE ASSIGNMENTS – OCTOBER 2018 TO  
MARCH 2019**

No.	Service	Purpose and Scope of Assignment
A14	Resources and Governance / All Services	<p><b>Health and Safety – Statutory Electrical Inspections</b></p> <p>The Health and Safety Act 1974 places a duty on employers to ensure, so far as is reasonably practicable, the health, safety and welfare at work of their employees.</p> <p>The Electricity at Work Regulations 1989 build on this by requiring the proper maintenance of fixed electrical wire installations.</p> <p>We will review the Council's arrangements for ensuring compliance with these requirements across its operational estate, and by doing so will provide assurance on the mitigation of the corporate risk 'Health and Safety Non-Compliance'.</p>
A15	Resources and Governance	<p><b>GDPR Readiness</b></p> <p>This work will focus on the Council's plans and processes for implementing and embedding the General Data Protection Regulations, which come into force on 25 May 2018.</p> <p>We will review roles and responsibilities, policies and procedures, and arrangements for ensuring that all staff are aware of, and receive adequate guidance and training to comply with, the new Regulations.</p> <p>Our work in this area relates to mitigation of the corporate risk 'Information Not Managed Effectively'.</p>
A16	All Services	<p><b>Sickness Absence</b></p> <p>We will review the Council's corporate approach to managing and monitoring both short and long term sickness absence. This will include the availability of policy, guidance, and training to staff, and the adequacy and clarity of corporate and Service specific management information.</p> <p>If time allows we will also review arrangements within one, or a small sample of, specific business areas.</p>
A17	Development and Environmental	<p><b>Procurement – Waste Services</b></p> <p>As part of our 2017/18 Internal Audit Plan we reviewed Procurement Governance Arrangements and contract management and monitoring in relation to three specific contracts.</p> <p>2018/19 work will build on that, following up on recommendations arising from these reviews. We will also review procurement arrangements within a specific business area, possibly Waste Services, although this may change as the year progresses.</p>

No.	Service	Purpose and Scope of Assignment
A18	Development and Environmental	<b>LED Streetlighting Project – Benefits Realisation</b> The Council's project to replace conventional street lights with LED street lights commenced in December 2014, continuing through to 2019/20. The project aims to reduce power bills and carbon emissions. Our work will focus on arrangements for measuring and assessing the outcomes and benefits accruing from the project, and for reporting on these.

## DEFINITION OF INTERNAL AUDIT ASSURANCE CATEGORIES

Level of Assurance	Definition
<b>Substantial Assurance</b>	Largely satisfactory risk, control, and governance systems are in place. There may be some scope for improvement as current arrangements may undermine the achievement of objectives or leave them vulnerable to error or abuse.
<b>Limited Assurance</b>	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse.
<b>No Assurance</b>	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.



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**Report to Audit and Finance Committee**

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**Date of Meeting: 15 March 2018**

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**Subject: Council Financial Performance 2017/18 – December Outturn**

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**Report by: Chief Accountant**

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**Purpose**

- 1.1 This paper provides an update on the financial performance of the Council in respect of both revenue and capital spend for the current financial year, 2017/18.

**2.0 Recommendations**

2.1 The Committee is asked to note:

2.1.1 The forecast General Fund revenue underspend for the year of (£0.661m).

2.1.2 Progress on delivering planned savings in the year.

2.1.3 The favourable forecast outturn of £0.656m on the Housing Revenue Account.

2.1.4 The underspend in General Services capital of £5.713m of which £2.102m is grant income received earlier than anticipated and £3.589m is proposed to be carried forward to 2018/19.

2.1.5 The forecasted underspend on HRA capital of £4.139m of which £0.447m is additional income from house and land sales. £0.051m of the underspend is proposed to be carried forward with the balance been taken as an underspend within the year.

**2.2 Background**

This report summarises the draft financial position of the Council for the financial year ended 31<sup>st</sup> March 2018. This report consolidates all of the detailed service financial data to provide a corporate position. The report also provides detail of individual Service positions. The forecast Outturn position reflected in this report will be reviewed and updated throughout the year by service managers with the support of Accountancy.

**3.0 General Fund Revenue**

3.1 Appendix A to this paper sets out the actual spend for each service area.

- 3.2 Overall the Council's net service expenditure this year is forecasting an underspend of (£0.661m) for the year ended 31<sup>st</sup> March 2018. This is a favourable increase of (£0.165m) since the October forecast reported to this Committee in January. Management action continues to restrict spend to only committed or essential spend.
- 3.3 Overall service expenditure is projecting an underspend of (£0.434m) and a further underspend within the Loans Fund of (£0.77m) and Council Tax over-recovery of income (£0.150m). Most services are forecasting an underspend however this is offset by a projected overspend of £1.196m within Corporate Services which relates to unachievable savings in the year. The projected underspend also contains £0.525m for Universal Credit which is being met through underspends elsewhere within the Housing Service. Committed levels of spend will continue to be maintained and updated forecasts provided during the year.
- 3.4 Table 1 below provides an overview of the Council's outturn position within each Service Expenditure area. The commentary aims to flag the **key** reasons for material variances from the approved budget.

**Table 1: Summary of Service Budget Variances**

Service	Annual Budget 2017/18	Projected Over/(underspend) at 31st March 2018	Variance to Budget %	Previous reported over/(under) spend August	Movement
Resources & Governance	£5.900m	(£0.400m)	(6.8%)	(£0.245m)	(£0.155m)
<p>Resources and Governance is projecting an underspend of (£0.400m), resulting in a favourable movement of (£0.155m).</p> <p>The main variances are detailed below:-</p> <p>Accountancy is reporting an underspend of (£0.035m), resulting in movement of (£0.023m). The underspend and movement are due mainly to staffing as a result of deferred recruitment to vacancies.</p> <p>Governance is projecting an underspend of (£0.090m), resulting in movement of £0.005m. The underspend is attributable to staff vacancies and the movement reflects an up to date position on the filling of these vacancies.</p> <p>IT is reporting an underspend of (£0.116m), resulting in a movement of (£0.027m). The underspend is primarily attributed to staff vacancies (£0.137m) and a further (£0.025m) underspend in agency payments within software maintenance. These are offset by an overspend in Supplies and Services £0.043m, mainly on telephones and various other small overspends. The movement is in relation to a revised forecast on computer hardware purchase and maintenance.</p> <p>Legal and Democracy is reporting an underspend of (£0.040m), resulting in a movement of (£0.010m). This is due to deferred recruitment to vacancies within the team.</p> <p>Corporate Training is reporting an underspend of (£0.020m) in Council wide training as result of management action for essential spend only. There is no movement this</p>					

forecast.

Elections is projecting an underspend and movement of (£0.101m). This underspend and movement reflects the actual and projected costs now that actual elections to be held by the end of the financial year are now known.

<b>Service</b>	<b>Annual Budget 2017/18</b>	<b>Projected Over/(underspend) at 31st March 2018</b>	<b>Variance to Budget %</b>	<b>Previous reported over/(under) spend October</b>	<b>Movement</b>
Strategy and Customer Services	£6.079m	(£0.273m)	(4.5%)	(£0.180m)	(£0.093m)

Strategy and Customer Services is projecting a total spend of £5.806m at the end of 2017/18, resulting in a net underspend of (£0.273m). This is a favourable movement of (£0.093m) from that previously reported; reflecting the service's implementation of the corporate requirement to ensure temporarily that there is no avoidable expenditures.

The main areas of variance are detailed below:-

Business Support is forecasting an underspend of (£0.130m) by the year end, an increase of (£0.014m) from October as staff leave to take up new posts. Overall, the underspend is mainly attributable to in-year staffing vacancies and subsequent delays in filling posts.

Strategy & Performance is now forecasting an underspend of (£0.014m) from a previously reported marginal overspend. This includes a realignment of budget for the grants to the private halls, resulting in a revised forecast for third party payments of (£0.012m).

Customer Services (which includes Leisure) is forecasting that there will be an underspend of (£0.102m) by the year end. This is an increase of (£0.052m) from the previous forecast. The increase is as a result of current levels of income received increasing the forecast. The remainder of the underspend continues to relate mainly to savings in Libraries staffing as a result of on ongoing managed workforce contraction.

Leisure Services continues to forecast an underspend of (£0.023m). This is in respect of the Gartmorn Dam Centre at (£0.030m) no longer operated by the Council and has been offered as a saving for 2018/19. This underspend is offset by a £0.007m overspend in the Leisure Bowl subsidy as a result of a contractual inflationary increase.

<b>Service</b>	<b>Annual Budget 2017/18</b>	<b>Projected Over/(underspend) at 31st March 2018</b>	<b>Variance to Budget %</b>	<b>Previous reported over/(under) spend August</b>	<b>Movement</b>
Development and Environment Services	£14.787m	(£0.573m)	(3.9%)	(£0.205m)	(£0.368)

D&E is reporting an underspend of (£0.573m), resulting in a movement of (£0.368m).

The Main variances are detailed below:-

Development Services is reporting an underspend of (£0.121m), resulting in a movement since last outturn of (£0.057m). The underspend is due to a reduction in expected throughput of clients in Clacks Works, coupled with a revised forecast of costs in the Ochil Landscape Partnership. The movement is due to two large planning applications expected before the end of the financial year (South Dollar and East Stirling Street). There is also an expected increase in building warrants. In addition, there is a underspend due to the lack of engagement with the third sector within clacks works and an underspend in agency spend and tourism.

Environmental Services is projecting an underspend of (£0.266m) resulting in a movement of (£0.352m). The underspend and movement are primarily due to the reforecast of waste treatment and street care (£0.189m) underspend, (£0.267m) movement. Previous outturn included costs for inflated contract renewals. The contracts have not been renewed as expected but instead are continuing on an extension basis. Other underspend and movement are in fleet due to diesel, grounds maintenance due to less spend on equipment and higher income than expected and burial grounds are forecasting more income than expected. These have been reforecast on the basis of the actuals to date.

Facilities are reporting an overspend of £0.130m and a movement of £0.029m. Overspend is within cleaning and is due to unachieved savings in previous years. The movement is due to an updated forecast on staffing within cleaning.

Regulatory Services are reporting an underspend of (£0.070m), resulting in a movement of (£0.012m). The underspend and movement are mainly due to staff vacancies. Contributing to the movement, is an increase in income from pest control (£5k).

Roads & Transportation is projecting an overspend of £0.042m resulting in a movement of £0.134m. The underspend and movement are mainly due to the impact of the unexpected harsh winter. There have been increased costs for salt, gritters, tractors and labour. There is also lower income from internal contracts expected due to the harsh winter.

Catering is reporting an underspend of (£0.046m), resulting in a movement of (£0.027m). The movement and underspend are due to revised detailed forecasts of costs and income.

Energy Management is reporting an underspend of (£0.244m), resulting in a movement of (£0.084m). Underspend is due to fluctuations in energy usage. Movement is due to a revised insurance forecast (£0.094m). This has been offset slightly by increased spend on utilities £0.010m.

