



**Clackmannanshire
Council**

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Greenfield, Alloa, Scotland, FK10 2AD (Tel.01259-450000)

Clackmannanshire Council

Thursday 28 June 2012 at 10.00 am

Venue: Council Chamber, Greenfield, Alloa, FK10 2AD

Date	Time
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Clackmannanshire Council

There are 32 Unitary Councils in Scotland. Clackmannanshire Council is the smallest mainland Council. Eighteen Councillors are elected to represent the views of the residents and businesses in Clackmannanshire. The Council has approved Standing Orders that detail the way the Council operates. Decisions are approved at the 9 weekly meetings of the full Council and at Committee Meetings.

The Council is responsible for approving a staffing structure for the proper discharge of its functions, approving new policies or changes in policy, community planning and corporate governance including standards of conduct. Co-option of religious representatives in respect of Education policy decisions is also a Council responsibility.

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

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

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

If you require further information about Council or Committee meetings, please contact Finance and Corporate Services by e-mail at customerservice@clacks.gov.uk or by telephone on 01259 452106 or 452004.

20 June 2012

A MEETING of the CLACKMANNANSHIRE COUNCIL will be held within the Council Chamber, Greenfield, Alloa, FK10 2AD, on THURSDAY 28 June 2012 at 10.00 am.

NIKKI BRIDLE
Director of Finance and Corporate Services

9.45 am - Presentation of Certificates to the Council's Modern Apprentices (presentation by the Leader of the Council)

B U S I N E S S

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1. Apologies	--
2. Declaration of Interests Elected Members are reminded of their obligation to declare any financial or non-financial interest which they may have in any item on this agenda in accordance with the Councillors' Code of Conduct. A Declaration of Interest form should be completed and passed to the Committee Officer.	--
3. Confirm Minutes of meetings (Copies herewith)	
(i) Minutes of meeting held on 1 June 2012	01
(ii) Minutes of Special Meeting held on 14 June 2012	15
4. Correspondence from CoSLA - The Scottish National War Memorial - report by the Head of Strategy and Customer Services (Copy herewith)	17
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6. Elected Member Representation on Outside Bodies and Appointment of Champions - report by the Head of Strategy and Customer Services (Copy herewith)	25
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10.	Budget Strategy Update - report by the Director of Finance and Corporate Services (Copy herewith)	99
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12.	New Alloa Gymnastics Development, Alloa - report by Head of Facilities Management (Copy herewith)	115

EXEMPT INFORMATION

It is considered that the undernoted report be treated as exempt from the Council's general policy of disclosure of all papers by virtue of Paragraph 43 of the Public Contracts (Scotland) Regulations 2006 and s50A(2) of the Local Government (Scotland) Act 1973. It is anticipated, (although this is not certain) that the Council will resolve to exclude the press and public during consideration of this item.

13.	Care and Repair Services - report by Head of Community and Regulatory Services (Copy herewith)	119
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It is considered that the undernoted report is treated as exempt from the Council's general policy of disclosure of all papers by virtue of Schedule 7A, Part 1, Paragraphs 8, 12 and 13 of the Local Government (Scotland) Act 1973. It is anticipated, (although this is not certain) that the Council will resolve to exclude the press and public during consideration of this item.

14.	Building (Scotland) Act 2003 - Dangerous Structure - report by Head of Community and Regulatory Services (Copy herewith)	143
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Clackmannanshire Council – Councillors and Wards

Councillors

Wards

Provost	Tina Murphy	1	Clackmannanshire West	SNP
Councillor	George Matchett, QPM	1	Clackmannanshire West	LAB
Councillor	Les Sharp	1	Clackmannanshire West	SNP
Councillor	Jim Stalker	1	Clackmannanshire West	LAB
Councillor	Donald Balsillie	2	Clackmannanshire North	SNP
Councillor	Archie Drummond	2	Clackmannanshire North	INDP
Councillor	Walter McAdam, MBE	2	Clackmannanshire North	SNP
Councillor	Bobby McGill	2	Clackmannanshire North	LAB
Councillor	Derek Stewart	3	Clackmannanshire Central	LAB
Councillor	Graham Watt	3	Clackmannanshire Central	LAB
Councillor	Gary Womersley	3	Clackmannanshire Central	SNP
Councillor	Janet Cadenhead	4	Clackmannanshire South	LAB
Councillor	Kenneth Earle	4	Clackmannanshire South	LAB
Councillor	Ellen Forson	4	Clackmannanshire South	SNP
Councillor	Craig Holden	4	Clackmannanshire South	SNP
Councillor	Alastair Campbell	5	Clackmannanshire East	CONS
Councillor	Irene Hamilton	5	Clackmannanshire East	SNP
Councillor	Kathleen Martin	5	Clackmannanshire East	LAB

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Religious Representatives

Reverend Mhairi Lovett

Church of Scotland

Father Michael Freyne

Roman Catholic Church



**Clackmannanshire
Council**

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**THIS PAPER RELATES TO
ITEM 03(i)
ON THE AGENDA**

MINUTES OF MEETING of the CLACKMANNANSHIRE COUNCIL held within the Council Chamber, Greenfield, Alloa, FK10 2AD, on FRIDAY 1 JUNE 2012 at 10.00 am.

PRESENT

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

IN ATTENDANCE

Elaine McPherson, Chief Executive
Garry Dallas, Director of Services to Communities
Deirdre Cilliers, Head of Joint Social Services, Clackmannanshire and Stirling
Stephen Crawford, Head of Facilities Management
Stuart Crickmar, Head of Strategy and Customer Services
Belinda Greer, Head of Joint Education Services, Clackmannanshire and Stirling
Susan MacKay, Revenues and Payments Manager
David Thomson, Solicitor, Legal Services (Clerk to the Council)

CC.08/01 APOLOGIES

None

CC.09 DECLARATIONS OF INTERESTS

None

CC.10 MINUTES OF MEETINGS

(i) Minutes of Meeting: Clackmannanshire Council 8 March 2012

The minutes of the meeting of the Clackmannanshire Council held on 8 March 2012 were submitted for approval.

Decision

The minutes of the meeting of the Clackmannanshire Council held on 8 March 2012 were agreed as a correct record and signed by the Provost.

(ii) Minutes of Statutory Meeting: Clackmannanshire Council 17 May 2012

The minutes of the Statutory Meeting of the Clackmannanshire Council held on 17 May 2012 were submitted for approval.

Decision

Page 23 (CC.05) (c) (i) (Local Review Body) - Minute to be amended to read "The Council agreed unanimously to elect Councillor Campbell as Convenor of the Local Review Body"

Subject to the above amendment, the minutes of the Statutory Meeting held on 17 May 2012 were agreed as a correct record and signed by the Provost.

CC.11 THE COUNCIL'S DECISION MAKING FRAMEWORK

A report submitted by the Chief Executive set out proposals for changes to the Council's committee structure, political responsibilities, accountabilities and chief officer structure and functions.

The Council was asked to note that as some of the recommendations set out in the report will alter or withdraw Council decisions which have been made in the last six months (or will have that effect) that:

- (a) the Provost, after consultation, had indicated she was satisfied that circumstances have changed in a relevant way, namely the formation of a new Administration and the notice given at the meeting of 17 May 2012 that changes to Standing Orders affecting the committee structure would be brought before this meeting: and
- (b) the relevant decisions were specified in section 12 of the report as required by Standing Order 17.1.

Motion

That Council agrees the recommendations set out in the report.

Moved by Councillor Gary Womersley. Seconded by Councillor Donald Balsillie.

Councillor Womersley intimated that further proposed changes to Standing Orders would be brought before the next ordinary meeting of the Council

Amendment I

In Appendix 2, Proposed Remits of New Standing Committees, Resources and Audit Committee :-

Delete the words "(excluding those covered by other Standing Committees)".

Moved by Councillor Archie Drummond. Seconded by Councillor Craig Holden.

Amendment II

Replace recommendations 2.1 with the following:

The Labour Group proposes an amendment to the Administration's proposal to alter the Council's Decision Making Framework, namely:

To delete recommendations 2.1(a) and to substitute therefore:

"It is recommended that Council:

- (i) Changes the usual cycle of meetings from 6 weekly to 4 weekly:

Reason - this will allow the opportunity for more appropriate service specific reports to be debated and agreed more frequently by Council.

- (ii) Note that revisions to the Scheme of Delegation and Standing Orders to include the above changes (if approved) will be brought to a future Council meeting."

Moved by Councillor Bobby McGill. Seconded by Councillor Jim Stalker.

Amendment III

Amendment to replace the recommendations 2.1 with the following:

The Labour Group proposes an amendment to the Administration's proposal to alter the Council's Decision Making Framework.

To delete recommendations 2.1(b) and to substitute therefore:

"It is recommended that Council:

- (i) Approves the establishment (in place of the existing Scrutiny Committee) of (1) an Audit and Monitoring Committee and (2) a Scrutiny Committee with specific responsibilities and remits which shall be the subject of a paper to be presented at a future Council meeting after consultation.
- (ii) Notes that revisions to the Scheme of Delegation and Standing Orders to include the above changes (if approved) will be brought to a future Council meeting."

Moved by Councillor Janet Cadenhead. Seconded by Councillor Derek Stewart

Amendment IV

Amendment to replace the recommendations 2.1 with the following:

The Labour Group proposes an amendment to the Administration's proposal to alter the Council's Decision Making Framework.

To delete recommendations 2.1(h) and to substitute therefore:

"It is recommended that Council:

- (i) Sets up a time limited cross party group to review the Chief Officers management structure at Head of Service level for the following reasons:
 - (1) This will give members the opportunity to reflect on changes made through shared services, look at Housing and how it links with other services and,
 - (2) to give members confidence that appropriate strengths are available in Corporate Services.

Moved by Councillor Bobby McGill. Seconded by Councillor Janet Cadenhead.

VOTING

Voting on Amendment I:

The Council agreed unanimously to support Amendment I :

Appendix 2, Proposed Remits of the New Standing Committees, Resources and Audit Committee to delete the words "excluding those covered by other Standing Committees".

Voting on Amendment II:

In terms of Standing Order 14.8, Councillor Bobby McGill asked for a roll call vote. The Council agreed that a vote be taken by calling the roll and at this stage there were 18 members present who were eligible to vote. On the roll being called, the members present voted as follows:

For Amendment II (8)

Councillor George Matchett, QPM
Councillor Jim Stalker
Councillor Bobby McGill
Councillor Janet Cadenhead
Councillor Kathleen Martin
Councillor Derek Stewart
Councillor Graham Watt
Councillor Kenneth Earle

Against Amendment II (9)

Councillor Archie Drummond
Councillor Les Sharp
Councillor Walter McAdam, MBE
Councillor Ellen Forson
Councillor Irene Hamilton
Councillor Donald Balsillie
Councillor Irene Hamilton
Councillor Gary Womersley
Provost Tina Murphy

Abstain (1)

Councillor Alastair Campbell

There were 8 votes for the amendment and 9 votes against with one abstention. Accordingly, on a division, Amendment II was defeated by 9 votes to 8 with one abstention.

Voting on Amendment III:

In terms of Standing Order 14.8, Councillor Janet Cadenhead asked for a roll call vote. The Council agreed that a vote be taken by calling the roll and at this stage there were 18 members present who were eligible to vote. On the roll being called, the members present voted as follows:

For Amendment III (9)

Councillor George Matchett, QPM
Councillor Jim Stalker
Councillor Bobby McGill
Councillor Janet Cadenhead
Councillor Kathleen Martin
Councillor Derek Stewart
Councillor Graham Watt
Councillor Kenneth Earle
Councillor Alastair Campbell

Against Amendment III (9)

Councillor Archie Drummond
Councillor Les Sharp
Councillor Walter McAdam, MBE
Councillor Ellen Forson
Councillor Craig Holden
Councillor Donald Balsillie
Councillor Irene Hamilton
Councillor Gary Womersley
Provost Tina Murphy

There were 9 votes for the amendment and 9 votes against. Accordingly, on the casting vote of the Provost, amendment III was defeated.

Voting on Amendment IV:

In terms of Standing Order 14.8, Councillor Bobby McGill asked for a roll call vote. The Council agreed that a vote be taken by calling the roll and at this stage there were 18 members present who were eligible to vote. On the roll being called, the members present voted as follows:

For Amendment IV (9)

Councillor George Matchett, QPM
Councillor Jim Stalker
Councillor Bobby McGill
Councillor Janet Cadenhead
Councillor Kathleen Martin
Councillor Derek Stewart
Councillor Graham Watt
Councillor Kenneth Earle
Councillor Alastair Campbell

Against Amendment IV (9)

Councillor Archie Drummond
Councillor Les Sharp
Councillor Walter McAdam, MBE
Councillor Ellen Forson
Councillor Craig Holden
Councillor Donald Balsillie
Councillor Irene Hamilton
Councillor Gary Womersley
Provost Tina Murphy

There were 9 votes for the amendment and 9 votes against. Accordingly, on the casting vote of the Provost, amendment IV was defeated.

Voting on the Motion as amended by Amendment I:

In terms of Standing Order 14.8, Councillor Bobby McGill asked for a roll call vote. The Council agreed that a vote be taken by calling the roll and at this stage there were 18 members present who were eligible to vote. On the roll being called, the members present voted as follows:

For the motion as amended by Amendment I: (9)

Provost Tina Murphy
Councillor Gary Womersley
Councillor Craig Holden
Councillor Donald Balsillie
Councillor Irene Hamilton
Councillor Ellen Forson
Councillor Walter McAdam, MBE
Councillor Les Sharp
Councillor Archie Drummond

Against the motion as amended by Amendment I: (8)

Councillor Kenneth Earle
Councillor Graham Watt
Councillor Derek Stewart
Councillor Kathleen Martin
Councillor Janet Cadenhead
Councillor Bobby McGill
Councillor Jim Stalker
Councillor George Matchett, QPM

Abstain: (1)

Councillor Alastair Campbell

Decision

The motion as amended by Amendment 1 was carried by 9 votes to 8 with one abstention. Accordingly, the Council agreed to:

- (a) Approve the Committee structure set out in Appendix 1 and Section 3 of the report which introduces three new committees and modifies the remit of the Scrutiny Committee.
- (b) Approve the remits of the new Committees and the revised remit of the Scrutiny Committee (renamed Resources and Audit) as set out in Appendix 2 and paragraphs 3.4 and 3.5 of the report subject to deletion of the words "excluding those covered by other Standing Committees" (Appendix 2, Proposed Remits of New Standing Committees, Resources and Audit Committee)
- (c) Approve the new framework of political responsibilities which replaces portfolio holders with Committee Convenors who are also spokespersons on relevant service performance and policy issues as set out in Section 4 of the report.
- (d) Appoint Convenors and Vice Convenors to the three new committees described in paragraph 3.2 of the report.
- (e) Approve the positions which are awarded senior councillor responsibility payments as set out in paragraph 4.2 of the report.