<b>Service</b>	<b>Annual Budget 2017/18</b>	<b>Projected Over/(underspend) at 31st March 2018</b>	<b>Variance to Budget %</b>	<b>Previous reported over/(under) spend August</b>	<b>Movement</b>
Social Services	£14.167m	(£0.098m)	(1.7)%	£0.001m	(£0.099m)

The budget for Social Services above relates to Services for Children and Families, Criminal Justice and Management and Strategy. The IJB budget for Health and Social Care Partnership Budget covering Adults Services is now managed separately as this

outturn is the responsibility of the IJB.

The Service is projecting an underspend at the year end of (£0.098m), a favourable movement of (£0.099m) since the last report. The service is experiencing continuing pressures within Fostering and Adoption with projected overspend of £0.263m, offset by projected underspends on residential schools (£0.287m) and employees (£0.031m).

Whilst demand for services is volatile, management is actively monitoring expenditure and is managing demand pressures through continued controls over recruitment, including two vacancies for Service Managers.

Since the October forecast the service is showing an improved position, with the forecast outturn improving by £0.098m. This is as a result of an updated staffing forecast and a more favourable income projection.

<b>Service</b>	<b>Annual Budget 2017/18</b>	<b>Projected Over/(underspend) at 31st March 2018</b>	<b>Variance to Budget %</b>	<b>Previous reported over/(under) spend August</b>	<b>Movement</b>
Education	£47.569	£0.026m	0.05%	£0.040m	(£0.014m)

Education is forecasting an overspend of £0.026m in comparison to the previously reported overspend of £0.040m. This is summarised as follows:

Early Years Devolved, Primary Devolved, Additional Support Needs (ASN) Devolved and Secondary Devolved are forecast on budget as any under or overspends are carried forward to the next financial year for the respective establishments.

Business Management is forecasting to overspend by £0.066m, in relation to an unachievable staffing saving. The movement of £0.049m relates to part of this saving no longer being eligible to charge to capital.

Early Years Non Devolved is forecast to underspend by (£0.091m). Underspends in staffing costs within Nursery schools of (£0.289m) part offset by Supply overspend of £0.068m and Out Of School forecast staffing overspend of £0.077m, £0.028m Facilities charge and a shortfall in income of £0.059m. Within Centrally Held there is a projected underspend of (£0.063m) and £0.028m overspend on Speech and Language. The movement of (£0.095m) is due mainly to staffing (£0.094m) and compensating variances on Insurance £0.008m, Speech & Language £0.028m Income £0.012m and other Supplies and Services (£0.046m).

Secondary Non Devolved is forecasting to underspend by (£0.255m) due to an underspend within supply cover due to a shortage of supply teachers (£0.216m) and a reduction in planned expenditure of (£0.035m) within Curriculum For Excellence. The movement of (£0.015m) relates to the reduction in planned expenditure Curriculum for Excellence (£0.035m), School Transport Contracts (£0.011m) part offset by a £0.016m increase in Insurance charges and an increase in staffing projections of £0.015m.

ASN Non Devolved is forecasting to overspend by £0.241m. This consists of £0.184m for school transport for children with additional support needs and a related staffing overspend of £0.043m. There is an overspend of £0.023m relating to purchase of

specialist equipment for schools and £0.014m for additional speech and language therapy costs. There are also other small staffing underspends totalling (£0.013m). The movement of £0.146m relates to an increase the forecast for pupil transport £0.158m, Travel Escorts £0.011m and Insurance costs £0.08m along with more accurate staffing information (£0.031m).

Primary Non Devolved is forecasting to overspend by £0.222m. This relates mainly to Teachers Flexibility which is showing £0.247m overspend due to underachievement of the cash saving target and a reduction in Probationers funding from the Scottish Govt of £0.100m. An underspend in Reduced Class Contact Time (RCCT) of (£0.108m) is offset by overspends in Centrally Held areas of £0.086m. There are other small underspends of (£0.007m) in supply cover and £0.004m relating to various small over / (unders). The movement of (£0.047m) relates to a forecast increase in underspends in Devolved budgets being returned to Flexibility (£0.100m), an additional provision for return of Probationers funding £0.010m, increased Insurance of £0.023m, School Transport £0.007m and an increase in Centrally Held expenditure of £0.014m.

Sports Development, Sports Primary, School Crossing Patrols and Educational Psychology are projecting a combined overspend of £0.010m mainly due to an overspend in staffing in the PE team £0.036m partly offset by small underspends across other areas.

Youth & Adult Services is forecasting to underspend by (£0.070m) of which (£0.059m) relates to over-achievement in income. There are also small over/underspends across various areas. The movement of (£0.018m) relates to additional Income for Opportunities For All.

Schools PPP is reporting an underspend of (£0.098m) which is a movement of (£0.024m) from the last report. The underspend and movement is due to agreed deductions in service delivery from the original contract.

<b>Service</b>	<b>Annual Budget 2017/18</b>	<b>Projected Over/(underspend) at 31st March 2018</b>	<b>Variance to Budget %</b>	<b>Previous reported over/(under) spend October</b>	<b>Movement</b>
Housing	£6.218m	(£0.244m)	(3.9%)	(£0.509m)	£0.265m

The Service is forecasting net expenditure of £5.974m an underspend of (£0.244m). It is expected that £0.274m will be identified as Earmarked Reserves in respect of £0.173m for the Vulnerable Persons Relocation scheme, £0.060m of Affordable Housing Council tax funding and £0.041m for grant payments by the Scottish Welfare Fund. This would equate to an overspend of £0.030m an increase of £0.539m from the previous forecast. This is in respect of an increase in Public Buildings maintenance and a reduction in DWP Grant income for Benefits.

There are a number of drivers for this position:-

Saving on employee related expenditure (£0.397m). This has been a result of the service

having a greater number of Voluntary Redundancy acceptances than anticipated, equating to a further 8% reduction in the staffing budget. The remainder is as a result of a planned management of vacancies in line with the service reviewing the Revenues structure which was reported to the Scrutiny committee in August. This follows completion of the movement of the current tenant rent management to the Housing patch teams. Re-alignment of the revenues staffing budget forms part of the service proposals for 2018/19.

Public building costs and maintenance is forecasting to be overspent by £0.652m an increase of £0.397m from the previous forecast. This includes the running costs of the school estate, CAPs and leisure buildings. The £0.652m includes an unfunded demand pressure of £0.129m to account for the rates revaluation and increase in the rate poundage. Previous budget and policy decisions to focus repairs on wind & water tight only on public buildings, has resulted in additional expenditure on catch up repairs in this financial year. The reason for the increase from the previous forecast is the requirement for Property Contracts and Skanska to carry out reactive repairs along with urgent repairs required that ensure we are compliant with all Health and Safety, Fire and mandatory compliance recommendations.

Revenues Service is forecasting to receive (£0.159m) additional income over budget from Council Tax costs retained and Agency Income. The Councils Housing Benefits budget allowance is at present forecast to underspend by (£0.736m). This has reduced by £0.131m as the impact of universal credit starts to reduce the DWP grant. This is the amount of budget the council retains to pay housing benefits as not all rental amounts achieve or attract full DWP subsidy to cover the rent. This includes (£0.232m) for income due for Housing Benefit overpayments. The budget also includes additional DHP income from the Scottish Government, and now expected draw down of (£0.050m) Tranche 2 funding still to be received for mitigation of Bedroom Tax. The service is continuing where possible to maximise the use of this grant spend.

As previously reported, the Homeless Income and HB Subsidy budgets continue to be unpredictable due to the introduction of Universal Credit and some adjustment for HB regulation announcements. At present the service is currently running bi-weekly updates from both the Housing benefit system and the ledger to ensure appropriate monitoring and tracking are in place due to the its unpredictable nature.

There has been a reduction in the income pressure from homeless rents from the previous outturn reported to January committee. It is now suggested that the income shortfall maybe closer to £0.525m a decrease of £0.159m. However, as with the Housing benefit expenditure this continues to be monitored. Demand for the use of the Homelessness service continues to be heavy with the requirement to rent more properties from HRA and furnish them resulting in an overspend of £0.112m.

The forecast has identified underspends in the VPR scheme, Scottish Welfare fund and Affordable Housing this time around that will increase the underspend but will require to be earmarked and not impact on the available General Fund Reserve.

<b>Service</b>	<b>Annual Budget 2017/18</b>	<b>Projected Over/(underspend) at 31st March 2018</b>	<b>Variance to Budget %</b>	<b>Previous reported over/(under) spend October</b>	<b>Movement</b>
Executive Team	£0.437m	(£0.016m)	(3.7%)	(£0.011m)	(£0.005m)

The Executive Team are forecasting to come in (£0.016m) under budget which is an increase of (£0.005m) from the previous forecast.

Supplies and Services are forecast to underspend by (£0.014m) in respect of Professional Fees not spent (£0.006m) and the budgeted COSLA Subscription now paid from Resources and Governance (£0.007m) along with a small underspend in staff travel expenses. The underspend of (£0.006m) in professional fees has been identified as an earmarked reserve for 2018/19 to carry out planned pieces of work.

<b>Service</b>	<b>Annual Budget 2017/18</b>	<b>Projected Over/(underspend) at 31st March 2018</b>	<b>Variance to Budget %</b>	<b>Previous reported over/(under) spend August</b>	<b>Movement</b>
Corporate Adjustments	(£1.196m)	£1.196m	100%	£0.801m	£0.395m

The budget includes a number of Corporate Savings of £0.280m held centrally with related underspends shown within Service outturns. The projected overspend also includes the underachievement of savings in the year namely; Unsocial Hours, Service redesign, and VS.

<b>Service</b>	<b>Annual Budget 2017/18</b>	<b>Projected Over/(underspend) at 31st March 2018</b>	<b>Variance to Budget %</b>	<b>Previous reported over/(under) spend August</b>	<b>Movement</b>
Non Distributed Costs	£1.312m	£0m	0%	£0m	£0m

Non distributed costs are currently forecast to come in on budget. This is reviewed as TVR's and VS packages are agreed throughout the year.

Service	Annual Budget 2017/18	Projected Over/(underspend) at 31st March 2018	Variance to Budget %	Previous reported over/(under) spend August	Movement
<b>Total</b>	<b>£95.273m</b>	<b>(£0.434m)</b>	<b>(0.46%)</b>	<b>(£0.308m)</b>	<b>(£0.126m)</b>

3.5 Appendix A also highlights a number of non-service expenditure and income areas of the Council budget (not detailed in Table 1). Within non-service expenditure the loans fund budget is projecting an underspend of (£0.077m) and an increased projection for Council Tax income of (£0.150m) due to increased collection rates. This results in a projected net underspend of (£0.661m).

### 3.6 2017/18 Savings Progress

The 2017/18 budget incorporated approved savings of £6.8m. £4.6m (67%) are forecast as achieved, with up to a further £0.7m (10%) likely to be achieved in the year. Table 2 below sets out the position for each of the savings categories.

**Table 2: Budgeted 2017/18 savings progress**

Savings Category	Savings full year 17/18 (£000)	Green (£000)	Amber (£000)	Red (£000)
Policy Savings	1,951	1,011	0	940
Management Efficiencies	2,737	1,859	628	250
Managed Contraction of Workforce	391	389	2	0
Service Redesign	463	378	0	85
Budget Savings from Year 2 Approved in 16-17	1,262	937	69	256
<b>Total</b>	<b>6,804</b>	<b>4,574</b>	<b>699</b>	<b>1,531</b>

3.7 Services have been asked to identify compensatory savings for those that will not be achieved during 2017/18. Any unachieved savings are reflected within Service underspends and the overall forecasted underspend for the Council. Appendices E to I provide further detail of the progress on delivering savings within each service.

### 3.8. Earmarked Reserves

In addition to service expenditure there is a total of £3.806m, as approved by Council, set aside for specific purposes or requirements. As at end December a sum of £121k has been drawn down against these earmarked reserves.

Reserves will continue to be drawn down throughout the year as expenditure is incurred or released back to uncommitted reserves if no longer required.

### 3.9 Financial Risks

#### 3.9.1 Revenues Service

As first reported to the Audit and Finance Committee 7<sup>th</sup> September, a risk has been identified in the Revenues Service in respect of the rollout of Universal Credit (UC) and the impact on the Housing Benefit Subsidy budget. The most significant risk highlighted was the impact on the benefit levels relating to temporary accommodation. Work continues to refine the current position in relation to temporary accommodation and at present the expected shortfall based on the existing modelling and projections is £0.525m which is a reduction from the previous forecast of £0.674m. This pressure of £0.525m has been incorporated within the outturns above and there are compensating savings elsewhere within the Service that help mitigate this pressure.

#### 3.9.2 Provisions

At the 31<sup>st</sup> March 2017 the Council set aside sums in respect of future liabilities for Equal Pay, Insurance, PPP and a Damages Claim. Work is ongoing in relation to PPP as detailed in the report which was brought to council in September. The table below provides a summary of the movements to date and expected year end balance.

**Table 3: Provisions**

Provision	Balance at 31st March 2017 (£000)	Notified Amounts to be paid in the year (£000)	Amounts expected to be utilised in the year (£000)	Anticipated Closing balance at 31st March 2018 (£000)
Equal Pay	92	61	31	0
Insurance	26	0	3	23
Legal Case – PPP	50	15	35	0
Damages Claim	150	9	141	0
<b>Total</b>	<b>318</b>	<b>85</b>	<b>210</b>	<b>23</b>

#### 3.9.3 Contingent Liabilities

The Council reported 4 Contingent Liabilities at 31<sup>st</sup> March 2017. These are areas where the Council may have a future obligation to make a payment however, the timescale and quantification is not known. The Council reported Contingent Liabilities in respect of: Equal Pay, Insurance, a Health and Safety Case and PPP.

As at 31<sup>st</sup> December these Contingent Liabilities are still in existence and no further information is available either to remove or quantify any potential liability.

### **3.9.4 Unbudgeted Unavoidable Spend**

To the end of December there have been four Deaths in Service. This is not something that is provided for due to its uncertain nature. The Deaths in Service costs of £51k are absorbed by Services within existing budget and are included within the outturns shown above.

### **3.10 Capital Receipts**

Capital receipts expected to be received up to 31<sup>st</sup> March 2017 were £1.452m and £0.622m from the Economic Stimulus Fund which was used in full to support the budget 2017/18 budget. The capital receipts balance at the 31<sup>st</sup> March 2017 was £0.263m and the Economic Stimulus Fund balance was £0.622m. In the year to date the Council has received receipts of £0.975m, and are projecting to receive further receipts of £0.255m in the year which will exceed the budget requirement of £2.074m for 2017/18 by £0.041m. Additional properties are currently being prepared for sale and marketed from which further receipts are expected during the 2018/19 financial year.

### **3.11 Social Services Adult Care**

Adult Social work services are delegated to Clackmannanshire and Stirling Health and Social Care Partnership. These services are forecast to spend £16.737m, £1.396m more than the agreed transfer. This is a favourable movement of (£0.377m) since the last report. This overspend has no impact on the current Council forecasted position as any additional contribution over and above the budgeted transfer would need to be agreed by Council.

A separate financial report on the services delegated to the Partnership is attached to this agenda.

## **4.0 Housing Revenue Account**

- 4.1 Appendix B to this paper sets out the summary budget for the Housing Revenue Account for this year in accordance with its Business Plan. It is forecast that the Service will achieve a surplus in the year of £5.781m which is £0.656m greater than budgeted and £0.411m greater than the October forecast.
- 4.2 The explanation for the increase in the surplus can be attributed to two areas. The Loan Charges forecast has been recalculated the impact of which is a decrease in the forecast expenditure of £0.176m. More detailed work has been carried out on the income and expenditure forecasts for Property Contracts. This has resulted in the income forecast increasing by £0.329m being offset by compensating additional expenditure on Material and Contractors of £0.100m.
- 4.3 Employee Related Expenditure is at present forecast to be a £0.522m saving for the year. This is £0.025m less than the previous forecast as there has been a death in service payment and increased overtime with the recent bad

weather. The underspend continues to relate to posts that are vacant through voluntary severance and turnover. The Service has been working during the year to complete the restructure. This includes examining requests for voluntary severance to see if these posts are still required.

- 4.4 Premises Related Expenditure is forecasting a saving of £0.139m for the year. This is an increase of £0.022m more than previously forecast. The predicted increase in Void levels towards the end of the year has not materialised resulting in a decrease in the forecast Void Rent loss of £0.034. This has been offset by extra insurance costs of £0.010m. The use of Private Contractors to turn around the Voids will continue until the end of the year. This budget will be carefully monitored between now and March with the placing of work to a Private Contractor only done after careful consideration.
- 4.5 Transport Related Expenditure is forecast to be on budget. Supplies and Services are forecasting an underspend of £0.017m. This has reduced by £0.126m from October as the associated expenditure on direct materials and contractors on income generating capital contracts has been revised. This examination of income for charging work has resulted in the forecast being £0.129m more than budget an increase of expected income of £0.329m from that forecast in October.
- 4.6 Offsetting the above underspends is a shortfall in Rental Income of £0.221m this is in relation to the higher than forecast House Sales.

## 5.0 Capital

### 5.1 General Services

5.2 Appendix C to this paper details the General Services capital programme for the period ended 31<sup>st</sup> December 2017 where individual projects are listed within the various asset management plans.

5.3 Overall, the General Services capital programme has projected an underspend of £4.166m against the £15.980m gross budget and an underspend of £5.713m against the £7.926m net budget, which is mainly due to the revised timing of project expenditure for larger school estate projects and an early grant receipt received from Scottish Futures Trust for Tullibody South Campus.

5.4 A summary of the projected outturn position for each of the Asset plans is shown in the table below.

**Table 4 General Services Capital Budget Variances**

Asset Management Strategy Plan	Budget (£000)	Projected as at 31st Dec 2017 (£000)	Over / (under) Spend (£000)	Comments
Corporate	12,072	8,077	(3,995)	Revised timing of project expenditure for Craigbank Primary £0.6m, Network

<b>Asset Management Strategy Plan</b>	<b>Budget (£000)</b>	<b>Projected as at 31st Dec 2017 (£000)</b>	<b>Over / (under) Spend (£000)</b>	<b>Comments</b>
				Infrastructure £0.19m, Clackmannan Regeneration £0.45m, Clackmannan Primary £1.1m, Alva Primary £0.45m, City Deal £0.25m and New Cemetery £0.18m
Property	81	66	(10)	New childcare residential unit not being taken forward £15k saving transferred to Kellibank/Forthbank Depots upgrade
Roads	2,563	2,452	(111)	Revised timing of project expenditure for Flood Prevention £0.02m and Cycle Routes £0.08m
Lands	30	30	0	Projected to be on budget at the year end
Fleet	634	634	0	Projected to be on budget at the year end
IT	615	565	(50)	Revised timing of project expenditure on Social Services Integrated System £0.05m
<b>Total Capital Expenditure</b>	<b>15,980</b>	<b>11,814</b>	<b>(4,166)</b>	
<b>Income</b>	<b>(8,054)</b>	<b>(9,601)</b>	<b>(1,547)</b>	Early grant receipt received from Scottish Futures Trust for Tullibody South Campus
<b>Net Capital Programme</b>	<b>7,926</b>	<b>2,213</b>	<b>(5,713)</b>	

### ***Housing Revenue Account***

- 5.5 Appendix D to this paper details the HRA capital programme for the current year where individual projects are listed within the various asset management plans.
- 5.6 The current net HRA Capital Budget is £11.102m. Expenditure is forecast to be £4.139m less than budget. At present it is anticipated that only £0.051m will require to be carried forward.
- 5.7 16% of the underspend is attributed to the increased council house sales income, and the additional energy efficiency grant funding. It is felt that the programme at the start of the year was too ambitious, particularly given the significant commitment to the Clackmannan school project. The limited (£0.051m) carry forward, and the absences of any significant deterioration of the housing stock as a result of the programme delays, support that assessment. Higher than expected levels of trades absence were also experienced during the year which did not help with programme delivery.

5.8 The major projects that contribute to the underspend of £4.088m are detailed in Table 5 below and comments are also recorded in Appendix D:

**Table 5 HRA Capital Budget Major Variances**

<b>Project</b>	<b>Variance (£000)</b>	<b>Comments</b>
Roof & Render Upgrading	(1,212)	The programme has been re-profiled and is more realistic moving forward at £1m per year.
Energy Efficiency Works	(513)	A grant of £230k was received from the Scottish Government due to the good progress made by the Council on ESSH Compliance. The Bowmar CESP project will now be taken forward as part of the Roof and Render programme to allow for a more sustainable solution to be found.
Kitchen Replacement	(1,056)	The window and kitchen replacement programme was delayed to allow upgrade works to be carried out at Clackmannan and Alva Primary Schools over the summer. The Kitchen replacement programme started on site in September 2017. Good progress is now being made on this.
Electrical Rewiring	(438)	Work is being back programmed until 2018/19. The contract for the 4 year measured term is currently being procured. Should resource capacity become available with in-house trades these can also be utilised.
Off the Shelf Purchase	(360)	Three suitable units have become available and may be purchased.
Income from Sale of Council Property & Land	(447)	Sales that did not complete by March 2017.

## **6.0 Conclusions**

6.1 General Services revenue spend is anticipated to record an underspend of (£0.661m).

6.2 Of the £6.8m approved savings, £4.6m is forecast to be achieved and up to a further £0.7m is likely to be achieved in the year.

6.3 The Housing Revenue Account is anticipating an underspend of £0.656m.

6.4 The draft outturn for the capital programme indicates an underspend in the year (including carry forwards) of £5.713m on General Services Capital. Detail on each project is shown in Appendix C.

6.5 The HRA Capital Programme indicates a forecasted underspend of £4.088m, including additional income from house & land sales £0.447m.