- (f) Remit to the Head of Strategy and Customer Services to seek nominations for three appointed members to sit on the Education, Sport and Leisure Committee as set out in paragraph 3.11 of the report.
- (g) Remit to the Head of Strategy and Customer Services to seek nominations for four co-opted representatives to sit on the Enterprise and Environment Committee as set out in paragraph 3.13 of the report.
- (h) Approve the establishment of an additional Head of Service post within Services to Communities as set out in section 5 of the report.
- (i) Approve the main roles and responsibilities of the Heads of Service posts in Services to Communities as set out in Appendix 4 of the report.
- (j) Approve the establishment of an Appointments Committee as set out in paragraph 5.6 of the report.
- (k) Nominate elected members to sit on the Appointments Committee as set out in paragraph 5.6 of the report.
- (l) Note that revisions to the Scheme of Delegation and Standing Orders to include the above changes will be brought to the next Council meeting.

Arrangements for the Council's new decision-making framework to be put in place so that the new approach comes into being following the summer recess (August 2012).

Appointment of Convenors and Vice Convenors (Decision (d) above)

Following agreement of the new Committee Structure, the Council agreed the appointment of Convenors and Vice-Convenors to the three new committees as follows:

1. Housing, Health and Social Care Committee

Councillor Les Sharp (Convenor)
Provost Tina Murphy (Vice Convenor)

Nominated by Councillor Gary Womersley. Seconded by Councillor Craig Holden.

2. Education, Sport and Leisure Committee

Councillor Ellen Forson (Convenor)
Councillor Walter McAdam, MBE (Vice Convenor)

Nominated by Councillor Gary Womersley. Seconded by Councillor Craig Holden.

3. Enterprise and Environment Committee

Councillor Donald Balsillie (Convenor)
Councillor Irene Hamilton (Vice-Convenor)

Nominated by Councillor Gary Womersley. Seconded by Councillor Craig Holden.

Head of Service Appointment (Decision (k) above)

The proposed composition of the Appointment Committee is:

Council Leader (Committee Chair)
2 Administration members
2 Opposition Group Members
1 Non-main Opposition Group Member

The Council agreed that nominations to the Appointments Committee would be submitted to the Chief Executive outwith the forum of today's meeting.

Action

Chief Executive

- In line with Standing Order 10.25, the Provost adjourned the meeting at this point in the proceedings (12.10 pm). When the meeting resumed at 12.30 pm, seventeen (17) members remained present. Councillor George Matchett, QPM, withdrew from the meeting at this point in the proceedings.

CC.12 FILLING OF COMMITTEE VACANCIES

A report submitted by the Chief Executive invited the Council to agree membership of its committees as set out in the report.

The recommendations set out in the report reflected the political balance agreed by the Council at its statutory meeting and any appointments which were made at that meeting and which were made at today's meeting in the context of the separate report on the agenda entitled "The Council's Decision Making Framework".

Motion

That nominations be submitted to the Chief Executive outwith the forum of today's meeting.

Moved by Councillor Gary Womersley. Seconded by Councillor Craig Holden.

Decision

The Council agreed that nominations be submitted to the Chief Executive outwith the forum of today's meeting with the exception of Planning Committee members in order that members are identified for the meeting of the Planning Committee scheduled for 7 June 2012.

Planning Committee Members

Councillor Alastair Campbell (Convenor)
Councillor Graham Watt (Vice Convenor)
Provost Tina Murphy
Councillor Ellen Forson
Councillor Les Sharp
Councillor Walter McAdam, MBE
Councillor Gary Womersley
Councillor Bobby McGill
Councillor George Matchett, QPM
Councillor Kenneth Earle

Councillor Alastair Campbell notified nominations for non-main Opposition Group Members. The nominations were agreed by Council as follows:

- **Housing, Health and Care Committee**
Councillor Archie Drummond
- **Workforce Committee**
Councillor Archie Drummond
- **Enterprise and Environment Committee**
Councillor Alastair Campbell
- **Education, Sport and Leisure Committee**
Councillor Alastair Campbell
- **Regulatory Committee**
Councillor Alastair Campbell
- **Appointments Committee (Head of Housing Appointment)**
Councillor Archie Drummond

Action

Chief Executive

CC.13 CLACKMANNANSHIRE COUNCIL ELECTED MEMBER REPRESENTATION ON OUTSIDE BODIES

A report submitted by the Director of Finance and Corporate Services set out requests for elected member representation on outside bodies and sought Council's view on whether it wishes to be represented and, if so, to make nomination to the individual organisations.

The Council noted that Clackmannanshire Heritage Trust have indicated that 2 members will meet their current need for councillors to sit on the Council of Management and not 3 councillors as previously.

Motion

That Council confirms its continued membership of the various organisations and nominates elected members to the organisations as appropriate.

Moved by Councillor Gary Womersley. Seconded by Councillor Craig Holden.

Decision

The Council agreed the following nominations/representation on outside bodies:

Organisation	Elected Member(s)
Association for Public Service Excellence (APSE)	Councillor Les Sharp
Central Scotland Joint Fire and Rescue Board	Councillor Irene Hamilton Councillor Derek Stewart Provost Tina Murphy (Substitute) Councillor Kenneth Earle (Substitute)
Central Scotland Joint Police Board	Councillor Les Sharp Councillor George Matchett Councillor Ellen Forson (Substitute)

	Councillor Derek Stewart (Substitute)
Central Scotland Joint Valuation Board	Councillor Craig Holden Councillor Donald Balsillie Councillor Kathleen Martin Councillor Ellen Forson (Substitute) Councillor Les Sharp (Substitute) Councillor Jim Stalker (Substitute)
Central Scotland Regional Equality Council Ltd	Councillor Irene Hamilton
Clackmannanshire and Stirling NHS Forth Valley Partnership Board	Councillor Gary Womersley Councillor Les Sharp Councillor Janet Cadenhead
Clackmannanshire Access Forum	Councillor Donald Balsillie Councillor Derek Stewart
Clackmannanshire Alliance	Councillor Gary Womersley Councillor Bobby McGill
Clackmannanshire and Stirling Environmental Trust	Councillor Donald Balsillie Councillor Irene Hamilton Councillor Graham Watt
Clackmannanshire Business Ltd	Councillor Gary Womersley Councillor Donald Balsillie
Clackmannanshire Heritage Trust	Councillor Donald Balsillie Councillor Derek Stewart
Clackmannanshire Sports Council	Provost Tina Murphy (Honorary President) Councillor Ellen Forson Councillor Bobby McGill
Clackmannanshire/Stirling Community Health Partnership	Councillor Les Sharp Councillor Janet Cadenhead
CoSLA Convention	Councillor Gary Womersley Councillor Craig Holden Councillor Bobby McGill
CoSLA Leaders' Meeting	Councillor Gary Womersley
CSBP Clackmannanshire Developments Ltd	Councillor Gary Womersley Councillor Bobby McGill
CSBP Clackmannanshire Investments Ltd	Councillor Gary Womersley Councillor Bobby McGill
Dollar Academy Trust	Councillor Alastair Campbell
Dollar Museum	Councillor Irene Hamilton
Edinburgh Airport Consultative Committee	Councillor Alastair Campbell
Fife and Forth Valley Community Justice	Councillor Les Sharp

Authority	Provost Tina Murphy (Substitute)
Forth Valley Tourism Partnership	Councillor Donald Balsillie
Highland Reserve Forces and Cadets Association	Provost Tina Murphy
Industrial Communities Alliance	Councillor Bobby McGill
Joint Children's Panel Advisory Committee	Councillor Ellen Forson
NHS Forth Valley (NHS Board)	Councillor Gary Womersley
Ochil View Housing Association	Councillor Les Sharp
Order of Malta Dial-a-Journey	Councillor Walter McAdam
Paragon Housing Association Ltd	Provost Tina Murphy
Scotland Excel	Councillor Archie Drummond
Scottish Councils Committee on Radioactive Substances - SCCORS	Councillor Donald Balsillie
Scottish Enterprise - East Regional Advisory Board	Councillor Archie Drummond
Scottish Local Government Forum Against Poverty	Councillor Irene Hamilton
Scottish Schools Equipment Research Centre (SSERC)	Councillor Walter McAdam Councillor Ellen Forson (Substitute)
SESTRAN Regional Transport Partnership	Councillor Donald Balsillie Councillor Irene Hamilton (Substitute)
Trust - Alloa Day Home Trust	Provost Tina Murphy Councillor Gary Womersley Councillor Ellen Forson Councillor Kenneth Earle Councillor Graham Watt
Trust - Clackmannan District Brass Band Trust	Councillor Gary Womersley Councillor Craig Holden Councillor Kenneth Earle Councillor Derek Stewart
Trust - Clackmannan District Charitable Trust	Provost Tina Murphy Councillor Ellen Forson Councillor Archie Drummond Councillor Kathleen Martin
Trust - Comrie Trust	Provost Tina Murphy Councillor Donald Balsillie Councillor Bobby McGill Councillor Walter McAdam

Trust - Spittal Trust

Provost Tina Murphy
Councillor Gary Womersley
Councillor Craig Holden
Councillor Kenneth Earle
Councillor Graham Watt

Tullibody Health Living Initiative

Provost Tina Murphy
Councillor Les Sharp
Councillor George Matchett
Councillor Jim Stalker

University of Stirling Conference

Councillor Walter McAdam

Action

Director of Finance and Corporate Services

CC.14 GLENOCHIL AND CORNTON VALE PRISON VISITING COMMITTEES

A report submitted by the Head of Strategy and Customer Services sought approval for the nomination of five committee members for Glenochil Prison Visiting Committee (PVC) and approval for the nomination of two committee members for Cornton Vale Prison Visiting Committee (PVC).

Motion

That Council notes the information set out in the report and approves the nominations for Glenochil and Cornton Vale Prison Visiting Committees.

Moved by Councillor Bobby McGill. Seconded by Councillor Graham Watt.

Decision

The Council agreed to note the information set out in the report and agreed the nominations for Glenochil and Cornton Vale Prison Visiting Committees as follows:

Glenochil Prison Visiting Committee

Mr Robyn Murray
Mr Robin Morris
Mr John Biggam
Councillor Kenneth Earle
Councillor Graham Watt

Cornton Vale Prison Visiting Committee

Mrs Sharon Mylchreest
(Vacancy)

There were no nominations or volunteers for the one remaining vacancy on Cornton Vale Prison Visiting Committee.

Action

Director of Finance and Corporate Services

CC.15 ANNUAL REVIEW OF DEBTORS

A report submitted by the Revenues and Payments Manager provided Council with an update on council income collection rates, arrears positions and provided recommendations for writing off those arrears classified as irrecoverable or 'bad debts'. The report also set out the main improvement actions currently being developed by the service to improve on performance.

Motion

That Council agrees the recommendations set out in the report.

Moved by Councillor Gary Womersley. Seconded by Councillor Craig Holden.

Decision

The Council agreed to:

- (1) note the trends in income collection levels and the arrear positions.
- (2) approve the write off of £1,484,076, noting the improvement in the 2010/11 figure of £2,792,430 and representing less than 0.3% of total Council debt raised.
- (3) note and comment on the continuing challenges and developments in the corporate debt and income arrangements.

Action

Chief Executive

CC.16 CORRESPONDENCE FROM COSLA - NOMINATIONS FOR PRESIDENT AND VICE PRESIDENT

A report submitted by the Head of Strategy and Customer Services asked Council to consider submission of nominations for the CoSLA principal office bearer positions of President and Vice-President.

Decision

The Council agreed that no action be taken.

CC.17 NOTICE OF MOTION IN TERMS OF STANDING ORDER 16.0 - PLANNING APPLICATION REF. 12/00063/FULL

A notice of motion in terms of standing order 16.0 was submitted by Councillors Graham Watt and Derek Stewart.

Motion

In reference to planning application no. 12/00063/FULL, regarding the change of use to a takeaway food outlet at 97b Main Street, Sauchie, we request that the following motion be put to the full council meeting now scheduled for Friday 1 June 2012:

"The Council determines that this Planning Application No.12/00063/FULL should go to the Planning Committee for decision."

Moved by Councillor Graham Watt. Seconded by Councillor Derek Stewart.

Decision

The Council agreed unanimously that the Planning Committee should determine planning application No. 12/00063/FULL due to local sensitivity concerning the application.

Action

Director of Services to Communities

ENDS 1.10 pm

**MINUTES OF SPECIAL MEETING of the CLACKMANNANSHIRE COUNCIL held within
the Council Chamber, Greenfield, Alloa, FK10 2AD, on THURSDAY 14 JUNE 2012 at
10.00 am.**

PRESENT

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

IN ATTENDANCE

Elaine McPherson, Chief Executive
Deirdre Cilliers, Head of Joint Social Services, Clackmannanshire and Stirling
Jane Menzies, Assistant Head of Joint Social Services (Strategy, Performance and
Partnership)
Val De Souza, Assistant Head of Operations and Depute Chief Social Work Officer
David Thomson, Solicitor, Clerk to the Council

CC.18/08 APOLOGIES

None

CC.19 DECLARATIONS OF INTERESTS

None

**CC.20 INDEPENDENT REVIEW OF CHILD CARE, LOOKED AFTER AND
ACCOMMODATED CHILDREN**

A report submitted by the Chief Executive informed the Council of the findings and recommendations of an independent review into aspects of the childcare service, in particular, practice in the long term team, and preliminary actions taken by the Chief Executive in response to the findings of the independent review.

The response of the social services senior management team to the review's findings was appended to the report as Appendices 2 and 3).

In December 2011, the Council considered and noted a report by the Chief Executive which advised of issues of procedure and practice which had been raised in respect of looked after and accommodated children and the management actions which were being taken to address these issues. One of the management actions was the commissioning by the Chief Executive of an independent review.

Motion

That Council notes the recommendations set out in the report and that the findings and recommendations of the independent review be published on the Council's website.

Moved by Councillor Gary Womersley. Seconded by Councillor Les Sharp

Decision

The Council agreed unanimously to :

- (a) Note the summary of findings of the independent review commissioned by the Chief Executive.
- (b) Note the preliminary actions taken by the Chief Executive in response to these findings.
- (c) Note the management response and action plan prepared by the social services senior management team.
- (d) Note that reports monitoring the progress in implementing actions will be submitted to the Housing, Health and Care Committee on a quarterly basis for consideration by elected members.
- (e) Publish the report of the independent review on the Council's website.