## **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 None

## 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
- 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)

## 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 Council summary of expenditure

Appendix B HRA Revenues

Appendix C General Services Capital

Appendix D HRA Capital

Appendices E - I Corporate Savings Position

### 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)

NAME	DESIGNATION	TEL NO / EXTENSION
Lindsay Sim	Chief Accountant	2078

#### Approved by

NAME	DESIGNATION	SIGNATURE
Stephen Coulter	Head of Resources & Governance	Signed: S Coulter
Nikki Bridle	Depute Chief Executive	Signed: N Bridle

## Council Summary 2017/18



Clackmannanshire  
Council  
www.clacks.gov.uk

Comhairle Siorrachd  
Chlach Mhanann

As at 31st December 2017

	Annual Budget 2017/18	Forecast to March 2018	Variance Forecast to Budget	Variance Forecast to Budget	ious Reported Variance	Movement
	£'000	£'000	£'000	%	£'000	£'000
Resource & Governance	5,900	5,500	(400)	(6.79)	(245)	(155)
Strategy & Customer Services	6,079	5,806	(273)	(4.49)	(180)	(93)
	11,979	11,306	(673)	(5.62)	(426)	(248)
<b>less allocated to non general fund</b>	(1,305)	(1,305)	0	0.00	0	0
	10,674	10,001	(673)	(6.31)	(426)	(248)
Executive Team	437	421	(16)	(3.66)	(11)	(5)
Development & Environmental	14,787	14,214	(573)	(3.88)	(205)	(368)
Education Service	47,569	47,543	(26)	(0.05)	40	(66)
Housing & Community Safety	6,218	5,974	(244)	(3.92)	(509)	265
Social Services	14,167	14,069	(98)	(0.69)	1	(99)
Corporate Services	(1,196)	0	1,196	(100.00)	801	395
Misc Services - Non Distributed Costs	1,312	1,312	0	0.00	0	0
<b>Services Expenditure</b>	93,968	93,534	(434)	(0.46)	(308)	(126)
<b>Add Requisitions from Joint Boards</b>						
Central Scotland Valuation	381	381	0	0.00	0	0
Health & Social Care Partnership	15,341	15,341	0	0.00	0	0
	109,690	109,256	(434)	(0.40)	(308)	(126)
<b>Add/Deduct</b>						
Interest on Revenue Balances	(91)	(91)	0	0.00	0	0
Loans Fund Contribution	9,538	9,461	(77)	(0.81)	(188)	111
Contribution to Bad Debt Provision	200	200	0	0.00	0	0
	119,337	118,826	(511)	(0.43)	(496)	(15)
<b>Sources of Funding</b>						
General Revenue Funding/Non-Dome	(91,744)	(91,744)	0	0	0	0
Council Tax	(20,192)	(20,342)	(150)	1	0	(150)
Council Tax Reduction Scheme	(3,626)	(3,626)	0	0	0	0
Contribution from Reserves	(1,457)	(1,457)	0	0	0	0
Capital Stimulus Fund	(622)	(622)	0	0	0	0
Application of unapplied Capital recei	(1,452)	(1,452)	0	0	0	0
Contribution from Earmarked Reserve	(121)	(121)	0	0	0	0
Contribution from Uncommitted Reser	(123)	(123)	0	0	0	0
	(119,337)	(119,487)	(150)	1	0	(150)
<b>Projected (Surplus)/Shortfall</b>	0	(661)	(661)	0	(496)	(165)



## Service Summary - Housing Revenue Account

Description	Annual Budget for 2017/18	Budget to end of December	Actual to end of December	Annual forecast for 2017/18	Forecast v Budget	YTD Actual v Budget
<b>Employee Related Expenditure</b>						
Chief Officers Gross Salaries	54,330	40,748	36,985	50,191	(4,139)	(3,763)
Chief Officers Employers Superann	11,681	8,761	8,381	11,303	(378)	(380)
Chief Officers Employers NIC	8,871	6,653	4,470	6,081	(2,789)	(2,183)
Single Status Gross Salaries	5,368,688	4,026,516	3,573,091	4,763,071	(605,617)	(453,425)
Single Status Employers Superann	1,111,589	833,691	757,556	1,005,343	(106,246)	(76,135)
Single Status Employers NIC	474,452	355,839	350,073	464,784	(9,668)	(5,766)
Single Status Overtime	157,220	117,915	144,863	198,013	40,793	26,948
Single Status Absence Pay	0	0	80,346	80,584	80,584	80,346
General Manual Gross Salaries	0	0	71	71	71	71
General Manual Employers NIC	0	0	26	26	26	26
General Manual Overtime	0	0	189	189	189	189
Long Service Awards	900	675	894	1,350	450	219
Childcare Vouchers Admin Costs	2,000	1,500	333	176	(1,824)	(1,167)
Employee Management Costs	0	0	748	315	315	748
Conference Expenses And Subsistence	2,000	1,500	820	1,070	(930)	(680)
Superannuation Lump Sums	0	0	79,271	79,256	79,256	79,271
Superannuation Lump Sums Teachers	0	0	0	0	0	0
Severance Payments	0	0	16,489	16,489	16,489	16,489
Death In Service Payments	0	0	0	12,866	12,866	0
Recruitment Expenses	1,000	750	1,720	3,700	2,700	970
Staff Training	81,350	61,013	8,471	56,772	(24,578)	(52,541)
<b>Employee Related Expenditure Total</b>	<b>7,274,080</b>	<b>5,455,560</b>	<b>5,064,795</b>	<b>6,751,650</b>	<b>(522,430)</b>	<b>(390,765)</b>
<b>Premises Related Expenditure</b>						
Corporate Building Repairs	0	0	25,978	40,000	40,000	25,978
Annual Maintenance External Provider	256,000	192,000	(4,344)	123,100	(132,900)	(196,344)
Service Requested Building Repairs	0	0	36	0	0	36
Grounds Maintenance	0	0	8,731	5,000	5,000	8,731
Service Charge	0	0	282	280	280	282
Cleaning & Hygiene Materials	11,250	8,438	492	710	(10,540)	(7,945)
Gas	4,000	3,000	2,599	4,030	30	(401)
Electricity	16,000	12,000	12,204	16,630	630	204
Void Rent Loss	480,870	360,653	277,665	401,290	(79,580)	(82,988)
Rates	2,500	1,875	5,103	7,876	5,376	3,228
Council Tax	20,000	15,000	0	10,000	(10,000)	(15,000)
Property Insurance	200,000	150,000	143,672	153,320	(46,680)	(6,328)
Bad Debt Provision	250,000	187,500	0	338,000	88,000	(187,500)
Building Costs - Recharges Internal	80,000	60,000	0	91,000	11,000	(60,000)
Cleaning Services Internal recharge	10,000	7,500	0	0	(10,000)	(7,500)
Land Services - Internal Recharges	0	0	881	0	0	881
<b>Premises Related Expenditure Total</b>	<b>1,330,620</b>	<b>997,965</b>	<b>473,299</b>	<b>1,191,236</b>	<b>(139,384)</b>	<b>(524,666)</b>
<b>Transport Related Expenditure</b>						
Vehicles - Materials	0	0	9,650	0	0	9,650
Short Term Vehicle Hire	2,500	1,875	9,114	12,500	10,000	7,239
Staff Travel Mileage Expenses	26,000	19,500	14,300	19,883	(6,117)	(5,200)
Vehicles - Maintenance Recharges	343,830	257,873	7,664	331,500	(12,330)	(250,209)
Vehicles - General Consumables	350	263	0	0	(350)	(263)
<b>Transport Related Expenditure Total</b>	<b>372,680</b>	<b>279,510</b>	<b>40,728</b>	<b>363,884</b>	<b>(8,796)</b>	<b>(238,782)</b>
<b>Supplies and Services</b>						
Purchase Of Equipment	20,870	15,653	19,456	30,230	9,360	3,803
Purchase Of Furniture	0	0	326	2,530	2,530	326
Materials (issued from Stock)	711,700	533,775	450,634	634,370	(77,330)	(83,141)
Materials - Direct purchases from supp	334,000	250,500	324,085	475,100	141,100	73,585
General Consumables (small items)	40,000	30,000	27,799	40,000	(0)	(2,201)
Per Capita English	0	0	7	0	0	7
Equipment Maintenance	12,500	9,375	4,008	9,100	(3,400)	(5,367)
Equipment Rental/Leasing	15,000	11,250	13,705	15,000	0	2,455
Scaffold Hire	57,500	43,125	6,164	15,000	(42,500)	(36,961)
Medical Supplies	1,000	750	0	0	(1,000)	(750)
Catering Disposables	0	0	96	0	0	96
Hospitality	100	75	48	0	(100)	(27)
Uniforms & Clothing	13,480	10,110	709	1,840	(11,640)	(9,401)
Office Equipment - Purchases	1,150	862	92	100	(1,050)	(771)
Printing & Photocopying	5,800	4,350	2,140	3,375	(2,425)	(2,210)
Stationery	2,000	1,500	5,355	7,460	5,460	3,855
Publications	500	375	0	0	(500)	(375)
Insurance	31,620	23,715	27,875	27,857	(3,763)	4,160
Professional Fees	34,100	25,575	6,601	18,915	(15,185)	(18,974)
Performing Rights	300	225	0	300	(0)	(225)
Per Capita Strategic Improvement Fun	0	0	0	0	0	0
Postages	5,010	3,758	5,940	11,720	6,710	2,182
Legal Expenses	6,000	4,500	14,783	19,740	13,740	10,283
Subscriptions	18,500	13,875	6,038	5,879	(12,621)	(7,837)
Telephones	150	113	101	150	0	(11)

Mobile Telephones	32,980	24,735	(1,918)	32,000	(980)	(26,653)
Computer Hardware Purchase	3,400	2,550	0	0	(3,400)	(2,550)
Computer Software Maint.	96,450	72,338	31,141	75,950	(20,500)	(41,196)
Computer Peripherals	0	0	43,760	(0)	(0)	43,760
Carriage	0	0	0	0	0	0
<b>Supplies and Services Total</b>	<b>1,444,110</b>	<b>1,083,083</b>	<b>988,943</b>	<b>1,426,616</b>	<b>(17,494)</b>	<b>(94,140)</b>
<b>Third Party Payments</b>						
Other Council Accounts	522,200	391,650	254,047	439,370	(82,830)	(137,603)
Property - Internal Recharges	0	0	100	100	100	100
Voluntary Organisations Payment	14,400	10,800	22,800	31,400	17,000	12,000
Payments To Contractors	44,250	33,188	58,787	8,310	(35,940)	25,600
Payment To Subcontractor	281,500	211,125	218,410	336,140	54,640	7,285
Other Agencies Payment	0	0	0	0	0	0
Payments to Individuals (services provi	10,000	7,500	65	100	(9,900)	(7,435)
Interest on Debit Balance	0	0	(132)	(130)	(130)	(132)
<b>Third Party Payments Total</b>	<b>872,350</b>	<b>654,262</b>	<b>554,077</b>	<b>815,290</b>	<b>(57,060)</b>	<b>(100,186)</b>
<b>Transfer Payments</b>						
Payments To Individuals (no service pr	0	0	25	0	0	25
<b>Transfer Payments Total</b>	<b>0</b>	<b>0</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>25</b>
<b>Support Services</b>						
Accountancy	1,189,410	892,058	0	1,189,410	0	(892,058)
IT	0	0	0	0	(0)	0
Human Resources	0	0	0	0	(0)	0
Legal	0	0	0	0	(0)	0
<b>Support Services Total</b>	<b>1,189,410</b>	<b>892,058</b>	<b>0</b>	<b>1,189,410</b>	<b>0</b>	<b>(892,058)</b>
<b>Capital Financing Costs</b>						
Loans Fund Interest	1,457,000	1,092,750	0	1,447,020	(9,980)	(1,092,750)
Debt Management Expenses	29,000	21,750	0	26,710	(2,290)	(21,750)
Principal Repayments	1,533,000	1,149,750	0	1,569,960	36,960	(1,149,750)
<b>Capital Financing Costs Total</b>	<b>3,019,000</b>	<b>2,264,250</b>	<b>0</b>	<b>3,043,690</b>	<b>24,690</b>	<b>(2,264,250)</b>
<b>Total Gross Expenditure</b>	<b>15,502,250</b>	<b>11,626,687</b>	<b>7,121,866</b>	<b>14,781,776</b>	<b>(720,475)</b>	<b>(4,504,821)</b>
<b>Income</b>						
Charges for Services Standard VAT	(25,000)	(18,750)	(37,117)	(35,140)	(10,140)	(18,367)
Charges for Services Reduced VAT	0	0	0	0	0	0
Subscriptions	0	0	507	500	500	507
Other Income	(22,240)	(16,680)	(36,188)	(34,267)	(12,027)	(19,508)
Housing Rents	(18,925,000)	(14,193,750)	(14,495,786)	(18,704,300)	220,700	(302,036)
General Rents	(61,000)	(45,750)	(68,880)	(67,190)	(6,190)	(23,130)
Interest(Revenue Balance)	(11,640)	(8,730)	0	(11,640)	0	8,730
Internal Trading Contract	(1,582,370)	(1,186,778)	(353,629)	(1,710,994)	(128,624)	833,148
<b>Income Total</b>	<b>(20,627,250)</b>	<b>(15,470,438)</b>	<b>(14,991,094)</b>	<b>(20,563,031)</b>	<b>64,219</b>	<b>479,344</b>
<b>Net Expenditure</b>	<b>(5,125,000)</b>	<b>(3,843,750)</b>	<b>(7,869,228)</b>	<b>(5,781,255)</b>	<b>(656,255)</b>	<b>(4,025,478)</b>

				RESPONSIBLE OFFICER	Amended Budget 17/18 £	Expenditure as at 31.12.17 £	Income as at 31.12.17 £	Net Expenditure as at 31.12.17 £	Projected out-turn to 31.3.18 £	Projected (Under) / Over spend as at 31.3.18 £	Projected (Under) / Over spend October 17 £	Movement from October to December £	Comments	Savings £	Carry Forward to 18/19 £	Projected (Under) / Over spend as at 31.3.18 £	
(A)	Corporate Asset Management Strategy :																
<b>Project code Alloo Area</b>																	
10000	A1	Schools ICT Replacement	Alloo Academy	J Munro	47,000	38,485		38,485	47,000	0	-	-	Work being carried out Q2 & Q3			0	
10006	A3	Park Primary School	Alloo	E Turnbull	264,040	260,028		260,028	264,040	0	-	-	Delays in the Phase 3 heating installation. Majority of works to be undertaken in Quarter 2 & 3			0	
10003	A4	CCTV Equipment	Alloo	Tony Carman	75,000	14,601		14,601	75,000	0	-	-				0	
10040	A5	St Mungo's Primary School	Alloo	E Turnbull	1,000	0		0	1,000	0	-	-	Feasibility studies in 17/18	0		0	
10008	A9	Heritage Improvements	Alloo	Complete	24,790	2,778		2,778	24,790	0	-	-	Final Invoices for 16/17 project			0	
10133	A46	ALLOA SECONDARY SCHOOL SUPPORT	Alloo	E Turnbull	11,000	11,792		11,792	12,000	1,000	-	1,000	Majority of works to be undertaken in Quarter 2 & 3	1,000		1,000	
10136	A51	Regeneration Speirs Centre	Alloo		74,280	87,879		87,879	87,879	13,599	11,920	1,679	Project complete	13,599		13,599	
10137	A53	Alloo Town Hall	Alloo	Complete	9,720	1,200		1,200	9,720	0	-	-	Final Invoices only for 16/17 project			0	
10150	A54	Bowmar Area Enhancements	Alloo	Complete	8,870	0		0	8,870	0	-	-	Final Invoices only for 16/17 project			0	
10138	A55	Kelliebank	Alloo	J Percy	0	0		0	0	0	0	-	Project not proceeding - budget transferred to 2 replacement projects (Kelliebank Depot Improvements/Forthbank Depot Improvements)		0	0	
10169	A55	Kelliebank Depot Improvements	Alloo	J Percy	215,000	38,374		38,374	95,000	(120,000)	15,000	(135,000)	Council Approval received for redirection of budget New project added - funded from release of project 10138 addn £15k b/f from future years 10138 17/18 spend less than anticipated, £120 cfw to 18/19	0	(120,000)	(120,000)	
10168	A55	Forthbank Depot Improvements	Alloo	J Percy	100,000	0		0	70,000	(30,000)	0	(30,000)	Council Approval received for redirection of budget New project added - funded from release of project 10138 reduction in anticipated spend £30k cfwd 18/19		(30,000)	(30,000)	
<b>TOTAL Alloo Area</b>					<b>830,700</b>	<b>482,661</b>	<b>0</b>	<b>482,661</b>	<b>695,299</b>	<b>(135,401)</b>	<b>26,920</b>	<b>(162,321)</b>		<b>14,599</b>	<b>(150,000)</b>	<b>(135,401)</b>	
<b>Tullibody/ Sauchie/ Clackmannan Area</b>																	
10011	A12	Schools ICT Replacement	Lornhill Academy	J Munro	46,000	40,493		40,493	46,000	0	-	0	Work being carried out Q2 to Q3 (summer and oct breaks)			0	
10012	A13	Sauchie Hall Locality Hub	Sauchie	B Forbes	90,000	2,220		2,220	0	(90,000)	(90,000)	0	Due to structural issues a survey and feasibility study is required which has delayed this project.		(90,000)	(90,000)	
10122	A14	Deerpark Primary	Sauchie	E Turnbull	34,000	0		0	0	(34,000)	(34,000)	0	Retention awaiting final valuation. Enabling funds from Hub used for feasibility studies. Project delayed to future years.		(34,000)	(34,000)	
10014	A15	Craigbank Primary School Refurbishment	Sauchie	E Turnbull	628,000	997		997	20,000	(608,000)	(628,000)	20,000	Project delayed		(608,000)	(608,000)	
10127	A17	St Serfs Primary School	Tullibody	E Turnbull	33,000	520		520	1,000	(32,000)	0	(32,000)	project reprofiled to 18/19		(32,000)	(32,000)	
10017	A18	School Estate - Tullibody South Campus	Tullibody	E Turnbull	1,825,000	417,606		417,606	1,825,000	0	0	0	Build to commence in 18/19 Budget realigned to reflect the Stage 1 completion planned for August 2017 as per council report 31st August 2017			0	
10018	A19	Village and Small Town Initiative including safer routes to communities	Tullibody	GD	502,100	370,744		370,744	502,100	0	0	0	Budget increased as per Council Report on 31st August 2017			0	
10019	A20	Network Infrastructure Improvement	Tullibody	J Munro	200,000	800		800	5,000	(195,000)	(195,000)	0	Due to timeline for Tullibody South, main works for this project will not be started until 18/19. Minor fees only in 17/18.		(195,000)	(195,000)	
10022	A23	Park, Play Area & Open Space Improvements	Tullibody / Clackmannan	I Doctor	50,000	21,210		21,210	50,000	0	-	0	All equipment and materials for safety surfacing have all been received. Works being completed by Land Services before the year end.			0	
10023	A24	Street Lighting Improvements	Tullibody/ Clackmannan	S Walker	450,000	307,261		307,261	450,000	0	-	0	Related to A31 - works ongoing and to be completed by 31 March			0	
10024	A25	Clackmannan Primary School Refurbishment/Locality Hub	Clackmannan	E Turnbull	1,562,500	236,705		236,705	460,000	(1,102,500)	(254,630)	(847,870)	Grant income received from SFT, budget required is therefore reduced in 17/18.	(254,630)	(847,870)	(1,102,500)	
10149	A57	Clackmannan Regeneration Project (Council)	Clackmannan	A Murray / A Khan	450,000	0		0	0	(450,000)	(450,000)	0	Main St Project & Lochies Road Project both under construction. Government Grant to be spent before Council budget. Council element to be used in 18/19 to finalise project.		(450,000)	(450,000)	
10149 B	A57 B	Clackmannan Regeneration Project (Grant Funding)	Clackmannan	A Murray / A Khan	1,590,000	870,042		870,042	1,572,927	(17,073)	(17,073)	0	Main St Project & Lochies Road Project both under construction - Offset by Income G3	(17,073)		(17,073)	
10163	A59	Fishcross Puffin Crossing	Fishcross	A Murray	40,000	0		0	0	(40,000)	-	(40,000)	Design in progress cfwd 18/19		(40,000)	(40,000)	
10164	A60	Community Enterprise Hub	Clackmannan	B Forbes	93,000	0		0	0	(93,000)	-	(93,000)			(93,000)	(93,000)	
10125	A61	Banchory Primary School	Tullibody	E Turnbull	238,000	246,164		246,164	246,164	8,164	5,709	2,455	Project complete	8,164		8,164	
10120	A62	Fishcross Primary School	Fishcross	E Turnbull	17,000	0		0	0	(17,000)	-	(17,000)	Saving £17k	(17,000)		(17,000)	
10132	A63	Sauchie Nursery School	Sauchie	E Turnbull	240,000	7,136		7,136	240,000	0	0	0	Additional funding from Government for 1140 hours early years			0	
<b>TOTAL Tullibody/ Sauchie/ Clackmannan Area</b>					<b>8,088,600</b>	<b>2,521,897</b>	<b>0</b>	<b>2,521,897</b>	<b>5,418,191</b>	<b>(2,670,409)</b>	<b>(1,662,994)</b>	<b>(1,007,415)</b>		<b>(280,539)</b>	<b>(2,389,870)</b>	<b>(2,670,409)</b>	
<b>Hillfoots Area (Alva/Tillicoultry/Menstrie/Dollar)</b>																	
10027	A29	Allotment Extension	Tillicoultry	I Doctor	10,000	0		0	10,000	0	-	0	Option now agreed with Community Council, Legal to complete lease paperwork, awaiting confirmation from Land Services on start date			0	
10028	A30	Flood Prevention Generator	Tillicoultry	GD	20,000	29,870		29,870	29,870	9,870	-	9,870	Works being undertaken by PCU	9,870		9,870	
10029	A31	Street Lighting Improvements	Tillicoultry / Alva	Scott Walker	1,215,040	778,197		778,197	1,215,040	0	-	0	Related to A24 - works ongoing and to be completed by 31 March			0	
10031	A32	Schools ICT Replacement	Alva Academy	J Munro	47,000	37,876		37,876	47,000	0	-	0	Work being carried out Q2 to Q3 (summer and oct breaks)			0	
10032	A33	Alva Community Campus/Locality Hub/ Primary school	Alva	E Turnbull	554,460	67,450		67,450	100,000	(454,460)	(250,000)	(204,460)	Majority of works to be completed in 18-19		(454,460)	(454,460)	
10034	A35	Tillicoultry Glen	Tillicoultry	I Doctor	16,000	0		0	0	(16,000)	-	(16,000)	A consulting engineer appointment was unsuccessful other design and build options being considered project not anticipated to commence prior to 31st March 2018		(16,000)	(16,000)	
10121	A38	Menstrie Primary School	Menstrie	E Turnbull	164,330	49,419		49,419	64,330	(100,000)	(100,000)	0	Significant investment required in future years, alarms & fire doors only in 17/18		(100,000)	(100,000)	
10038	A39	New Cemetery	Dollar	GD	200,000	993		993	20,000	(180,000)	(180,000)	0	Project rephased to reflect the anticipated start date of 1st April 2018 £180k carried forward to 18/19		(180,000)	(180,000)	
10039	A40	Village and Small Town Initiative including Playing field development	Dollar	B Forbes	125,000	1,893		1,893	2,000	(123,000)	-	(123,000)			(123,000)	(123,000)	