ENDS 11.48 am

Report to Clackmannanshire Council

Date of Meeting: 28th June 2012

**Subject: Correspondence from CoSLA -
The Scottish National War Memorial**

Report by: Head of Strategy and Customer Services.

1.0 Purpose

- 1.1. The purpose of this report is to seek an Elected Member nomination for one of the six Trustee positions with the Scottish National War Memorial Trust.

2.0 Recommendations

- 2.1. It is recommended that Councillors consider the request contained in the attached letter from CoSLA (Appendix 1) and make a decision on whether to submit a nomination for one of the six trustee positions on the Scottish National War Memorial Board of Trustees.
- 2.2. If appropriate, approve an Elected Member nomination.

3.0 Considerations

- 3.1. CoSLA has received a request from the Scottish National War Memorial Trust asking for nominations for 6 trustee positions.
- 3.2. The trustees meet twice per year.
- 3.3. CoSLA has written to all local authorities asking for the names of Councillors to be included in the nomination considerations.
- 3.4. Councillors nominated by COSLA will be representative of all parts of Scotland.
- 3.5. If there are more than 6 nominations to fill the vacancies the nominees will be selected by drawing lots.

4.0 Sustainability Implications

- 4.1. Nil

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 **X**

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

5.4. *Staffing*

6.0 **Exempt Reports**

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

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	X

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

8.0 **Equalities Impact**

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

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 **X**

10.0 Appendices

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

Appendix 1 - Correspondence from CoSLA dated 10th May 2012

11.0 Background Papers

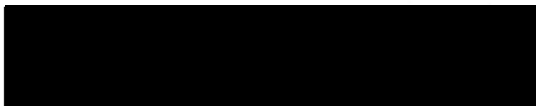
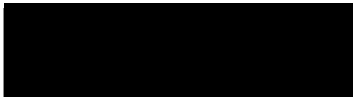
- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☐

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Eileen McKinsley	Business Support Officer	452011

Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Head of Strategy and Customer Services	
Nikki Bridle	Director of Finance and Corporate Services	

10 May 2012

To:
Local Authority Chief Executives

Dear Chief Executive,

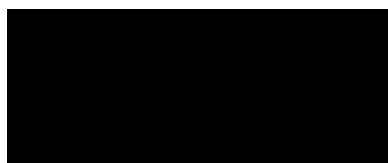
Representation of COSLA – The Scottish National War Memorial

I have received a request from the Scottish National War Memorial asking COSLA to nominate 6 trustees. The Royal Charter allocates 6 trustees to COSLA in addition to the Lord Provosts of Edinburgh, Glasgow, Dundee and Aberdeen who are ex-officio trustees. The trustees meet twice per year.

If the past is anything to go by it is likely that we will receive more than 6 nominees to fill these vacancies. Last time we agreed to ensure that those Councillors nominated by COSLA are representative of all parts of Scotland, and for each geographical area we selected the nominees be drawing lots.

If a Councillor in your area would like to be nominated, I would be grateful if you could give me their name by the end of June. If any Councillor would like to discuss the responsibilities of a trustee with Roger Binks (Secretary to Trustees), this can be arranged.

Yours sincerely,



Jon Harris
Strategic Director

WHEN CALLING PLEASE ASK FOR: Jon Harris



Report to: Clackmannanshire Council

Date: 28 June, 2012

Subject: Consequential Amendments to Standing Orders & Scheme of Delegation

Report by: Chief Executive

1.0 Purpose

- 1.1 The purpose of this report is to submit to Council revised Standing Orders and Scheme of Delegation.

2.0 Recommendation

- 2.1 It is recommended that Council notes:
- a) the amendments which have been made to both Standing Orders and the Scheme of Delegation as a consequence of Council decisions taken on 1 June, 2012 in relation to the report Council's Decision-Making Framework;
 - b) that copies of the updated documents will be placed on the Members' Portal and circulated within the Council.

3.0 Background

- 3.1 At its meeting on 1 June, 2012, Council took a number of decisions which mean that Standing Orders and the Scheme of Delegation require to be updated.
- 3.2 In summary, these decisions:
- introduced a new committee structure and cycle
 - introduced new political positions
 - introduced other new items in relation to Council business (e.g. Leader's Report)
- 3.3 Standing Orders and the Scheme of Delegation have now been updated to take account of these decisions. Updated versions have been made available in all Group rooms.

4.0 Amendments to Standing Orders & Scheme of Delegation

4.1 The following sections of Standing Orders have been amended:

- 1,5, 1,6 - removed reference to portfolio holders/portfolios
- 3.4, 3.5 - amended to reflect new committee structure; paragraphs added at 3.6 and 3.7 to reflect *ex officio* roles of Council Leader
- 4.10 - reference to religious representatives changed from Council to Education, Sport & Leisure Committee
- Section 5 - references to political portfolios removed and replaced with section on political responsibilities
- 6.2 - amended to reflect new cycle of Council meetings (9 weeks)
- 9.5 - amended to reflect new committee structure
- 11.3 - reference to Leader's report added to list; reference to minutes of committee meetings added to list
- resultant changes to contents pages

4.2 The following sections of the Scheme of Delegation have been amended:

- Section 5 - amended to reflect new committee structure
- resultant changes to contents pages

5.0 Sustainability Implications

NA

6.0 Resource Implications

Financial Details N/A

Staffing N/A

7.0 Declarations

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

(1) **Our Priorities 2008 - 2011** (Please double click on the check box ☒)

- | | |
|--|-------------------------------------|
| The area has a positive image and attracts people and businesses | <input type="checkbox"/> |
| Our communities are more cohesive and inclusive | <input type="checkbox"/> |
| People are better skilled, trained and ready for learning and employment | <input type="checkbox"/> |
| Our communities are safer | <input type="checkbox"/> |
| Vulnerable people and families are supported | <input checked="" type="checkbox"/> |
| Substance misuse and its effects are reduced | <input checked="" type="checkbox"/> |

Health is improving and health inequalities are reducing	<input checked="" type="checkbox"/>
The environment is protected and enhanced for all	<input type="checkbox"/>
The Council is effective, efficient and recognised for excellence	<input type="checkbox"/>

(2) **Council Policies** (Please detail) N/A

8.0 Equalities Impact

8.1 N/A

9.0 Legality

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

10.0 Appendices

10.1 None

11.0 Background Papers

1 - Standing Orders, June 2012
2 - Scheme of Delegation, June 2012

Author(s)

NAME	DESIGNATION	SIGNATURE
Elaine McPherson	Chief Executive	

Approved by

NAME	DESIGNATION	SIGNATURE
Elaine McPherson	Chief Executive	

Report to Clackmannanshire Council

Date of Meeting: 28th June 2012

**Subject: Elected Member Representation on Outside Bodies
and Appointment of Champions**

Report by: Head of Strategy & Customer Services

1.0 Purpose

This report sets out a small number of further requests for elected member representation on outside bodies and also sets out a proposed approach to dealing with requests for the Council to nominate "champions" for various issues.

2.0 Recommendations

It is recommended that Council:

- a) nominates elected members to the organisations/partnerships as appropriate
- b) agrees that the approach taken to deciding champions for various issues is to nominate the most relevant political postholder
- c) agrees to nominate the specific champions set out in paragraph 3.3.

3.0 Considerations

- 3.1 Further to the Council's meeting on 1st June there are a small number of additional requests for elected member representation as follows:

Name of Outside Body	Number Of Reps Required	Comments / Criteria
Central Sporting Partnership	1	Elected member is required to attend the annual meeting

Clackmannanshire Fairtrade Steering Group	1	Steering Group Member
Clackmannanshire Football Partnership	1	Elected Member Chairs this group
Clackmannanshire Rugby Partnership	1	Elected Member Chairs this group
Clackmannanshire Swim Group	1	Elected Member Chairs this group
Ochil Landscape Partnership	1	Executive Committee Member

3.2 In addition, the Council has received various requests to nominate champions for various issues. It is proposed that as a general principle, the relevant political postholder becomes champion for those issues for which Council wishes to nominate a champion.

3.3 The following requests have been received and it is recommended that the political postholder listed is appointed champion:

Champion	Political Postholder
Carers'	Convenor of Housing, Health & Care
Veterans	Provost
Armed Forces	Provost

4.0 Sustainability Implications

4.1. Nil

5.0 Resource Implications

5.1. Financial Details

5.2. There are financial implications related to subscription payments made to a few of the detailed organisations. Members may want to consider the costs as part of the next budget challenge. Yes **X**

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

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	<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".

None

11.0 Background Papers


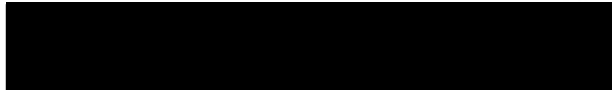
11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☐

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Eileen McKinsley	Business Support Officer	452011

Approved by

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Finance & Corporate Services Director	
Elaine McPherson	Chief Executive	

Report to Clackmannanshire Council

Date of Meeting: 28 June 2012

Subject: Draft Financial Statements 2011/12

Report by: Director of Finance and Corporate Services

1.0 Purpose

- 1.1. The Council is required by law to prepare a statement of accounts in accordance with 'proper practices' which set out its financial position at the end of each financial year. This is defined as meaning compliance with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom prepared by the CIPFA/LASAAC Joint Committee.
- 1.2. The Code specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position and transactions of the Council, including group financial statements where Councils have material interests in subsidiaries, associates or joint ventures. The financial statements aim to identify the key factors affecting the finances of the Council and affect the physical resources that the Council can control to provide services.
- 1.3. The Local Authority Accounts (Scotland) 1985 Regulations require the Director of Finance and Corporate Services to prepare the Statement of Accounts as soon as practicable after the end of each financial year and to submit these to the Authority and to the Controller of Audit by 30 June of the next financial year. The draft accounts continue to be finalised for audit and have been made available in advance of the Council meeting in councillors rooms and on the portal. In addition to this all elected members have had the opportunity to attend a specific briefing on the draft accounts on 26 June 2012.
- 1.4. It is not anticipated that the underlying outturn position outlined in this report will change.

2.0 Recommendations

Council is asked to:

- 2.1. approve the 2011/12 draft Financial Statements
- 2.2. approve the submission of the draft Financial Statements to the Controller of Audit once all remaining information is available and included, but no later than 30th June.
- 2.3. otherwise note the contents of the report.

3.0 Considerations

- 3.1. The accounts have been prepared in accordance with proper practices as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom 2011/12*. The Financial Statements show the actual figures for 2011/12 and the comparable figures for 2010/11.
- 3.2. The accounts also include a Remuneration Report which was introduced for the first time in 2010/11 as a result of amendments to the 1985 Regulations.

International Financial Reporting Standards (IFRS) Issues

- 3.2. These new reporting standards were introduced for the first time in 2010/11, but there was one standard that had been issued but not yet adopted last year, and that related to Heritage Assets. These assets are typically works of art, collections or regalia which were previously classified within other categories of Property, Plant and Equipment. The Code of Practice in 2011/12 now requires that these assets are separately reflected at current value.
- 3.3. A review of the Council's assets that fall into this new category has identified various art collections, public art, civic regalia, industrial artefacts and other items with a total value of £0.833m. These are now disclosed as a separate balance sheet entry within the Council's long term assets.

Revenue Outturn

- 3.4. The UK economy remains in recession and the 2012 UK budget maintained the top priority focus on rebalancing the budget. The latest indicators suggest that there will be little growth in Scotland this year, and this could call into question the sustainability of flat cash settlements for local government in the future.
- 3.5. The financial results for 2011/12 provides us with a platform from which to address the challenging times ahead. Against the background of reducing resources the Council has successfully delivered savings in the year in excess of its budgeted requirement, and as a result increased its reserves to support service delivery in future years.
- 3.6. Gross revenue expenditure for the year was £155m. This represents the running costs of the Council and indicates the significant size and complexity of the organisation.
- 3.7. The General Fund started the year with a balance of £9.129m. This has increased to £12.600m as at March 2012. The movement is attributable to an increase of £3.943m in respect of unearmarked reserves, and a reduction of £0.472m as a consequence of utilising earmarked reserves.
- 3.8. Of the £12.600m balance at 31 March 2012, £5.033m is earmarked for use either by individual services such as Education or Housing, or to meet corporate liabilities such as ongoing commitments for service redesigns or single status. This committed balance can be summarised as follows:

Secondary Schools PPP	£1.421m
Service Improvement Contract	£1.275m
Implementation of Single Status	£0.622m
Modernising Government	£0.164m

Zero Waste Fund	£0.134m
Adult Care carry forward scheme	£0.250m
Public Sector Housing	£0.050m
Service redesign	£0.241m
Clackmannanshire Works	£0.422m
Spend to Save Fund	£0.279m
Other Miscellaneous commitments	£0.175m
Total	£5.033m

- 3.9 The un-committed reserve as at 31 March 2012 stands at £7.567m. The surplus achieved in the year on un-committed reserves was £3.943m compared to a budgeted reduction in uncommitted reserves of £0.251m. This results in an overall positive variance of £4.194m which is also an increase on the last figure of £3.154m reported to Scrutiny Committee in January, and the last forecast presented to senior management in April of £3.755m.
- 3.10 Regular Budget Strategy update reports to Council and budget outturn reports to Scrutiny Committee consistently highlighted that the early achievement of 2012/13 savings, ongoing budget realignment activity and vacancy management were being managed proactively throughout the year to secure further one off cash and ongoing budget savings. These are the key factors contributing to this positive outturn, though it is unlikely that this level of performance can be sustained over the medium to long term without detrimentally impacting on the delivery of services, the outcome for the year provides a platform to meet the challenges ahead.
- 3.11 The Council reviewed its reserves strategy at its meeting in February 2012 when considering its budget for 2012/13. It was agreed that it would retain uncommitted reserves at a minimum level of 3% of net expenditure, which as at March 2012 would translate to a figure of £3.581m. The outturn position is therefore £3.986m in excess of this minimum reserve figure. However, in anticipation of this positive outcome in 2011/12 the Council also agreed to utilise £2.022m of reserves in support of its 2012/13 spending plans. So as we enter the current financial year, the net uncommitted reserves will stand at £5.545m or 4.6% of budgeted expenditure. This position compares with net uncommitted reserves of £3.624m at 31 March 2011 or 2.9% of budgeted expenditure.
- 3.12 The Housing Revenue Account achieved a surplus within the year of £3.090m. In accordance with the Business Plan for the Clackmannanshire Housing Stock, a sum of £1.884m has been applied from reserves in 2011/12. The outcome of these results are that the opening housing reserve balance of £3.575m has increased to £4.781m as at 31st March 2012. The surplus achieved in the year has increased from the figure of £2.187m reported to Scrutiny Committee in January and the last forecast presented to senior management in April of £2.242m.
- 3.13 It was reported last year that a review of the Council's PPP financing model was undertaken due to a number of the original assumptions being out of date. The result was that we moved to a straight line repayment basis with a view to reporting a wider review of the longer term PPP financing models to Council during 2012/13.
- 3.14 During 2011/12 the Council concluded the sale of the former Alloa Academy school site, and the capital receipt received together with other minor sales, totalling £4.609m currently sits in the Council's capital receipts reserve. This sum is available

going forward, either to be applied to reduce future capital borrowing requirements or alternatively can be used to finance in-year loan principal repayments. These two options will have different budget implications for future years, and these factors will be explored during our updated budget scenario planning for 2013/14 onwards. Notwithstanding this, the cash received has been used to reduce our external loan debt in 2012/13 as noted below. .