				RESPONSIBLE OFFICER	Amended Budget 17/18 £	Expenditure as at 31.12.17 £	Income as at 31.12.17 £	Net Expenditure as at 31.12.17 £	Projected out-turn to 31.3.18 £	Projected (Under) / Over spend as at 31.3.18 £	Projected (Under) / Over spend October 17 £	Movement from October to December £	Comments	Savings £	Carry Forward to 18/19 £	Projected (Under) / Over spend as at 31.3.18 £
10118	A65	Coalsnaughton Primary school	Coalsnaughton	E Turnbull	26,000	0		0	0	(26,000)	-	(26,000)	Project reprofiled works commencing 20/21		(26,000)	(26,000)
10119	A47	Strathdeven Primary	Dollar	E Turnbull	6,000	2,272		2,272	6,000	0	-	0	Retention awaiting valuation			0
<b>TOTAL Hillfoots Area (Alva/Tillicoultry/Menstrie/Dollar)</b>					<b>2,383,830</b>	<b>967,971</b>	<b>0</b>	<b>967,971</b>	<b>1,494,240</b>	<b>(889,590)</b>	<b>(530,000)</b>	<b>(359,590)</b>		<b>9,870</b>	<b>(899,460)</b>	<b>(889,590)</b>
<b>All Clackmannanshire Areas - not seperated into an area</b>																
10041	A42	Schools ICT Replacement - All primaries	All Clackmannanshire	J Munro	100,000	30,982		30,982	100,000	0	-	-	Works being carried our Q3 & Q4			0
10042	A43	Community Empowerment	All Clackmannanshire	C Jarvie	125,000	25,363		25,363	75,000	(50,000)	-	(50,000)	Community Grants Applications commenced Sept 17, £50k fwd to 18/19		(50,000)	(50,000)
10043	A44	2yr Old School Development	All Clackmannanshire	E Turnbull	37,000	-		0	37,000	-	-	-	Additional funding from Government for 1140 hours early years to be allocated to nurseries for adaptations			-
10147	A50	Free School Meal Equipment	All Clackmannanshire	Complete	7,110	28,144		28,144	7,110	-	-	-	Final Invoices only for 16/17 project			-
10156	A67	City Deal	All Clackmannanshire	G Dallas	500,000	6,350		6,350	250,000	(250,000)	(250,000)	0	Anticipated Timescale of Development work longer than expected. Awaiting decision from Scottish Government before commencement of projects, which will be completed over a 2 year period.		(250,000)	(250,000)
<b>TOTAL All Clackmannanshire Areas - not seperated into an area</b>					<b>769,110</b>	<b>90,839</b>	<b>0</b>	<b>90,839</b>	<b>469,110</b>	<b>(300,000)</b>	<b>(250,000)</b>	<b>(50,000)</b>		<b>0</b>	<b>(300,000)</b>	<b>(300,000)</b>
<b>Total (A) Total Corporate Asset Management Strategy</b>					<b>12,072,240</b>	<b>4,063,368</b>	<b>0</b>	<b>4,063,368</b>	<b>8,076,840</b>	<b>(3,995,400)</b>	<b>(2,416,074)</b>	<b>(1,579,326)</b>	<b>Budget Re-alignment</b>	<b>(256,070)</b>	<b>(3,739,330)</b>	<b>(3,995,400)</b>
<b>(B) Property Asset Management Strategy :</b>																
10045	B1	Statutory Compliance DDA Schools	All Clackmannanshire	E Turnbull	16,000	-		0	16,000	-	-	-	Majority of works to be undertaken in Quarter 2 & 3			-
10046	B2	Compliance - Asbestos Removal (Schools)	All Clackmannanshire	E Turnbull	40,000	-		0	40,000	-	-	-	Majority of works to be undertaken in Quarter 2 & 3			-
10047	B3	Childcare Residential Unit	tbc	M Porco	10,000	-		0	-	(10,000)	-	(10,000)	redundant project	(10,000)		(10,000)
<b>Total (B) Total Property Asset Management Strategy :</b>					<b>66,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56,000</b>	<b>(10,000)</b>	<b>0</b>	<b>(10,000)</b>		<b>(10,000)</b>	<b>0</b>	<b>(10,000)</b>
<b>(C) Roads Asset Management Strategy :</b>																
10049	C2	- Flood Prevention	All Clackmannanshire	A Murray	86,000	991		991	66,000	(20,000)	-	(20,000)	Project briefs & procurement in preparation		(20,000)	(20,000)
10050	C3	- Cycle Routes	All Clackmannanshire	A Murray	80,000	-		0	-	(80,000)	350,000	(430,000)	Offset by income from Sustrans fwd to 18/19 £350k grant & £80k		(430,000)	(430,000)
10051	C4	- Carriageways	All Clackmannanshire	S Walker	1,450,000	957,600		957,600	1,450,000	0	-	0	Proceeding as planned - full budget will be spent			-
10052	C5	- Footways	All Clackmannanshire	S Walker	200,000	200,082		200,082	200,000	-	-	-	Proceeding as planned - full budget will be spent			-
10053	C6	- Surface Treatment	All Clackmannanshire	S Walker	100,000	100,000		100,000	100,000	-	-	-	Proceeding as planned - full budget will be spent			-
10054	C7	- Bridge Improvements	All Clackmannanshire	A Murray	111,000	67,715		67,715	100,000	(11,000)	-	(11,000)	£11k saving	(11,000)		(11,000)
10055	C8	- Road Safety	All Clackmannanshire	A Murray	131,200	64,272		64,272	131,200	-	-	-	Projects underway			-
10056	C9	- Lighting Replacement	All Clackmannanshire	S Walker	250,000	316,279		316,279	250,000	-	-	-	Proceeding as planned - full budget will be spent			-
10057	C10	Road & Footpath Improvements	All Clackmannanshire	S Walker	155,000	104,290		104,290	155,000	0	-	-	Proceeding as planned - full budget will be spent			0
<b>Total (C) Total Roads Asset Management Strategy :</b>					<b>2,563,200</b>	<b>1,811,231</b>	<b>-</b>	<b>1,811,231</b>	<b>2,452,200</b>	<b>(111,000)</b>	<b>350,000</b>	<b>(461,000)</b>	<b>Offset by income from Sustrans</b>	<b>(11,000)</b>	<b>(450,000)</b>	<b>(461,000)</b>
<b>(D) Lands Asset Management Strategy :</b>																
10061	D1	SWF/Wheeled Bins	Various	GD	30,000	0		0	30,000	0	-	-				0
<b>Total (D) Total Lands Asset Management Strategy :</b>					<b>30,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>-</b>				
<b>(E) Fleet Asset Management Strategy :</b>																
10062	E1	Vehicle & Machinery Replacement	N/A	S Blyth	634,000	292,002		292,002	634,000	-	-	-				-
<b>Total (E) Total Fleet Asset Management Strategy :</b>					<b>634,000</b>	<b>292,002</b>	<b>0</b>	<b>292,002</b>	<b>634,000</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>(F) IT Asset Management Strategy :</b>																
10064	F1	IT Infrastructure	tbc	J Munro	169,800	145,334		145,334	169,800	-	-	-	Upgrade of security systems work ongoing			-
10065	F2	Telecare	tbc	L Melville	75,000	21,770		21,770	75,000	-	-	-	Annual Budget			-
10066	F3	Social Services Integrated System	N/A	J Munro	100,000	25,686		25,686	50,000	(50,000)	(50,000)	0	Project Manager in post, half year staff costs for project initiation		(50,000)	(50,000)
10067	F4	Digital Transformation	N/A	J Munro	200,000	71,369		71,369	200,000	-	-	-	Wifi work carried over Q1 expect invoicing Q2			-
10068	F5	e-Building Standards	N/A	J Munro	10,000	-		0	10,000	-	-	-	work scheduled Q3			-
10069	F6	Managed Wi-fi	N/A	J Munro	0	29,656		29,656	-	-	-	-				-
10070	F7	Financial Management System Replacement	N/A	L Sim	0	4,024		4,024	-	-	-	-	Final Invoices only for 16/17 project			-
10165	F8	CCTV - Kelliebank	N/A	T Carman	60,000	1,400		1,400	60,000	-	-	-				-
10155	F9	Technology Enabled Care	N/A	L Melville	0	(150,000)		(150,000)	-	-	-	-				-
<b>Total (F) Total IT Asset Management Strategy :</b>					<b>614,800</b>	<b>299,239</b>	<b>(150,000)</b>	<b>149,239</b>	<b>564,800</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>0</b>		<b>0</b>	<b>(50,000)</b>	<b>(50,000)</b>
<b>TOTAL CAPITAL PROGRAMME</b>					<b>15,980,240</b>	<b>6,465,841</b>	<b>(350,000)</b>	<b>6,315,841</b>	<b>11,813,840</b>	<b>(4,166,400)</b>	<b>(2,116,074)</b>	<b>(2,050,326)</b>		<b>(277,070)</b>	<b>(4,239,330)</b>	<b>(4,516,400)</b>
<b>(G) Income</b>																
1476	G1	Government Grant			(6,094,000)		(1,454,250)	(1,454,250)	(6,094,000)	0	-	-	Annual Government Grant			0
1476	G2	Specific Government Grant - CWSS			(70,000)			0	(70,000)	0	-	-				0
1476	G3	Clackmannan Regeneration			(1,590,000)		(1,572,927)	(1,572,927)	(1,572,927)	17,073	17,073	-	Offset by expenditure - A57B	17,073		17,073
1476	G4	Dollar Development			(300,000)			0	0	300,000	-	300,000	Projects A39 & A40 fwd to 18/19		300,000	300,000
1476	G5	Scottish Future Trust Grant - Schools			0			0	(1,864,000)	(1,864,000)	(1,864,000)	0	SFT Grant Income	(1,864,000)		(1,864,000)
1476	G6	Sustrans		Alan Murray	0	0	0	0	0	(350,000)	350,000	350,000	Offset by expenditure - Cycle Routes C3	0	350,000	350,000
<b>TOTAL CAPITAL PROGRAMME INCOME</b>					<b>(8,054,000)</b>	<b>0</b>	<b>(3,027,177)</b>	<b>(3,027,177)</b>	<b>(9,600,927)</b>	<b>(1,546,927)</b>	<b>(2,196,927)</b>	<b>650,000</b>		<b>(1,846,927)</b>	<b>650,000</b>	<b>(1,196,927)</b>
<b>NET CAPITAL PROGRAMME</b>					<b>7,926,240</b>	<b>6,465,841</b>	<b>(3,177,177)</b>	<b>3,288,664</b>	<b>2,212,913</b>	<b>(5,713,327)</b>	<b>(4,313,001)</b>	<b>(1,400,326)</b>	<b>Movement mainly due to Budget re-alignment for Tullibody South</b>	<b>(2,123,997)</b>	<b>(3,589,330)</b>	<b>(5,713,327)</b>

Check total - 5,713,327 - 5,713,327

Housing Capital Programme 2017-18 Period to December 2017		Project Code	17-18 Net Budget	Net Expenditure to 31/12/17	Budget to 31/12/17	Forecast as at 31/03/18	Actual to Budget Variance	Forecast to Budget Variance	Comment	C/F to 2018-19
<b>SCOTTISH HOUSING QUALITY STANDARD</b>										
<b>TACKLING SERIOUS DISREPAIR PRIMARY BUILDING ELEMENTS</b>										
<b>Structural Works</b>										
Asbestos Testing for Council Houses 2013-17										
Asbestos Removal Works for Council Houses 2013-17										
<b>Structural Works</b>										
10071 25,000 4,063 20,833 20,000 (16,770) (5,000) Reactive work that will be less than budget										
10072 125,000 20,693 104,167 40,000 (83,474) (85,000) as programme moves away from Kitchens.										
<b>150,000 24,756 125,000 60,000 (100,244) (90,000)</b>										
<b>SECONDARY BUILDING ELEMENTS</b>										
<b>Damp/Rot</b>										
2013-17 Damp & Rot Works										
<b>Damp/Rot</b>										
10074 70,000 29,733 54,000 70,000 (24,267) 0 Expenditure more likely in winter months										
<b>70,000 29,733 54,000 70,000 (24,267) 0</b>										
<b>Roofs / Rainwater / External Walls</b>										
2014-17 Roof & Render Upgrading Works										
<b>Roofs / Rainwater / External Walls</b>										
10076 3,012,000 808,134 2,450,000 1,800,000 (1,641,866) (1,212,000) Programme working well with significant expenditure forecast until year end.										
<b>3,012,000 808,134 2,450,000 1,800,000 (1,641,866) (1,212,000)</b>										
<b>Doors</b>										
External Door Replacement 2014-18										
<b>Window &amp; Doors</b>										
10077 10,000 1,393 8,000 10,000 (6,607) 0										
<b>10,000 1,393 8,000 10,000 (6,607) 0</b>										
<b>Windows</b>										
Window Replacement 2014-18 Sidey										
10078 1,000,000 1,098,695 833,330 1,610,000 265,365 610,000 Shortfall of work by Property Contracts being undertaken by private contractor.										
Window Replacement 2014-18 PCU										
10139 960,000 280,833 690,000 350,000 (409,167) (610,000) Other commitments has resulted in less work being completed than envisaged.										
<b>1,960,000 1,379,528 1,523,330 1,960,000 (143,802) 0</b>										
<b>5,052,000 2,218,788 4,035,330 3,840,000 (1,816,542) (1,212,000)</b>										
<b>ENERGY EFFICIENCY</b>										
<b>Full/Efficient Central Heating</b>										
2013/16 Central Heating Replacement										
10079 236,000 55,878 236,000 56,000 (180,122) (180,000) Work completed in this contract.										
Bowmar Community Energy Savings Programme (CESP)										
10080 183,000 0 61,000 0 (61,000) (183,000) Solution to this may now involve project moving to Roofing programme.										
2017/19 Central Heating Replacement										
10157 800,000 317,974 600,000 800,000 (282,026) 0 Programme started PH Jones. Expenditure forecast to spend out.										
Energy Efficiency Works										
10142 500,000 1,898 333,332 350,000 (331,434) (150,000) Returned tender competitively priced contract started.										
<b>1,719,000 375,750 1,230,332 1,206,000 (854,582) (513,000)</b>										
<b>1,719,000 375,750 1,230,332 1,206,000 (854,582) (513,000)</b>										
<b>MODERN FACILITIES &amp; SERVICES</b>										

Housing Capital Programme 2017-18 Period to December 2017		Project Code	17-18 Net Budget	Net Expenditure to 31/12/17	Budget to 31/12/17	Forecast as at 31/03/18	Actual to Budget Variance	Forecast to Budget Variance	Comment	C/F to 2018-19
<b>Kitchen Renewal</b>										
Kitchen Replacement 2014-17		10082	91,000	0	60,000	0	(60,000)	(91,000)	New Contract now in place Property Contracts other commitments will mean less replacements than budgeted.	
Kitchen Replacement 2017-20 <b>Kitchen Renewal</b>		10158	1,365,300	183,368	975,000	400,000	(791,632)	(965,300)		
			<b>1,456,300</b>	<b>183,368</b>	<b>1,035,000</b>	<b>400,000</b>	<b>(851,632)</b>	<b>(1,056,300)</b>		
<b>Bathrooms</b>										
2016-20 Bathroom Replacements PCU Team		10141	50,000	34,738	37,500	50,000	(2,762)	0		
<b>Bathrooms</b>			<b>50,000</b>	<b>34,738</b>	<b>37,500</b>	<b>50,000</b>	<b>(2,762)</b>	<b>0</b>		
			<b>1,506,300</b>	<b>218,106</b>	<b>1,072,500</b>	<b>450,000</b>	<b>(854,394)</b>	<b>(1,056,300)</b>		
<b>HEALTHY, SAFE &amp; SECURE</b>										
<b>Safe Electrical Systems / CO Detectors</b>										
Safe Electrical Rewire 2013-17		10087	740,000	289,652	616,670	361,500	(327,018)	(378,500)	Contract now completed with new one to be procured.	
Safe Electrical Testing		10159	60,000	0	40,000	0	(40,000)	(60,000)		
<b>Safe Electrical Systems</b>			<b>800,000</b>	<b>289,652</b>	<b>656,670</b>	<b>361,500</b>	<b>(367,018)</b>	<b>(438,500)</b>		
<b>Communal Areas (Environmentals)</b>										
2011-15 Rep/Up Door Entry Systems		10089	52,000	618	39,000	620	(38,382)	(51,380)	Mixed Tenure blocks still not completed. Contractor appointed and programme almost complete.	51,380
External Works : Fencing, Gates, Paths		10090	125,000	32,003	75,000	125,000	(42,997)	0		
Door Entry Upgrade Term Contract 2016-20		10160	125,000	12,568	93,750	125,000	(81,182)	0	Contractor appointed and programme identified.	
<b>Communal Areas (Environmentals)</b>			<b>302,000</b>	<b>45,189</b>	<b>207,750</b>	<b>250,620</b>	<b>(162,561)</b>	<b>(51,380)</b>		
			<b>1,102,000</b>	<b>334,841</b>	<b>864,420</b>	<b>612,120</b>	<b>(529,579)</b>	<b>(489,880)</b>		
<b>NON-SHS ELEMENTS</b>										
<b>PARTICULAR NEEDS HOUSING (CITC)</b>										
<b>Conversions &amp; Upgradings</b>										
Conversions & Upgradings		10092	98,000	2,430	73,000	98,000	(70,570)	0	Bungalow conversion almost finished.	
<b>Conversions &amp; Upgradings</b>			<b>98,000</b>	<b>2,430</b>	<b>73,000</b>	<b>98,000</b>	<b>(70,570)</b>	<b>0</b>		
<b>Disabled Adaptations</b>										
Aids & Adaptations 2013-17		10161	50,000	31,397	37,500	50,000	(6,103)	0		
<b>Disabled Adaptations</b>			<b>50,000</b>	<b>31,397</b>	<b>37,500</b>	<b>50,000</b>	<b>(6,103)</b>	<b>0</b>		
<b>Environmental Improvements</b>										
HRA Roads & Footpaths Improvements		10099	100,000	0	75,000	100,000	(75,000)	0	Dependent on Roads having available resources. Dependent on Land Services having available resources.	
MCB Tenant Community Improvement Fund		10100	278,000	27,542	221,332	278,000	(193,790)	0		
<b>Environmental Improvements</b>			<b>378,000</b>	<b>27,542</b>	<b>296,332</b>	<b>378,000</b>	<b>(268,790)</b>	<b>0</b>		
			<b>526,000</b>	<b>61,369</b>	<b>406,832</b>	<b>526,000</b>	<b>(345,463)</b>	<b>0</b>		
<b>Council New Build Housing (Transforming Communities)</b>										
Hallpark New Build		10103	25,000	15,712	15,700	15,710	12	(9,290)		
New Build - Fairfield School		10104	31,000	29,471	31,000	35,000	(1,529)	4,000		
New Build - Tilly Community Centre Phase 1a		10107	11,000	41,034	11,000	41,000	30,034	30,000	Retention greater than anticipated.	

<b>Housing Capital Programme 2017-18 Period to December 2017</b>		<b>Project Code</b>	<b>17-18 Net Budget</b>	<b>Net Expenditure to 31/12/17</b>	<b>Budget to 31/12/17</b>	<b>Forecast as at 31/03/18</b>	<b>Actual to Budget Variance</b>	<b>Forecast to Budget Variance</b>	<b>Comment</b>	<b>C/F to 2018-19</b>
New Build - Tilly Community Centre Phase 2		10109	20,000	0	9,300	20,000	(9,300)	0	Five properties purchased to date with three more possibly purchased	
Off The Shelf Purchase		10105	820,000	416,759	620,000	459,500	(203,241)	(360,500)		
Off The Shelf Refurbishment		10106	40,000	33,153	30,000	40,000	3,153	0		
<b>Council New Build Housing (Transforming Communities)</b>			<b>947,000</b>	<b>536,129</b>	<b>717,000</b>	<b>611,210</b>	<b>(180,871)</b>	<b>(335,790)</b>		
			<b>947,000</b>	<b>536,129</b>	<b>717,000</b>	<b>611,210</b>	<b>(180,871)</b>	<b>(335,790)</b>		
<b>Other Costs / HBMS</b>										
Construction Design Management		10143	20,000	33,238	20,000	35,000	13,238	15,000		
Computer Equipment - New (HBMS)		10111	60,000	12,712	50,000	60,000	(37,288)	0		
Lead Piping Replacement		10166	20,000	0	10,000	10,000	(10,000)	(10,000)	Current investigations on going	
<b>Other Costs / HBMS</b>			<b>100,000</b>	<b>45,950</b>	<b>80,000</b>	<b>105,000</b>	<b>(34,050)</b>	<b>5,000</b>		
			<b>100,000</b>	<b>45,950</b>	<b>80,000</b>	<b>105,000</b>	<b>(34,050)</b>	<b>5,000</b>		
<b>TOTAL CAPITAL EXPENDITURE</b>			<b>11,102,300</b>	<b>3,815,689</b>	<b>8,531,414</b>	<b>7,410,330</b>	<b>(4,715,725)</b>	<b>(3,691,970)</b>		
<b>Sale of Council Property</b>										
Sale of Council Houses		10112	0	(416,701)	0	(447,400)	(416,701)	(447,400)	Balance of Houses not settled by March 2017.	
<b>Sale of Council Property</b>			<b>0</b>	<b>(416,701)</b>	<b>0</b>	<b>(447,400)</b>	<b>(416,701)</b>	<b>(447,400)</b>		
<b>NET EXPENDITURE</b>			<b>11,102,300</b>	<b>3,398,988</b>	<b>8,531,414</b>	<b>6,962,930</b>	<b>(5,132,426)</b>	<b>(4,139,370)</b>	<b>51,380</b>	