Pensions Liability

- 3.14 The estimation of the Council's net liability in respect of pensions payable is a complex set of judgements. It requires estimates of the life expectancy of scheme members, assumptions about changes in retirement ages and expected returns on pension fund assets such as stock market investments. The Council engages actuaries to provide expert advice about prevailing assumptions.
- 3.15 As a result of the latest valuation of our Pension accounts in accordance with International Accounting Standard 19 (IAS19), we have witnessed a deterioration in our Balance Sheet position, with our net liability now standing at £76.257m compared to £61.617m at March 2011. The deficit has increased due to falling real bond yields and poor asset returns. It should be noted that these results do not have a direct impact on Council tax or Housing rent payers in the year.
- 3.16 The latest long-term triennial funding valuation of the Fund for the purpose of setting employers' actual contributions was at 31 March 2011 and the actuarial advice has not resulted in any change in our planned stepped increases in contributions to the fund over the three years to March 2014.

Equal Pay Provision

- 3.17 The Council has made good progress in settling equal pay claims during the year with claims totalling £0.753m settled. The Council's provision for equal pay has consequently been reduced to £2.025m at 31 March 2012. It is considered that this sum will be sufficient to meet the outstanding liabilities on existing claims which are expected to be concluded in the current financial year. However, we are now starting to see a third wave of potential claims on the horizon, and when we have greater clarity on our exposure, we may need to re-assess the level of provision in the future. This contingent liability is covered within the notes to the accounts.

Capital Expenditure and Financing

- 3.18 During 2011/12 the Council invested £8.637m of capital expenditure on its assets. This sum is considerably less than the original gross programme approved for the year of £15.154m, representing 57% of the planned spending level. The reduction in planned expenditure is attributable to £2.470m in the general services programme, and £3.777m in the Housing programme. The main reasons for the reported slippage relate to a later than planned start date for the Speirs Centre project and some delays to the central heating and bathroom programmes
- 3.19 Capital expenditure in the year has been financed by capital receipts (£0.747m), government grants and contributions (£5.617m) and direct revenue funding (£2.210m) leaving a balance of only £0.063m requiring to be financed from borrowing. Comparing this new borrowing requirement with the sum set aside in the year of £6.339m for repayments of debt provides the flexibility to reduce our external borrowing, and in April of this year the opportunity was taken not to replace a £4m loan which matured for repayment.

- 3.20 The Council's external debt as at March 2012 stands at £176.278m, a reduction of £0.919m from the position as at March 2011. This outcome is in line with our approved Investment Strategy which focuses on reducing the overall level of debt liabilities carried by the Council. The forecast for the end of 2012/13 is a reduction to c£171m following the loan repayment referred to above and further repayment of PPP finance lease.

Debtors

- 3.21 The sums due to the Council in respect of short term debtors at March 2012 are recorded in the accounts at £10.110m compared to £10.637m in 2011. Some of this is down to improvements in collection processes and some down to timing differences between debts and accruals raised towards the end of one year and sums paid early in the new year.
- 3.22 In the case of Council Tax, Housing rents and sundry debtor accounts, the gross debts included within the above total £11.368m compared to £12.264m at March 2011, after writing-off the irrecoverable sum of £1.484m approved at the Council meeting on 1st June 2012. Building on the work undertaken by Revenues and Payments Service last year, arrears have been pursued more vigorously and collection rates have increased. The Council continues to have £4.842m set aside against these debts as a provision for non-payment, but this a reduction from the sum of £5.679m required in 2011/12.

Trading Operations

- 3.23 The Council's two significant Trading Organisations, Property Contracts and Environmental & Engineering contracts again achieved their statutory requirement to break even, and contributed a surplus of £0.867m to the Council's operating costs.
- 3.24 The implementation of recent service reconfigurations provides the opportunity to review the applicability of continuing to report these operations in accordance with the Local Government Scotland Act 2003. This work has commenced and the outcome will be reported later this year.

Public Inspection

- 3.20 The Financial Statements, once submitted to the Controller of Audit will, at his request, be made available for public inspection and will be subject to an audit period of up to three months.
- 3.21 The Council's final audited Financial Statements will be presented to Council along with the External Auditors Key Issues Memorandum in September 2012.

4.0 Conclusion

- 4.1 The results for the year are extremely positive against the backdrop of the current economic climate. A significant surplus has been achieved in the year on General Fund which ensures our uncommitted reserves remain in excess of the revised recommended levels approved by the Council in February 2012. This provides a sound financial platform from which to manage the Council's finances in the future.
- 4.2 Managers across the Council have sustained a clear focus on managing expenditure pressures and ensuring overall spend remains within budget throughout the year. This corporate approach is an important feature of the Council's arrangements.

Elected members have received regular updates on progress in implementing the Budget Strategy through Council and Scrutiny monitoring reports during the year.

- 4.2 In summary, the Council has consistently applied its agreed budget, finance and investment strategies throughout 2011-12 and this aims to place us in a strong position as we move into next years budget deliberations.

5.0 Sustainability Implications

- 5.1 Not applicable

6.0 Resource Implications

6.1 Financial Details

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

Yes ☒

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

6.4 Staffing

7.0 Exempt Reports

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

8.0 Declarations

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

- (1) **Our Priorities 2008 - 2011** (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"/>
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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)

9.0 Equalities Impact

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

Yes ☐ No ☒

10.0 Legality

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

11.0 Appendices

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

None

12.0 Background Papers

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


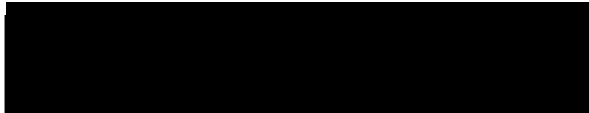
Yes ☒ (please list the documents below) No ☐

Draft Statement of Accounts 2010/11

Author(s)

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Approved by

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Nikki Bridle	Director of Finance & Corporate Services	
Elaine McPherson	Chief Executive	

Report to Council

Date: 28th June 2012

Subject: Financial Strategy 2012 - 2015

Report by: Director of Finance and Corporate Services

1.0 Purpose

- 1.1. This report presents the updated Financial Strategy to the Council for approval. The strategy covers the three years of the current spending review period 2012 to 2015, and builds on the existing strategy which was approved by Council in December 2009.

2.0 Recommendations

- 2.1. It is recommended that the Council approves the Financial Strategy for the period 2012 to 2015.

3.0 Considerations

- 3.1. In December 2009 the Council approved the four key strategies (Customer Services; People; Financial; and ICT) which underpin how the Council optimises and most effectively manages its limited resources to provide the best services to customers.
- 3.2. The current Financial Strategy covered the period from 2010 to 2013. This report now updates that strategy in the context of looking at the current spending review period of 2012 to 2015 and beyond. It is the intention that this strategy will be annually refreshed from this point.
- 3.3. Financial management is essential to achieve good corporate governance and underpins service quality improvement and accountability.
- 3.4. The recent UK budget indicates that growth in the economy may be lower than previous forecasts. Council budgets over the period 2012/13 to 2014/15 have been prepared on a 'flat-cash' basis. Whilst it is not anticipated that the Scottish Government will re-visit the funding settlement over this period, there is an increasing risk that if the UK government remains focused in achieving a balanced budget by 2016/17, then further public spending cuts will be required in the next settlement period.

3.5 The Financial Strategy is designed to meet the challenges of the financial outlook over the medium to long-term. The objectives of the Strategy are that:

- budgets are prudent and sustainable in the long term
- financial plans recognise corporate priorities and objectives
- significant risks are identified and factors to mitigate against risks are identified
- the capital programme is planned over a 5 year rolling programme, with 'unsupported' borrowing minimised other than where there are clear financial or economic benefits to the Council
- constraints on capital and revenue resources, including the uncertainties around future Government funding, are recognised and taken into account
- Council Tax increases will be kept to a minimum, within the current constraints agreed with the Scottish Government
- prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Council

3.6 To achieve these objectives, a number of aims, measures and policies are set out in the Strategy.

4.0 Conclusions

4.1 The Council continues to operate in a time of significant change, particularly in the context of the economic situation and the challenges and opportunities these bring.

4.2 It is essential in those circumstances that the Council operates and is organised in a manner which focuses on customer needs and optimises limited, and reducing, resources.

4.3 This revised Financial Strategy has been updated and adapted to reflect the current economic environment, and the internal financial improvements introduced over the last three years. The strategy is designed to take the organisation forward positively, standing it in good stead for meeting the challenges it will continue to face.

5.0 Sustainability Implications

5.1 The Strategy aims to ensure the organisation remains viable and sustainable for the future.

6.0 Resource Implications

6.1 Financial Details

6.2 There are no specific implications for spend

6.3 Staffing

6.4 There are no specific implications for the establishment

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 2008 - 2011 (Please tick ☒)

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

(2) Council Policies (Please detail)

Corporate Governance

9.0 Equalities Impact

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

Yes ☐ No ☒

10.0 Legality

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

11.0 Appendices

10.1 Financial Strategy

12.0 Background Papers



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

Yes ☐ (please list the documents below) No ☒

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Martin Dunsmore	Accountancy Manager	2041

Approved by

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Director of Finance and Corporate Services	
Elaine McPherson	Chief Executive	

Financial Strategy

2012 - 2015

**Supporting the Council's
Vision
and Key Priorities**

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EXECUTIVE SUMMARY

Financial Management is essential in achieving good corporate governance and underpins service quality, improvement, and accountability. It supports effective performance and the achievement of organisations aims.

Financial Planning is integral to an organisations strategic planning process.

This Financial Strategy seeks to ensure medium term financial stability, the achievement of value for money and funding for priorities.

The focus of this Financial Strategy is on medium term planning and decision making for the future. The processes laid down within this Strategy will remain valid for the next three years, which covers the Scottish Government's local government spending review settlement for the financial years 2012/13 to 2014/15. This Strategy seeks to avoid year on year budget setting and as far as possible use of short term/one off measures to balance the budget. It is a Strategy for the future, to ensure effective resource planning and the delivery of Corporate Objectives.

To achieve the successful delivery of this financial strategy will require an understanding within the senior levels of the organisation of the collective responsibilities for the stewardship and use of resources.

The Financial Strategy seeks to achieve the following Objectives :-

1. **Budgets are prudent and sustainable in the long term,**
2. **Financial plans recognise corporate priorities and objectives,**
3. **Significant risks are identified and factors to mitigate against risks are identified,**
4. **The Capital Programme is planned over a 5 year rolling programme, with overall increases in borrowing minimised, other than where Invest to Save opportunities provide clear financial or economic benefits for the Council,**
5. **Constraints on capital and revenue resources are recognised and taken into account,**
6. **Council Tax increases will remain frozen at current levels, in line with the current constraints agreed with the Scottish Government,**
7. **Prudent levels of general balances, earmarked reserves and provisions are maintained in the context of an assessment of the risks facing the Council.**

1. SCOPE OF THE FINANCIAL STRATEGY

The Council has recently approved the following key elements of its financial strategy which collectively constitute a Medium Term Financial Plan:

General Fund Budget

- Revenue Budget 2012/13 with indicative spending plans for 2013/14 and 2014/15 highlighting funding gap that Council is faced with in these latter two year
- Capital Budget spending plans for 2012/13 and for the following 2 years 2013/14 to 2014/15

Housing Revenue Account Budget

- Revenue Budget 2012/13 .
- Capital Budget for 2012/13 and for the following 2 years 2013/14 to 2014/15.

Borrowing and Investment Strategy

- Treasury Management Strategy Statement 2012/13
- Prudential Indicators 2012/13 to 2014/15

Each element of the Medium Term Financial Plan supports both the delivery of the Council's Corporate Plan objectives and the Council's Single Outcome Agreement with the Scottish Government.

The Council will build upon its recent experience of budget planning and in particular its corporate budget challenge process in reviewing expenditure priorities, inflationary pressures and funding strategies in detail over a three to five year timeframe. In the case of the Housing Revenue Account (HRA), the budget has been developed in the context of delivering the Council's Housing Business Plan.

The spending plans of the three Joint Boards, Police, Fire, and Valuation have been reflected within the Council's own financial revenue and capital budgets. In 2013, the Police and Fire responsibilities transfer from local government to the Scottish Government.

The Financial Strategy provides a framework for ensuring the affordability and sustainability of the Council's future expenditure plans and for ensuring that adequate provision is made to address financial risks to the extent to which they can reasonably be anticipated. The risks considered within the Financial Strategy are set out in section 8.

The Council's Financial Strategy requires to be under-pinned by appropriate arrangements for monitoring, reporting and controlling budgeted income and expenditure and for reviewing future budgetary proposals in light of current experience and changes in local and national policy priorities and economic conditions.

The arrangements for reviewing the Revenue & Capital budget in the context of delivering the Council's Corporate Plan objectives and Single Outcome Agreement with The Scottish Government, are set out in section 7 of the strategy.

2. THE POLICY CONTEXT

The Financial Strategy fundamentally supports the Council in achieving its priority outcomes, which are set out in the Clackmannanshire Community Plan & Single Outcome Agreement and the Council's Corporate Plan and which, in turn, are closely aligned with the 15 national priorities as set out in the national performance framework.

Clackmannanshire Priority Outcomes

- 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.

The Council's medium term financial planning is driven by these priority outcomes, each of which has a range of associated targets set out in the SOA and the Corporate Plan. By integrating the development of the budget and financial plan with the priority outcomes, the Council will ensure that resources have been allocated to deliver the corporate priorities in a robust and sustainable manner.

Link with Public Sector Improvement Framework

The Financial Strategy is, itself, part of the wider planning framework within Clackmannanshire Council.

Link with Governance Strategy

The Council positively promotes the principles of sound corporate governance within all aspects of its activities and through the Governance Strategy is reviewing and strengthening its arrangements.

Governance as a concept is broad ranging. It includes how an organisation is managed, its structures and systems, its culture and values, its policies and strategies and how it engages with and accounts to its various stakeholders. In essence, governance is about how we as a Council ensure that we are doing the right things, in the right way, for the right people, at the right time, in an inclusive, open, honest and accountable manner.

A key component of the Governance Strategy is sound financial planning, ongoing management and regular review. This Financial Strategy therefore forms an integral part of defining and supporting the Council's corporate governance arrangements.

In strengthening its governance arrangements, the Council will undertake an Annual Governance Statement, which is incorporated within the Annual Statement of Accounts. In making this statement, a rigorous review, assurance and challenge approach is being established.

The Financial Regulations are also a key part of the Council's governance framework and define the finance arrangements and controls which operate within the Council.

Link with People Strategy

The Council is currently developing its approach to Work Force Planning. With the local implementation of the Single Status agreement now complete, under-pinned by a clear funding strategy in the medium term, this permits the organisation to confidently plan for the future development of its work force.

Link with Asset Management Plan

The Council has been developing its approach to capital investment by building on its existing approach. A cross party member and officer Capital Investment Forum has been established. Its remit is to agree broad classifications and priorities for capital investment in the medium to long term to be incorporated within a Corporate Asset Management Plan. The existing capital programme was reviewed and reclassified in line with approved priorities and principles.

Link with IT Strategy

The Council's IT Strategy underpins the customer first agenda and is a key support mechanism for a range of Council priorities.

Procurement Strategy

Effective procurement practices can influence spending to the benefit of the Council. The implementation of the Council's procurement strategy is intended to improve the value that the Council obtains from its procurement spend. Effective, efficient and innovative procurement will allow the Council to enhance the goods and services provision, whilst providing savings opportunities.

Customer Service Strategy

The Customer First Programme was set up to define and co-ordinate a Council-wide corporate change agenda focused on customer service improvement and improvement in delivery of Council Services, whilst at the same time addressing the current drivers of E-Government, Modernisation and Efficiency. It does this through six strands:

- Customer Service
- Business Change
- Technology Enablement
- People Development
- Efficiency/Joint Working
- Communications

The above examples reflect the increasing awareness of and importance attached to clarifying the common themes running through and linking the objectives and targets reflected within the Council's planning process

3. THE FINANCIAL CONTEXT

General Services Revenue Budget

The 3 Year General Fund Revenue Budget (2012/13 - 2014/15) is the most significant component of the Council's Financial Strategy. The approved 2012/13 Revenue Budget together with indicative 2013/14 and 2014/15 Budgets is attached as **Appendix A** to this strategy.

The successful delivery of challenging budget savings implemented in 2011/12 together with significant one-off savings achieved during that year placed the Council in a strong position going into the financial year 2012/13. As a result of the announcement of the Scottish Government's three year spending review, and taking account of the continuation of savings into these next three years and inclusion of political priorities, the summary funding position over the 3 year period 2012/13 to 2014/15 is detailed in the following table:

	2012/13 £000	2013/14 £000	2014/15 £000
Net expenditure	120,573	124,824	131,768
Funding:			
Government Grant	95,608	96,207	96,624
Council Tax	21,581	21,609	21,637
Cumulative Funding Gap	3,384	7,008	13,507
Indicative Annual Gap	3,384	3,624	6,499

The Council agreed at its meeting in February 2012 that the funding gap in 2012/13 be met from Reserves. Work has started on identifying and submitting savings options appraisals for approval during 2012/13 to cover the cumulative funding gap of £13.507m over the financial years 2013/14 and 2014/15. This work will be monitored through the continuation of the successful budget challenge process that has been in place for the last two year.

General Services Capital Budget

The Council's General Services Capital Budget 2012/13-2014/15 is summarised in **Appendix B** to this strategy. The Council established a cross party member and Officer Capital Investment Forum (CIF) in 2011 which has undertaken initial work to agree broad classifications and priorities for capital investment in the medium to long term.

The CIF will develop a Corporate Asset Management Plan which will drive the prioritisation of new Capital projects. The allocation of resources to projects through the Capital Budget process will be clearly referenced to the delivery of SOA, Corporate Plan and Service objectives. An outline business case will be prepared for each proposed new Capital project detailing the Service delivery objectives and financial implications arising from the project. The current prioritisation process will be refined to assist Members in determining the projects to be included within the Capital Plan.

A further priority of the CIF is to ensure that the Council's capital investment is affordable and sustainable given the current economic context and taking account of the aims of its approved Investment Strategy.

Housing Revenue Account Budget

The Housing Revenue Account Budget (both Revenue and Capital) is prepared in accordance with the requirements of delivering the previously approved Housing Business Plan and Clackmannan Housing Standard.

Following the latest Housing stock conditions survey, and taking cognisance of developments in new build initiatives, a revision to the Business Plan is in the process of being developed. In anticipation of this work, the Council approved a revenue budget for 2012/13 and capital budgets covering the 3 years 2012/13 to 2014/15. These are attached as **Appendices C and D** to this strategy.

4. CURRENT ISSUES

Local Demographic and Economic Context

The Financial Strategy has been prepared within the context of, and aims to address the issues posed, by the area's demographic profile:

- Increases in single person households
- number of older people in the community
- requirements of those with complex needs

and local economy:

- Higher than average levels of unemployment
- Lower than average (although improving) levels of education

External Influences

Council Tax accounts for only about 18.5% of the Council's revenue funding with most of the Council's resources come from Central Government. Consequently, the Financial Strategy is to some extent shaped by factors outside our immediate control. However, there are many facets to an effective Financial Strategy and the Council must ensure it proactively manages its resources with a view of ensuring robust financial planning that delivers Council priorities.

Three Year Settlements for Government Revenue Funding

The Scottish Government has introduced a multi-year settlement process in order to give more stability and certainty to Local Authorities. The latest three-year settlement was announced in December 2011 and covers the three years of this Financial Strategy 2012/13 to 2014/15.

The introduction of 3-year settlements is aimed to improve the ability to forecast the overall financial position for the Council. However there will remain significant uncertainties in long term planning, as the level of grant is only part of a complicated set of assumptions in long term financial planning.

Public Spending Plans and National Priorities

It is recognised that the growth in public spending in recent years will not continue. The Scottish Governments budget 2012/13 indicated either flat or declining resources in cash terms, and even if flat will be roughly 7.5% lower in real terms than they were in 2011/12. There are some variations in funding across the public sector, with the Government committed to resourcing NHS budgets in line with inflation. Whilst resources for local government is not dissimilar to previous year it is increasingly dependent on Non Domestic Rates as opposed to grants, which makes it potentially more volatile.

The Scottish Government's Cabinet Secretary for Finance has accordingly announced the provision of a 'flat cash' settlement at 2011/12 levels to local government over the period 2012/13 to 2014/15. All the signs coming from the Scottish Government and independent sources are that even beyond the current settlement period, local government funding is going to be very tight, and may be faced with cash cuts in the next spending review..

The Council needs to balance this view of future years' grant settlement with the fact that public services are under increased pressure from their customers for improved service provision. In addition, national targets for improved service delivery are becoming common, including electronic service delivery, planning, concessionary fares and recycling.

The Scottish Governments spending plans are also set against a programme of Public Sector Reform as it responds to the recommendations of the Christie Commission and delivers its own internal reviews on health and social care integration, police, fire and rescue services and higher education.

This Financial Strategy seeks to ensure national priorities are considered alongside local priorities.

Efficiencies

The Council has embraced efficiency as an integral feature of its continuous improvement programme. These principles are communicated and managed as part of the Council's strategic and business planning processes. The Scottish Government has set local government a target of achieving efficiency savings of 2% per annum. There is an annual return made to the Scottish Government which quantifies the efficiencies made, both cashable and non cashable.

The delivery of efficiencies and further developing the Council's systems for continuous improvement and performance management remains a corporate priority. The Council is keen to improve on the level of cashable and non-cashable efficiencies over this spending review period 2012 to 2015, and the focus on the efficiency agenda will cover the following initiatives:

- Progression of the Shared Services - further developing work to date in Education and Social Work
- Continuing focus on procurement, asset management and workforce planning, including continuing progress on reducing absence
- Continuing focus on redesigning services around the customer, and in particular exploring the potential of greater community empowerment
- Focus on preventative services and other spend to save initiatives.

Prudential Borrowing

For many years borrowing to fund capital investment was restricted by the Scottish Executive. In April 2004 capital consents were replaced by the Prudential Code. The Council can now borrow "prudently" if it can be demonstrated that borrowing is affordable and sustainable.

In order to lessen the revenue pressures facing the Council, for General Fund services the Borrowing and Investment Strategy restricts new borrowing to no more than the estimated repayment of debt provided for in the revenue budget. A similar approach is adopted for the Housing Revenue Account capital investment, although any new borrowing is also evaluated for affordability in the context of the Housing Business Plan.

Any further expansion of the capital programme will be restricted only to schemes which can demonstrate clear financial or economic benefits, where the scheme specifically attracts Government Revenue Support or where the borrowing can be backed by equivalent internal funds (spend to save). The level of Capital Expenditure to be funded by borrowing shown in the General Services Capital Plan and HRA Capital Plan at **Appendices B and D**, is deemed to be set at a prudent and affordable level.

External Funding

The Council must carefully appraise the role that external grant and contributions can play in meeting its objectives. Decisions about bidding for external grants and contributions must be taken in the context of the priorities in the Corporate Plan. The Council needs to be aware that the attraction of additional funding may not meet its priorities or could leave the Council with an ongoing revenue burden when the funding stream comes to an end.

A process has been adopted for the application to European and other external funding bodies which clearly lays out the process and authorisations to go through in making the bid for additional finance, ensuring that it fits with existing strategies and priorities.

The redesigned Accountancy Service has also established a key role within its Corporate Accounting Team to seek out and evaluate corporate funding initiatives that might be appropriate for the Council

5. THE COUNCIL'S FINANCIAL OBJECTIVES AND HOW THEY WILL BE ACHIEVED

The Financial Strategy is designed to maintain financial stability and, as far as possible, avoid unaffordable borrowing, whilst ensuring we have sufficient resources to achieve the corporate aims and priorities. To this end, it is proposed that the Medium Term Financial Strategy should ensure the following specific objectives. Each of these objectives is underpinned by an Action Plan set out within **Appendix E** of this report.

Objective 1 - Budgets are Prudent and Sustainable in the Long Term

This seeks to ensure that budgets recognise real cost pressures and that no over reliance is placed upon any one off savings and/or use of one off reserves.

This will be achieved by ensuring :

- appropriate provision is made for inflation pressures, current economic conditions, pay awards and new legislation
- the revenue budget is not supported on an ongoing basis by one off savings, or any significant use of reserves
- effective budget monitoring to ensure early identification of issues and action planning.

Objective 2 -Financial Plans Recognise Corporate Priorities and Objectives

This seeks to ensure that financial plans link with corporate planning and priorities and that there is provision within the Financial Strategy for corporate priorities on an ongoing basis.

This will be achieved by ensuring :

- additional investment and savings proposals assist delivery of corporate priorities
- local and national targets are considered
- long term vision and objectives are considered within the report
- that provision within financial planning figures for growth and contingency amounts are based upon perceived risk
- capital prioritisation process/option appraisal is reviewed through work of the Capital Investment Forum.

Objective 3 - Significant Risks are Identified and Factors to Mitigate Against Those Risks are Identified

Risk Management is crucial in long term planning and it is essential that the Financial Strategy clearly identifies the associated risks and that this is supported by an embedded risk management culture within the organisation.

This will be achieved by :

- risk management being embedded in corporate and service planning
- financial risks being specifically considered on an ongoing basis and specifically reflected within the Financial Strategy
- targeting high risk areas when setting budgets and monitoring these areas closely throughout the year.

Objective 4 - The Capital Programme is Planned Over a 5 Year Rolling Programme, With "Unsupported" Borrowing Minimised, Other Than Where There are Clear Financial or Economic Benefits to the Council

This seeks to ensure that unsupported borrowing is minimised, thereby ensuring the capital programme is prudent and sustainable and does not lead to unaffordable revenue implications.

This will be achieved by ensuring the development of a 5 year rolling capital programme and the use of unsupported borrowing only on an invest to save basis or where clear economic benefits can be demonstrated.

Objective 5 - Constraints on Capital and Revenue Resources, Including the Uncertainties Around Future Government Funding, are Recognised and Taken Into Account

It is important that the Financial Strategy is realistic and that there is a corporate awareness of the constraints on Council funding.

This will be achieved by ensuring specific reference within each financial strategy of constraints and current issues.

Objective 6 - Council Tax Increases will be kept to a Minimum, within the current constraints agreed with the Scottish Government

At the Special Council meeting on 9 February 2012, in setting its budget the Council agreed to accept the commitment offered to all Scottish Council to maintain a council tax freeze in each of the three years of the spending review.

Given the continuing squeeze on local government finances, it would not be realistic for the Council to completely rule out this avenue for additional resource at some future point beyond the period covered by this current Financial Strategy.

Objective 7 - Prudent Levels of General Balances, Reserves and Contingencies are Maintained in the Context of an Assessment of the Risks Facing the Council

It is important to strike a balance between maintaining adequate reserves and contingencies and delivering spending priorities.

This will be achieved by ensuring that there is an annual review of reserves, linked to corporate priorities and treasury management implications.

These seven objectives are further explored throughout this report and the recommended actions to support these objectives are set out within the Action Plan.