**POLICY**

**Appendix E**

Service	Saving Type	Reference	Saving Description	Year One Saving (2017/18)	2017/18 Saving Green	2017/18 Saving Amber	2017/18 Saving Red	Description
				£	£	£	£	
Education	Policy	EDU 178 005	School crossing patrols	2,789	2,789	0	0	Reduction in posts are Menstrie and Redwell. Saving achieved
Education	Policy	EDU 178 006	Sports Development Charges (academic year)	18,750	18,750	0	0	Continuous monitoring throughout the year. On target to achieve savings in 17/18
Education	Policy	EDU 178 011	Music Tuition Fees	2,818	2,818	0	0	Actual income currently exceeds budget. Saving achieved
Education	Policy	EDU 178 006	School efficiencies	200,000	200,000	0	0	Allocated to schools. Compensating savings arising from the difficulties in recruiting teachers have offset the inability of schools to achieve this saving in their supplies budgets
Corporate	Policy	COU 178 013	Capital Programme	129,000	129,000	0	0	Saving achieved
Corporate	Policy	COU 178 019	Refresh Income and Charging Strategy and Rates	60,000	60,000	0	0	Saving expected to be achieved but dependant on demand. Will be monitored throughout the year
D&E	Policy	DAE 178 011	Review of Council Depots	155,000	126,041	0	28,959	Saving of £155K this year based on staffing changes in security, mailroom and stores. Full saving will not be achieved this year (detail within November Council report. There is a compensatory cash saving from the closure of Lime Tree House of £93,210.
D&E	Policy	DAE 178 004	Street Lighting	110,000	110,000	0	0	Savings achieved, reporting net underspend across St Lighting and Power of £19,460 at Dec outturn.
D&E	Policy	DAE 178 001	Glenochil Prison Partnership Working	6,000	0	0	6,000	Compensatory saving being achieved in Land Services
Housing	Policy	HCS 178 001	B&B Places	78,000	78,000	0	0	On target, client numbers low enough to achieve as long as numbers remain constant
Housing	Policy	HCS 178 008	Harmonise TU facilities time	11,236	11,236	0	0	Achieved
R&G	Policy	RAG 178 006	School meals	12,000	12,000	0	0	Implemented but saving may be impacted if take-up of school meals is reduced.
R&G	Policy	MCB RAG 039	Review of working week, role flexibility and other terms and conditions	363,000	0	0	363,000	Unsocial hours expenditure in 2016/17 was approx. £320k indicating potentially lower saving value. Council will have to dismiss and re-engage staff.
Social Services	Policy	SW 178 001	Respite care for adults	50,000	50,000	0	0	On target to achieve savings in 17/18
Social Services	Policy	SW 178 002	Adult social work	542,000	0	0	542,000	Review activity underway however this can be impacted by unforeseen changes in demand for services. Unlikely to be achieved as forecasts indicate service levels continue to exceed the budget.
Social Services	Policy		Children's Social Work	150,000	150,000	0	0	Proceeding - can be impacted by unforeseen events; plans in place for a further 3 young people to return from high cost placement home.
SCS	Policy	SCS 178 001	Review and target funding to voluntary organisations	37,500	37,500	0	0	Savings all implemented. However due to contractual notice period only part year implementation.
SCS	Policy	MCB SCS 006a	Roll out of hub model: Community and leisure Facilities	23,000	23,000	0	0	Staffing savings aspect completed. Discussions are still ongoing on buildings aspects and are now linked in to 2018-19 savings proposals.
<b>TOTAL</b>				<b>1,951,093</b>	<b>1,011,134</b>	<b>0</b>	<b>939,959</b>	
					52%	0%	48%	

## MANAGEMENT EFFICIENCIES

## Appendix F

Saving Type	Reference	Saving Description	Year One Saving (2017/18)	2017/18 Saving Green	2017/18 Saving Amber	2017/18 Saving Red	Description
			£	£	£	£	
Management Efficiencies	EDU 178 017	Education staff budget	605,758	258,000	347,758	0	One year cash saving looking at secondary school management structures have been agreed. Progress on saving was updated after School budgets were updated following the September census. Saving will continue to be monitored and updated based on actual staffing levels.
Management Efficiencies	COU 178 017	Business process efficiencies	200,000	0	200,000	0	Scope agreed focussed on income maximisation and commissioning and procurement efficiencies. Savings being achieved are mostly within Capital contracts.
Management Efficiencies	DAE 178 002	Environmental Health efficiencies	10,000	10,000	0	0	Savings achieved
Management Efficiencies	DAE 178 003	Trading Standards efficiencies	8,000	8,000	0	0	Savings achieved
Management Efficiencies	DAE 178 005	Fleet Review	83,720	51,280	32,440	0	Reduction in fleet asset is taking place, £51k achieved to-date. Service working on the achievement of the remaining saving.
Management Efficiencies	DAE 178 010	Review of Street Care	12,280	12,280	0	0	Full saving likely to be achieved.
Management Efficiencies	DAE 178 023	Business Loans fund	40,000	40,000	0	0	Fully achieved
Management Efficiencies	DAE 178 015	Waste treatment and refuse collection	110,000	110,000	0	0	Saving based on historic trend data and projections. Team Leader monitoring actual vs forecast position during year. Fully achieved per December outturn.
Management Efficiencies	DAE 178 020	Standby for School Alarms	20,000	0	0	20,000	Delay in implementation due to staff absence. Interim staff cover being recruited.
Management Efficiencies	DAE 178 018	Catering Service efficiency and income	300,000	300,000	0	0	Saving achieved
Management Efficiencies	DAE 178 009	Building Standards Efficiencies	59,594	59,594	0	0	Fully achieved as post is vacant
Management Efficiencies	DAE 178 013	D&E Vacancy management	70,000	70,000	0	0	Vacancy management savings achieved across the whole of D&E.
Management Efficiencies	DAE 178 014	Storage lease (Meals on Wheels)	8,000	8,000	0	0	Achieved - saving from storage of surplus furniture and stock (Unit 7 Trade Centre)
Management Efficiencies	DAE 178 016	Modern Apprentice	40,000	40,000	0	0	Fully achieved
Management Efficiencies	HCS 178 003	Housing Budget realignment	53,543	53,543	0	0	Fully achieved through staff reductions
Management Efficiencies	HCS 178 004	Staffing: Housing	46,128	46,128	0	0	Employee transferring to HRA & employee left
Management Efficiencies	HCS 178 005	Housing budget realignment	600,000	600,000	0	0	Saving on target to be achieved and will be monitored throughout the year
Management Efficiencies	HCS 178 006	Housing Staffing costs	29,000	29,000	0	0	Employee left service
Management Efficiencies	HCS 178 007	CCTV	15,000	15,000	0	0	Will be achieved pending any unforeseen maintenance problems
Management Efficiencies	HCS 178 008	Budget realignment (assets)	67,000	50,250	0	16,750	Moved across to Education. This post is only 75% work on Capital projects.
Management Efficiencies	RAG 178 001	Technology efficiency	40,000	12,000	28,000	0	Work ongoing to achieve full saving.
Management Efficiencies	RAG 178 002	Training Budget	30,000	30,000	0	0	Fully achieved
Management Efficiencies	RAG 178 003	Voluntary Severance	250,000	37,080	0	212,920	This is a 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 and will be publicised throughout the year.
Management Efficiencies	RAG 178 004	Flexible working	20,000	0	20,000	0	Dependent on uptake by staff.
Management Efficiencies	RAG 178 005	External Audit Fee	4,000	4,000	0	0	Fully achieved
Management Efficiencies	SCS 178 002	Strategy & Customer Services vacancy management	11,242	11,242	0	0	Achieved
Management Efficiencies	SCS 178 003	Strategy & Performance grant finder	3,600	3,600	0	0	Achieved
			2,736,865	1,858,997	628,198	249,670	

68% 23% 9%

## MANAGED CONTRACTION

## Appendix G

Service	Saving Type	Reference	Saving Description	Year One Saving (2017/18)	2017/18 Saving Green	2017/18 Saving Amber	2017/18 Saving Red	Description
				£	£	£	£	
Education	Managed Contraction	Education	Reduction of posts in Sport, Youth, Central Support, Secondary School Management, teachers	101,671	99,854	1,817	0	£87k achieved via reduction in 3 posts. Severance has been approved for 2 Youth Workers posts. Discussions are ongoing around other posts.
D&E	Managed Contraction	Development & Environment	Reduction of posts in Economic Development, Transportation, Estates	97,005	97,005	0	0	Managed Contraction fully achieved through vacant posts.
Housing	Managed Contraction	Housing & Community Safety	Reduction of posts in Community Safety, Advice, Homelessness	84,378	84,378	0	0	Employees accepted VR
R&G	Managed Contraction	Resources & Governance	Reduction of posts in Finance, IT and HR	44,919	44,919	0	0	Fully achieved
SCS	Managed Contraction	Strategy & Customer	Reduction of posts in Strategy & Performance, Customer Services and Business Support	63,288	63,288	0	0	Achieved
<b>TOTAL</b>				<b>391,261</b>	<b>389,444</b>	<b>1,817</b>	<b>0</b>	
					100%	0%		

# SERVICE REDESIGN

# Appendix H

Service	Saving Type	Reference	Saving Description	Year One Saving (2017/18)	2017/18 Saving Green	2017/18 Saving Amber	2017/18 Saving Red	Description
				£	£	£	£	
Education	Service Redesign	Senior Management Education	Contribution to secondary school management & design as part of managed contraction in senior management roles based on retirements, vacancies and /or severance	193,000	193,000	0	0	£176k achieved via reduction in DHT posts in Academies and vacant post. £17k balance confirmed following update of school budgets following the Sept census.
Corporate	Service Redesign	Chief Officer Reduction	Contribution to longer term managed contraction of Chief Officers based on voluntary severance and/or vacancies	170,000	85,000	0	85,000	Dependant upon reorganisation proposals
Social Services	Service Redesign	Social Services R	Redesign of Staffing further to cessation of shared services	100,000	100,000	0	0	Redesign being implemented and Savings currently being achieved through vacancies.
<b>TOTAL</b>				<b>463,000</b>	<b>378,000</b>	<b>0</b>	<b>85,000</b>	

82%

18%

**2016/2017 Year 2 Savings**

**Appendix I**

			Year One Saving (2017/18)	2017/18 Saving Green	2017/18 Saving Amber	2017/18 Saving Red	Notes
			£	£	£	£	
Education			58,073	58,073	0	0	
Corporate			197,884	74,884	0	123,000	Voluntary Severance uptake
Development & Environment			430,038	341,138	0	88,900	30% TVR Savings unachieved
Housing			55,587	55,587	0	0	
Resource & Governance			201,069	131,825	69,244	0	
Social Services			192,293	147,998	0	44,295	Unachieved TVR Savings
Strategy & Customer Services			127,138	127,138	0	0	
<b>TOTAL 2016-17 Year 2 Savings</b>			<b>1,262,082</b>	<b>936,643</b>	<b>69,244</b>	<b>256,195</b>	
				74.2%	5.5%	20.3%	