6. DEVELOPMENT OF THE FINANCIAL STRATEGY

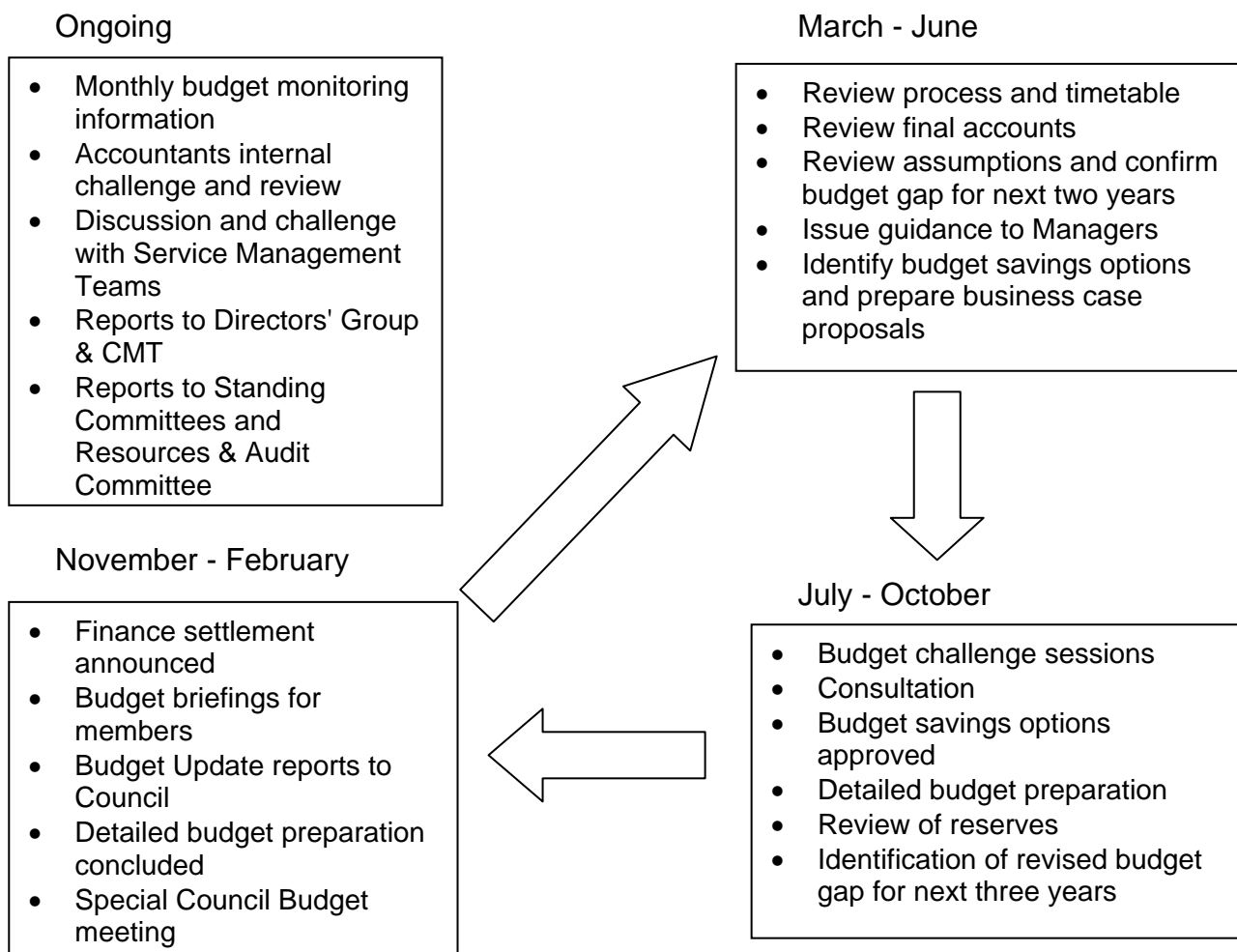
As noted above, the development of the budget and medium term financial plan is driven by the Council's priorities.

The Budget Process

The financial strategy comprises a 3 year revenue plan and a 3 year capital plan (with a commitment to extend capital planning to 5 years during the term of this financial strategy).

The plans will be reviewed annually and rolled forward by a year. The process, from the start of the review of the financial plans through to the approval and allocation of budgets, spans the whole year. An outline timetable is set out below, which reflects the Council's new decision-making framework approved on 1 June 2012. Financial performance is expected to feature not only in the new Resources & Audit Committee, but also within the three new standing committees of Housing, Health & Care, Education, Sport & Leisure, and Enterprise & Environment. Thereby, the focus on finance and use of resources will be high on the agenda of the Council on an ongoing basis.

The Budget Process



Engagement with Members

The Council's budget preparations involves extensive engagement with members throughout the process. Budget strategy update reports feature as standing items at Council meetings. Member briefing sessions are also arranged which expand on the strategy updates and consider options for budget savings and results of external customer consultations.

A cross party member and officer Capital Investment Forum meets on a regular basis to examine medium to long term capital investment priorities.

Training Requirements

It is recognised that financial training must be delivered to both Officers and Members to ensure that the key features and objectives of the Financial Strategy are embedded throughout the Council. With managers settling in to new roles following service redesigns, and with the induction requirements for new members following the Council elections, this has been highlighted as a key area in the work programme for 2012/13.

7. ARRANGEMENTS FOR THE REVIEW AND SCRUTINY OF THE FINANCIAL STRATEGY

It is essential that the financial plan is regularly monitored, with progress being reported to the Scrutiny Committee, Portfolio Holders and Budget Holders. This will be done through the issuing of monthly revenue and capital monitoring reports to budget holders and regular financial reports to Scrutiny Committee and the Directors' Group.

The monitoring process focuses on high risk budgets and involves regular reviews/dialogue between Accountancy staff and Service Managers with timely and accurate budget monitoring information.

The process requires budget holders to explain the reasons for any significant variances and Heads of Service to identify ways in which such variances can be managed within their total resources available. The roles and responsibilities of Officers in managing their budgets are laid out in the Council's Financial Regulations, including the escalation process to be used when overspends are being projected. A central list of Budget Holders is held, clarifying the budgets that these officers are in charge of.

Officers both in Accountancy and the Service concerned will continue to look more closely at the phasing of budgets, which assist more accurate projections to be made during the year.

Growth items should, wherever possible, be accommodated within existing resources. To achieve this requires a culture of financial awareness within the authority and this is seen as a key priority.

The ability to effectively manage resources and effectively scrutinise such management is dependent upon the existence of clear lines of accountability and access to appropriate training and professional expertise.

The Medium Term Financial Plan will be subject to periodic review by Council officers and Elected members in light of current experience to confirm that budgetary assumptions are accurate and to ensure the continuing alignment between resource allocation and Corporate priorities. Regular budget update reports will be presented to Council, and the successful budget challenge process introduced in 2010 will continue to operate to support budget re-alignments.

8. THE REVENUE PLAN 2012-2015

The medium term revenue plan is based on an analysis of the key influences on the Council's financial position and an assessment of the main financial risks facing the Council. The financial forecast is based on the following factors and assumptions.

Local Government Finance Settlement

The Council receives external grant support from the Scottish Government through the distribution of resources within the Local Government Finance Settlement. The distribution is made in accordance to authorities' relative needs with a mechanism for protection against detrimental changes in grant allocations. Approximately 82% of the Council's net expenditure is financed from the Local Government Finance Settlement.

The Scottish Government has provided settlement figures for the three years covered by this Financial Strategy. The national distributable funding has been provided on a 'flat cash' basis at 2011/12 grant levels, but this Council has been a net gainer from changes in distributions, and receives a modest increase in grant of £1.576m over the three years.

The announcement of three year settlement figures provides certainty in funding levels which greatly assists medium term financial planning. However, with funding only increasing by 1.7% from 2011/12 to 2014/15 this represents a significant real terms reduction given the current and anticipated inflation levels.

Council Tax

In accordance with Objective 6 of this Financial Strategy, the plan has been prepared within the context of a commitment to the Scottish Government that a Council Tax freeze will be in place over the three years to 2012 to 2015.

Inflation Rates and Pay Increases

The medium term plan makes provision for inflation and pay awards as follows :

Inflation : increases have been specifically provided for employers national insurance and superannuation together with utilities and other contractual commitments. A general inflation uplift of 3% has been applied to other non-staff costs. An allowance has also been made for an increase in National Insurance contribution rates from 2014/15 as a result of the potential ending of the current contracting out arrangements.

Pay Awards : The current pay freeze has been reflected in the 2012/13 budget. Thereafter, increases have been built in for 2013/14 and 2014/15 based on the current estimated GDP deflator. It is noted that the UK Government have suggested that pay increase be capped at 1%, and the Scottish Government indicate that modest increases would be applicable over this period. Pay award settlements below the sum provided will have a positive impact on the budget gap indicated in Section 3.

Charges

Charges for services, with the exception of school meals, have been increased by 3% in line with the inflation provision on costs.

Interest Rates

The Council has borrowed to fund capital investment in priority services in previous years and provision has been made in the plan to fund the ongoing borrowing costs. The Council's Investment Strategy is to minimise new borrowing during the medium term financial plan and this strategy assists in stabilising borrowing costs over this period.

The Council earns interest by lending surplus cash balances for short periods. The Medium Term Plan assumes that the Council will hold cash balances averaging £15m and will earn interest at 1.7%. The amount earned will clearly be affected by changes in interest rates and fluctuating cash balances.

Change Funds

The Scottish Governments' introduction of change funds supporting Health & Social Care, Early Years and Criminal Justice suggests that cash contributions may be required from the Council. The budget assumptions build in a provision for contributions pending clarity on the operation of the funds.

Risks

The individual components of the Council's Financial Strategy have been developed with due regard to the potential financial risks facing the Council. Risks may be identified both in terms of *specific funding issues* and in terms of the *process* by which the Council's budget is prepared, monitored and made subject to scrutiny. As set out within this strategy, the Council has placed increasing emphasis on ensuring that the risk that the budget and planning processes are not aligned is addressed.

Other significant financial and process risks addressed in developing the Medium Term Financial Plan are considered below.

Equal Pay: The Council has an approved strategy for managing the financial risks associated with potential equal pay claims and provision has been made to meet the anticipated costs. Significant progress has been made in settling known claims. It is, however, recognised that Equal Pay is an area of particular uncertainty in terms of its potential impact upon the Council's finances.

Balances: There are significant risks inherent in the Medium Term Plan for the reasons summarised above. A number of key items in the plan cannot be estimated with accuracy and the figures in the plan assume that significant savings will require to be made. In this situation it is essential to maintain sufficient balances, not only to deal with unforeseen events but also to cover the potential risk of not achieving the savings required.

8. CAPITAL PLAN

The Capital Plan is the key vehicle for developing long term change to deliver the key priorities and corporate objectives of the Council as demonstrated through the individual asset management plans. Work is progressing to develop an all embracing Corporate Asset Management Plan.

The Capital Plan addresses the following key issues :

- a) prioritisation in line with the key priorities and corporate aims
- b) affordability of funding
- c) integration of capital and revenue decision making
- d) framework for managing and monitoring.

Prioritisation Methodology

The Council established a cross party member and officer Capital Investment Forum (CIF) in September 2011, in order to provide a sustainable approach to capital investment in the future. Early meetings of the CIF have been reviewing and agreeing broad classifications and priorities for the Council in the medium to long term with a view to incorporating them within a Corporate Asset Management Plan

The CIF is also reviewing and updating the current prioritisation process for new capital bids. This will ensure that Members and Officers can focus on corporate priorities when formulating spending proposals and ensures that any resources available can be allocated in the context of the Council's priority needs.

The Council budget in Feb 2012 approved additional funding of £6.567m over the three years 2012/13 to 2014/15 primarily to tackle backlog improvements in property and roads assets but also includes provision to upgrade the 3-12 school estate and to develop core IT systems. The funding of these areas are therefore likely to become a higher priority in future financial plans. The current approved programme will be reviewed on completion of the CIFs work to establish appropriate asset strategies for IT and Fleet in advance of the Corporate Asset Management Plan. Following the completion of this work a rolling five year capital plan will be established.

Affordability of Funding

Financing the Capital Programme for the Future

Resources to fund capital spending are provided from the Scottish Government in the form of a 'general' capital grant. In addition other external grants and contributions are sought. The grants and contributions provided by other external agencies are often specific to an individual scheme and cannot be used for any other purpose by the Council. Council funding in the form of capital receipts, borrowing, and contributions from revenue sources can make up the balance of resources. In practice, over the period of this Financial Strategy, capital receipts are mainly earmarked to repay debt associated with the Councils Secondary Schools PPP scheme, and revenue constraints prohibit the practical funding of capital contributions. Hence, the financing of the capital programme is restricted to borrowing and capital grants. The Councils Borrowing and Investment strategy is focused on achieving an overall reduction in the Councils external debt levels, whereby any new borrowing is restricted to a level at or below the budgeted repayments of principal debts.

In moving towards a 5 year capital programme it is important to review options for the funding of a programme that will meet Corporate Priorities over a 5 year period and beyond.

Integration of Capital and Revenue Decision Making

The Prudential Code

Under the Prudential Regime, which has operated since April 2004, the Council has the responsibility to demonstrate that its capital investment programme is affordable, prudent and sustainable. The Prudential Code requires that this is done by calculating specific indicators for capital expenditure, capital financing requirement and authorised and operational limits on its external debt. The Prudential Indicators for 2012/13 to 2014/15 were approved by Council on 9th February 2012.

Whilst current economic conditions have led to low interest rates and limited capital receipts, options for borrowing are constrained by our strategy to reduce levels of external debt. Therefore any borrowing will need to be demonstrated as being affordable and lead to economic or financial benefits.

Revenue Implications

The revenue implications of funding the capital programme are the loss of interest receivable from the use of internal balances and/or increases in repayments of principal and interest payable on additional external borrowing.

Any expansion of the capital programme beyond the constraints of our Investment Strategy will require the use of additional borrowing, with the consequent revenue cost impact upon the Medium Term Financial Strategy.

It is recommended that the Council can use borrowing to fund capital investment as follows :

- to fund Invest to Save schemes, based upon sound business cases/risk assessment.
- to fund schemes that deliver clear economic benefits where it can be demonstrated that the borrowing is affordable.
- in accordance with the Treasury Management Strategy limits and associated Prudential Code.

Framework for Managing and Monitoring the Capital Programme

The Statutory Finance Officer (Director of Finance and Corporate Services) has overall responsibility for the preparation and monitoring of the Council's capital programme and for reporting the outcome to Council and Scrutiny Committee. The process involves :

- Reviewing the capital programme annually.
- Reviewing the current and estimated future availability of external earmarked funding and other opportunities for obtaining or bidding for additional capital resources.
- Prioritising and appraising any new proposals against agreed corporate criteria.
- Preparing the Council's capital programme, strategy and consultation process.
- Monitoring progress in achieving the capital programme objectives.
- Ensuring that the outcomes of expenditure and investment are reported to Scrutiny Committee.
- Issuing corporate guidance to ensure that there is a consistent approach across all service areas.

The work of the Capital Investment Forum will assist the process of reviewing and shaping the capital programme medium and long term plan.

9. BALANCES AND RESERVES

Recommendations on the use of Revenue Reserves within the Financial Strategy are the subject of the annual report to the Council when it sets its budget. In February 2012 the Council established a policy of seeking to retain uncommitted non-HRA Revenue Reserves at a minimum of 3% of budgeted net expenditure. Based upon the final approved Net Revenue Budget for 2012/13 of £120.543m, the minimum level of uncommitted Reserves which it is recommended that the Council retain is therefore £3.6m.

The uncommitted General Fund Balance as at 31 March 2012 is £7.567m. In setting the 2012/13 Revenue Budget, the Council has agreed to utilise £2.022m of reserves to support expenditure plans. This will result in uncommitted reserves sitting at a level of £5.545m which is in excess of the minimum level, and represents a figure of 4.6% of net expenditure.

10. CONCLUSION

This Financial Strategy sets out a range of proposals regarding the management of resources and delivery of priorities over the three years of the current spending review period 2012/13 to 2014/15.

The Strategy is underpinned by seven key objectives, which are set out within Section 5 and these are supported by the detailed action plan (Appendix D). The Executive Summary highlighted the main proposals and recommendations.

The process of developing and improving Medium Term Financial planning is ongoing. The previous Financial Strategy (2010-2013) approved in December 2009 established the framework for ensuring a strong financial base that delivers priorities. A considerable amount of work has been done during this period in refining financial planning processes, and we will continue to seek further improvements going forward.

As far as possible, the plan anticipates future needs and recognises the financial uncertainties, risks and challenges faced by the Council. Development of rigorous financial monitoring and plans for project management processes are being dealt with. The Council aim to ensure it holds balances and reserves that are considered adequate without being excessive.

Consequently, Clackmannanshire Council now has in place a sound Medium Term Financial Strategy and a robust financial plan that is designed to support the delivery of the targets in the Corporate Plan and meet the Council's Objectives.

Clackmannanshire Council Summary

	Base Budget 12/13	Savings Total	Budgetary Pressures	Inflationary pressures	2012/13 Budget	2012/13 Additional Political Priorities	Final Budget 2012/13		2013/14 Additional Political Priorities	Indicative Budget 2013/14		2014/15 Political Priorities	Indicative budget 2014/15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000					£'000	£'000
Service													
Support Services	5,934	(19)	175	0	6,090	0	6,090		0	6,127		0	6,392
Strategy and Customer Services	6,619	(285)	5	0	6,340	0	6,340		0	6,508		0	6,734
	12,553	(304)	180	0	12,429	0	12,429		0	12,636		0	13,126
Less Allocated to Non General Fund Services	(1,749)	0	0	0	(1,749)	0	(1,749)		0	(1,749)		0	(1,749)
	10,804	(304)	180	0	10,680	0	10,680		0	10,886		0	11,377
Facilities Management	22,679	(396)	433	695	23,410	395	23,805		(300)	24,848		0	26,333
Social Policy	25,898	(633)	0	385	25,651	100	25,751		(100)	26,679		0	27,688
Education	34,464	(181)	0	0	34,283	0	34,283		0	35,513		0	36,768
Community and Regulatory	8,353	(222)	414	56	8,601	0	8,601		0	9,018		0	9,530
PCU's	(1,058)	0	162	0	(897)	0	(897)		0	(624)		0	(331)
Corporate Adjustments	386	(150)	0	100	336	135	471		0	1,241		0	3,204
Misc Services - Non Distributed Costs	1,081	0	0	52	1,133	0	1,133		0	1,188		0	1,246
Service Expenditure	102,607	(1,886)	1,188	1,288	103,197	630	103,827		(400)	108,749		0	115,814
Add Requisitions from Joint Boards													
Central Scotland Police	3,883	0	0	0	3,883	0	3,883		0	3,883		0	3,883
Central Scotland Fire	2,486	0	0	0	2,486	0	2,486		0	2,486		0	2,486
Central Scotland Valuation	394	0	0	0	394	0	394		0	405		0	419
	109,369	(1,886)	1,188	1,288	109,960	630	110,590		(400)	115,523		0	122,602
Add / (Deduct)													
Interest on Revenue Balances	(160)	0	0	0	(160)	0	(160)		0	(280)		0	(1,157)
Loan Charges	9,443	0	0	0	9,443	0	9,443		0	9,382		0	10,123
Contribution to Bad Debt Provision	200	0	0	0	200	0	200		0	200		0	200
Contribution to Invest to Save Fund	500	0	0	0	500	0	500		0	0		0	0
	119,352	(1,886)	1,188	1,288	119,943	630	120,573		(400)	124,824		0	131,768
Sources of funding													
General Fund Revenue	(95,148)	0	(460)	0	(95,608)	0	(95,608)		0	(96,207)		0	(96,624)
Council Tax	(21,581)	0	0	0	(21,581)	0	(21,581)		0	(21,609)		0	(21,637)
Contribution from Uncommitted Reserves	0	0	0	0	0	(2,022)	(2,022)		0	0		0	0
Contribution from Earmarked Reserves	0	0	0	0	0	(1,362)	(1,362)		0	0		0	0
	(116,729)	0	(460)	0	(117,189)	(3,384)	(120,573)		0	(117,816)		0	(118,261)
Projected (Surplus) / Shortfall					2,754		(0)			7,008			13,507

Capital Programme 2012/15

Appendix B

		2012/13 incl c/f	2013/14 incl c/f	2014/15		Comments
	Funding Envelope	8700	8400	10000		
	Property Asset Management Plan					
	3-12 School Development (Primary & Nursery)	750	750	750		Current annual allowance
	Additional 3-12 School Development funding	750		1,000		additional funding to address backlog maintenance as insdicated in 2010 Property Asset Management Plan
	Cochrane Hall, Alva Refurbishment & Upgrading	10				retention
	Forthbank Waste Recycling Project & Accommodation Rationalisation	20				retention
	Alloa Town Centre Regeneration: Speirs Centre	1800	900	50		start on site June 2012.
	St Johns replacement school	400	3,000	900		start on site may / June 2013, complete June 2014, £100 retention in 15/16. Project attracts £4.1m SFT funding. Net Council contribution reflected in budget
	Town Hall			140		last phase of heating - 14/15
	Telecare	75	75	75		annual allowance for replacement equipment
	Tillicoultry Asset Plan: Conversion of family centre to community hub	370	10			part of agreed Tillicoultry Asset Management Plan - approved at Council Dec 2011
	Tillicoultry Asset Plan: Redevelop existing CAP/Library to housing	135	10			part of agreed Tillicoultry Asset Management Plan - approved at Council Dec 2011
	Purchase of Former Health Centre Site, Marshall, Alloa	150				£150,000 in 2011/12
	Alloa Gymnastic Club	37				capital contribution to facility development
	strategic investment in school estate - major single upgrade or replacement with external funding			2,000		future funding allocation to strategic property development - speculative match funding for equivalent SFT / HUB asset management funding
	Property Asset Management Improvements	100	100	400		addressing of backlog maintenance throughout estate other than those specifically mentoned elsewhere in plan
	Village/Town Centre initiative	250				phase 1 Sauchie
	CCTV	81				C/F 2011/12
		4,928	4,845	5,315		
	Roads Asset Management Plan					
	B9140 Realignment of Bends (Collylands to Fishcross/Maggies Wood)			600		Total cost of £1.1m, 15/16 balance of £500,000
	Roads asset management: replacement road, footways, street lighting and bridge strengthening	1,400	1,500	1,600		
	Flood Prevention	50	50	700		Preliminary work and match funding in 2014/15 for tillicoultry flood prevention scheme. Balance of £1,500,000 in 15/16 (£700,000)

Capital Programme 2012/15

Appendix B

		2012/13 incl c/f	2013/14 incl c/f	2014/15		Comments
	Funding Envelope	8700	8400	10000		
		1,450	1,550	2,900		
	Land Asset Management Plan					
	Black Devon Landfill Gas Collection & Treatment Project	260	5			c/f
	landscape partnership	113				match funding
	Contaminated Land	53	53	53		Required to investigate and address contaminated land portfolio
	Cemeteries Strategy	60		200		Woodland Burial site £60,000(12/13), Dollar - £200,000 (14/15)
	Footpath - Mill glen, Tillcoultry	75				
	Parks, Play Areas & Open Spaces	50	50	50		
		611	108	303		
	Fleet Asset Management Plan					
	Wheeled Bins and public realm bins	30	30	30		
	Vehicle Replacement Programme	750	1,400	718		based on 5, 7 and 10 year replacement strategy. 12/13 investment to include a number of eco vehicles inc cars and vans
	Zero waste plan vehicles	60	60			net of expected grant
		840	1,490	748		
	IT Asset Management Plan					
	IT Services	327	235	372		as per hardware / software replacement programme
	Additional IT funding for major core systems	250				
		577	235	372		
	Capital Contribution to Police Board	150	138	203		
	TOTAL PROGRAMME	8,556	8,366	9,841		
	Balance below funding envelope	144	34	159		
		8,700	8,400	10,000		

HOUSING REVENUE ACCOUNT SUMMARY

Appendix C

	Original Budget 2011/12	Projection Oct 2011 2011/12	Draft budget 2012/13
REPAIRS & MAINTENANCE			
Private Contractors & Land Services	418,460	354,685	350,000
Void Houses	1,032,940	1,096,696	1,060,000
General Maintenance	2,172,610	2,015,658	2,111,000
Cyclical Maintenance	763,580	680,650	680,000
Gas Contract	366,100	364,315	360,000
Minor Social Work Repairs	20,920	31,000	21,000
	4,774,610	4,543,004	4,582,000
SUPERVISION & MANAGEMENT			
Staff Costs	2,244,230	1,886,313	2,174,072
Premises	25,190	24,307	23,880
Transport	51,480	39,129	50,960
Supplies & Services	269,930	257,553	241,130
3rd Party Supplies	150,000	230,511	150,000
Support Services	1,531,050	1,691,515	1,612,000
Gross S&M	4,271,880	4,129,328	4,252,042
Income	(168,800)	(135,664)	(168,800)
Net Supervision & Management	4,103,080	3,993,664	4,083,242
Capital Financing	3,328,950	3,093,224	3,487,783
OTHER EXPENSES			
Insurance	250,000	230,000	250,000
Stair Lighting	10,620	7,860	10,620
Void Rent Loss	327,550	331,708	327,550
Grounds Maintenance	62,020	0	0
Garden Aid Scheme	102,020	104,000	102,020
Special Uplifts	127,590	115,000	127,590
Pest Control	12,690	11,200	12,690
Contributions to Bad Debts	191,880	191,880	191,880
Miscellaneous	10	45	10
Council Tax on Empty Properties	7,780	7,780	11,280
	1,092,160	999,473	1,033,640
Gross Expenditure	13,298,800	12,629,364	13,186,665
INCOME			
Rents	(14,680,820)	(14,741,458)	(15,763,704)
Other Income (Garage Sites, Shops)	(40,590)	(40,195)	(40,500)
Interest on Revenue Balances	(34,780)	(34,780)	(34,780)
	(14,756,190)	(14,816,433)	(15,838,984)
Net Expenditure	(1,457,390)	(2,187,069)	(2,652,319)

			Total Revised Budget 2012/13	2013/14	2014/15
Housing Capital Programme 2012-2017	2011/12 Carryover	2012/13 Requirements			
SHQS ELEMENTS					
Primary Building Elements					
Structural Works	0.00	50,000.00	50,000.00	50,000.00	50,000.00
Secondary Building Elements					
Damp Proof Course and Rot Works	0.00	25,000.00	25,000.00	21,000.00	21,000.00
Roof/Rainwater/External Walls	222,265.00	413,000.00	635,265.00	413,000.00	505,000.00
External Doors	0.00	6,000.00	6,000.00	0.00	0.00
Windows	0.00	0.00	0.00	71,000.00	180,000.00
Energy Efficiency					
Full/ Efficient Central Heating	1,402,081.00	437,000.00	1,839,081.00	690,000.00	437,000.00
Modern Facilities & Services					
Kitchen Renewal	311,920.00	154,000.00	465,920.00	154,000.00	153,000.00
Bathroom Renewal	721,050.00	1,466,000.00	2,187,050.00	2,945,000.00	2,796,000.00
Health Safe & Secure					
Safe Electrical Systems	78,550.00	373,450.00	452,000.00	229,200.00	218,547.00
CO Detectors	0.00	0.00	0.00	80,000.00	0.00
External Works: Fencing, Gates Paths	0.00	0.00	0.00	59,436.00	20,220.00
Secure Door Entry Systems	0.00	110,000.00	110,000.00	63,000.00	63,000.00
NON SHQS ELEMENTS					
Conversions & Upgrading	0.00	300,000.00	300,000.00	500,000.00	50,000.00
Disabled Adaption Conversions	0.00	50,000.00	50,000.00	50,000.00	50,000.00
External Lead Pipe Replacement	0.00	50,000.00	50,000.00	0.00	0.00
Demolitions	5,000.00	0.00	5,000.00	0.00	0.00
Feasibility Work	0.00	20,000.00	20,000.00	20,000.00	20,000.00
Council Housing New Build Alva & Tullibody	434,000.00	1,434,643.00	1,868,643.00	47,465.00	0.00
Council Housing New Build Hallpark	0.00	322,000.00	322,000.00	0.00	0.00
Housing Business Management System	0.00	265,000.00	265,000.00	265,000.00	0.00
Other Costs Contingency (5%)	0.00	0.00	0.00		
Total	3,174,866.00	5,476,093.00	8,650,959.00	5,658,101.00	4,563,767.00
Estimated House Sales (per Business Plan)			(814,000.00)	(798,000.00)	(781,000.00)
Estimated CFCR			(3,500,000.00)	(1,871,000.00)	(966,000.00)
Projected Borrowing			4,336,959.00	2,989,101.00	2,816,767.00

ACTION PLAN FOR ACHIEVEMENT OF OBJECTIVES

Objective	How We Will Achieve It	Timescales	Lead Officer
1. Budgets are Prudent and Sustainable in the Long Term	Adequate provision is made for inflation, pressures, pay awards and new legislation	Reviewed annually during budget preparation process	Director of Finance and Corporate Services
	The revenue budget is not supported on an ongoing basis by one off savings, or any significant use of reserves	Reviewed annually during budget preparation process	Director of Finance and Corporate Services
	Effective budget monitoring to ensure early identification of issues and action planning	Reports to Scrutiny Committee and CMT and monthly reporting to Managers	Accountancy Manager
2. Financial Plans Recognise Corporate Priorities and Objectives	Additional investment and savings proposals assist delivery of corporate priorities	Reviewed annually during budget preparation process	Director of Finance and Corporate Services
	Local and national targets are considered	Reviewed annually during budget preparation process	Director of Finance and Corporate Services
	Long term vision and objectives are considered	Reviewed annually during budget preparation process	Director of Finance and Corporate Services
	Provision within financial planning figures for growth and contingency amounts are based on perceived risk	Reviewed annually during budget preparation process	Director of Finance and Corporate Services
	Review capital prioritisation process / option appraisal	Ongoing, reviewed through the	Director of Finance and Corporate

		work programme of Capital Investment Forum	Services
3. Significant Risks are Identified and Factors to Mitigate Against Those Risks are Identified	Risk management is embedded in corporate and service planning	Reviewed annually through Annual Governance Statement	Heads of Service
	Financial risks are specifically considered on an ongoing basis, and specifically reflected within the Financial Strategy.	Ongoing, reviewed on six monthly basis through corporate risk log	Director of Finance and Corporate Services
	High risk areas are targeted when setting budgets and monitored closely throughout the year.	Reviewed annually during budget preparation process, and ongoing through budget monitoring process	Director of Finance and Corporate Services
4. The Capital Programme is Planned Over a 5 Year Period, with "Unsupported" Borrowing Minimised, Other Than Where There are Clear Financial or Economic Benefits to the Council	Unsupported borrowing is minimised, ensuring capital programme is sustainable and does have unaffordable revenue implications	Reviewed annually during budget preparation process, and ongoing through the work programme of Capital Investment Forum	Director of Finance and Corporate Services
	Development of a 5 year rolling capital programme, and use of unsupported borrowing only on an invest to save basis or where clear economic benefits can be demonstrated.	Ongoing, reviewed through the work programme of Capital Investment Forum	Director of Finance and Corporate Services

5. Constraints on Capital and Revenue Resources, Including the Uncertainties Around Future Government Funding, are Recognised and Taken Into Account	Financial Strategy is realistic and corporate awareness of constraints on Council funding	Ongoing, reviewed through regular budget strategy update reports	Director of Finance and Corporate Services
6. Council Tax Increases will be Kept to a Minimum within constraints agreed with Scottish Government	Review this source of funding following the ending of current council tax freeze agreement.	Review in advance of 2015/16 budget planning	Director of Finance and Corporate Services
7. Prudent Levels of General Balances, Reserves and Contingencies are Maintained in the Context of an Assessment of the Risks Facing the Council	Annual review of reserves, linked to corporate priorities and treasury management implications	Reviewed annually during budget preparation process	Director of Finance and Corporate Services

Report to Council

Date of Meeting: 28 June 2012

Subject: Treasury Management Strategy Statement 2012-2013

Report by: Accountancy Manager

1.0 Purpose

- 1.1. The purpose of this report is to present the Council's Treasury Management Strategy Statement for 2012/13.

2.0 Recommendations

- 2.1. It is recommended that Council
- 2.1.1. Approve the Treasury Management Strategy Statement and Annual Investment Strategy for 2012/13 attached as Appendix A.
 - 2.1.2. Adopts the revised Treasury Management Policy Statement attached as Appendix B
 - 2.1.3. Notes the requirements of the CIPFA Treasury Management Code of Practice Key Principles and Clauses outlined in Appendix C.

3.0 Considerations

Background

- 3.1. The need to prepare a Treasury Management Strategy Statement and a Treasury Management Policy Statement is a requirement of CIPFA's revised Treasury Management in the Public Services Code of Practice. In December 2010 the Council formally adopted the revised Code of Practice (2009 version). It should be noted that the Code has since been further updated in 2011, but there are only minor changes. This Treasury Management Strategy Statement has been prepared in accordance with the updated 2011 Code.
- 3.2. The Treasury Management Strategy Statement sets out the borrowing, investment and debt rescheduling strategies for the current year 2012/13. This builds on the existing strategy approved in December 2010, and takes into account prospects for interest rates, together with the treasury limits and proposed capital financing requirements outlined in the Prudential Indicators report approved at the Special Council meeting on 9th February 2012.

Treasury Management Strategy Statement and Annual Investment Strategy

- 3.3. The 2012/13 Treasury Management Strategy Statement and Annual Investment Strategy sets out the expected treasury management activities for the Council in the current financial year and is attached at Appendix A.

Treasury Management Policy Statement

- 3.4. The current Treasury Management Policy Statement was approved by Council on 19 December 2010. As mentioned in paragraph 3.1 an updated 2011 CIPFA Treasury Management Code of Practice has been produced. One of the changes required by the Code was to incorporate the Council's high level policies for borrowing and investments into the Treasury Management Policy Statement.
- 3.5. A copy of the revised Treasury Management Policy Statement is attached at Appendix B for adoption by the Council. The changes from the previous Statement is the insertion of the last two bullet points.
- 3.6. For completeness the key principles and specific clauses upon which the CIPFA Treasury Management Code of Practice is based upon, which were outlined in the December 2010 report to Council, are presented in Appendix C.

External Treasury Management Advisers

- 3.7 The Council uses Sector Treasury Services as its external treasury management advisors. Sector were appointed as advisor in September 2009 under formal tender arrangements and the contract is in place until July 2013 with the option of an extension for a further year beyond that date.

4.0 Conclusion

- 4.1 The Treasury Management Strategy for 2012/13 builds on and consolidates the Council's existing Investment Strategy and Prudential Borrowing framework.
- 4.2 The strategy supports the delivery of the Council's capital investment plans but also remains intent on reducing the Council's overall relative level of external debt compared to Scottish averages.

5.0 Sustainability Implications

- 5.1 There are no sustainability implications.

6.0 Resource Implications

- 6.1 *Financial Details*

6.2 There are no direct financial implications arising from the recommendations in this report. Yes ☒

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

6.4 *Staffing*

6.5 *None*

7.0 Exempt Reports

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 2008 - 2011** (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)

9.0 Equalities Impact

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

10.0 Legality

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

11.0 Appendices

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

Appendix A - Treasury Management Strategy Statement & Annual Investment Strategy

Appendix B - Treasury Management Policy Statement

Appendix C - CIPFA Treasury Management Code of Practice Key Principles and Clauses

Appendix D - Permitted Investments

12.0 Background Papers

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

Yes ☒ (please list the documents below) No ☐

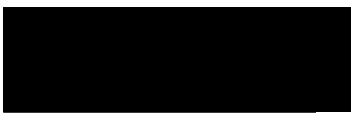
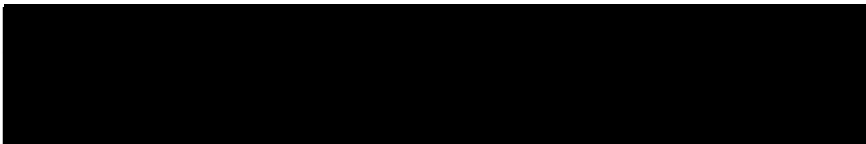
Treasury Management in Public Service; Code of Practice and Cross Sectoral Guidance Notes 2011

The Prudential Code for Capital Finance in Local Authorities 2011

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2012/13 TREASURY MANAGEMENT STRATEGY STATEMENT & ANNUAL INVESTMENT STRATEGY

1. INTRODUCTION

1.1 Background

Treasury Management is defined as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; effective control of the risks associated with those activities; and the pursuit of optimum performance associated with those risks.”

1.2 Prudential and Treasury Indicators

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy. The Council has already approved these as part of the Council Tax budget setting process at the meeting of the 9th February 2012. The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The latest version of this Code is the November 2011 edition.

1.3 Balanced Budget Requirement

It is a statutory requirement under Section 93 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, a local authority must calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

1. increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
2. any increases in running costs from new capital projects

are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

These matters have already been given due consideration as part of the Council’s annual budget setting process and in particular within the specific report on the prudential indicators.

1.4 Treasury Management Strategy for 2012/13

The suggested strategy for 2012/13 in respect of the following aspects of the treasury management function is based upon the Council's views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser, Sector Treasury Services.

The proposed strategy for 2012/13 covers the following:

- the Council’s current portfolio position
- the treasury limits in force which will limit treasury risk and activities of the Council
- the prospects for interest rates

- the Council's borrowing requirement
- the borrowing strategy for 2012/13
- policy on borrowing in advance of need
- debt rescheduling opportunities
- the investment strategy for 2012/13

Current Portfolio Position

At any point in time the Council will have debt owed to external parties and investment monies held by approved counterparties and upon which the Council can make a financial return. The Council's treasury portfolio position at 31 March 2012 comprised of the following:

	Principal 31.3.2011		Principal 31.3.2012
Fixed Rate Borrowing:			
- Public Works Loan Board	£ 99.702m		£ 99.702m
- European Investment Bank	£ 0.110m		£ 0.057m
- Market	£ 14.000m	£113.812m	£ 14.000m £113.759m
Variable Rate Borrowing:			
- Market		£ 9.500m	£ 9.500m
Total External Debt		£123.312m	£123.259m
Investments:			
- Internally managed - Cash & Bank	£ 17.460m		£ 30.683m
- Long Term Investments	£1,426m		£1.426m
Total Investments		£18.886m	£31.109m
Total Net External Borrowing		£ 104.426m	£ 92.150m

There was no new long term borrowing undertaken during 2011/12, and neither did any long term borrowing mature for repayment during the year. The significant reduction in the net external borrowing position is due to the increase in cash balances held of over £13m.

Treasury Limits 2012/13 to 2014/15

It is a statutory duty under part 7 of the Local Government in Scotland Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to allocate to capital expenditure. The amount so determined is termed the "Affordable Capital Expenditure Limit".

The Council must have regard to the Prudential Code when setting the Affordable Capital Expenditure Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is 'acceptable'.

The affordable capital expenditure limit is set, on a rolling basis, for the forthcoming financial year and two successive financial years. The estimated Capital Expenditure for Clackmannanshire Council was outlined in the Prudential Indicators report to the February

Special Council at £17.207m, £14.024m and £14.405m for 2012/12, 2013/14 and 2014/15 respectively.

Interest Rate Prospects

Sector Treasury Services Ltd act as the Council's treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Sector view on interest rate movements over the next few years.

Annual Average %	Bank Rate	Money Rates		PWLB Borrowing Rates		
		3 month	1 year	5 year	25 year	50 year
March 2012	0.50	0.70	1.50	2.30	4.20	4.30
June 2012	0.50	0.70	1.50	2.30	4.20	4.30
Sept 2012	0.50	0.70	1.50	2.30	4.30	4.40
Dec2012	0.50	0.70	1.60	2.40	4.30	4.40
March 2013	0.50	0.75	1.70	2.50	4.40	4.50
June 2013	0.50	0.80	1.80	2.60	4.50	4.60
Sept 2013	0.75	0.90	1.90	2.70	4.60	4.70
Dec 2013	1.00	1.20	2.20	2.80	4.70	4.80
March 2014	1.25	1.40	2.40	2.90	4.80	4.90
June 2014	1.50	1.60	2.60	3.10	4.90	5.00

Growth in the UK economy is expected to be weak in the next two years and there is a risk of a technical recession (i.e. two quarters of negative growth). Bank Rate, currently 0.5%, is not expected to start increasing until quarter 3 of 2013 despite inflation currently being well above the Monetary Policy Committee inflation target.

The outlook for borrowing rates is currently much more difficult to predict. The UK total national debt is forecast to continue rising until 2015/16. With fixed interest borrowing rates based on UK gilt yields it is expected there will be an increase in gilt yields over this period. However, gilt yields are currently at historically low levels due to investor concerns over Eurozone sovereign debt and have been subject to exceptionally high levels of volatility as events in the Eurozone debt crisis have evolved.

This challenging and uncertain economic outlook has several key treasury management implications:

- The Eurozone sovereign debt difficulties, most evident in Greece, provide a clear indication of much higher counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2012/13;
- Borrowing interest rates are currently attractive, but may remain low for some time. The timing of any borrowing will need to be monitored carefully;
- There will remain a cost of capital – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

Borrowing Requirement

The Council's borrowing requirement shown in the table below is based on the in year borrowing estimated to be needed to fund the net expenditure in the Financial Plans / Capital Budgets for both Housing and General Fund Services which were approved at the Special Council meeting in February 2012.

The actual timing of borrowing will be influenced by prevailing interest rates and expectations for future movement on rates. It may for instance be beneficial to delay borrowing until later than expected if interest rates are projected to fall. Similarly, any slippage in the delivery of the capital programme or conversely new initiatives requiring funding, will influence the timing of borrowing.

Replacement borrowing will be required for loan debt which is due to mature during the years shown. It has been assumed in the table below that this debt will be replaced in full in the year it matures, although this will be reviewed to take account of levels of cash balances held and interest rate movements so that borrowing is planned at the most opportune times. There also remains an intention in this strategy to reduce overall level of external debt compared to Scottish averages, and this will have a bearing on replacement borrowing decisions.

	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000
Net New External Borrowing	2,540	1,160	634
Replacement Borrowing	4,000	4,000	10,000
Total Borrowing Requirement	6,540	5,160	10,634

It should be noted that replacement borrowing does not increase the level of the Council's total debt because by its nature this borrowing is replacing debt which already exists. The impact on the Council's external debt position is therefore only the net new borrowing requirement shown.

Borrowing Strategy

As indicated above the Council's total borrowing requirement for the period 2012/13 to 2014/15 is £22.334m and it is currently expected that the vast majority of this borrowing will be secured from the Public Works Loan Board. PWLB Loans are anticipated to be undertaken predominantly on a maturity basis with fixed interest rates. However should market borrowing become available the Director of Finance and Corporate Services will consider this option should it be beneficial to the Council.

The forecast new PWLB borrowing interest rates over the next three years are set out in the earlier table on interest rate prospects. It will be noted that PWLB interest rates are expected to increase marginally towards the latter part of this financial year, with steeper rises expected from 2013/14 onwards

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is high.

Against this background the Director of Finance and Corporate Services will monitor the interest rate market and adopt a practical and prudent approach to changing circumstances. The following scenarios will influence the timing of any decision to alter the current strategy

of utilising internal borrowing (ie run down cash balances) rather than taking on new long term borrowing:

- if it was felt that there was a significant risk of a sharp FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

Ultimately, the council's proposed strategy for borrowing for 2012/13 is to be as flexible as possible within the constraints of the Prudential Indicators set, so that borrowing is undertaken at what is considered to be the best time.

Policy on borrowing in advance of need

As a matter of policy the Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed as such action is illegal. In accordance with the revised Treasury Management Code, any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

Although the position will be kept under review and members will be advised of any intended change the proposed Treasury Management Strategy for 2012/13 assumes that no borrowing in advance of need (as defined in the Code on the Investment of Money By Scottish Local Authorities) will be required or take place. The maximum extent to which borrowing in advance will be undertaken in 2012/13 is therefore nil.

Debt Rescheduling

Clackmannanshire Council has over a number of years used changing market conditions to take advantage of debt rescheduling opportunities. Significant financial savings have been made through such action and opportunities to restructure the Council's debt portfolio will continue to be sought during 2012/13.

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (ie premiums incurred).

The reasons for any rescheduling will include one or more of the following:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the borrowing strategy outlined above;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

Any debt rescheduling undertaken will be reported as part of the Treasury Management mid year report or Treasury Management annual report..

Annual Investment Strategy

Investment Policy

Opportunities for investment arise naturally through Treasury Management activity and in particular the management of cash flows which can result in peaks and troughs in the amount of cash required during the year. The Council can also choose to have its various funds and reserves backed by cash held. Accordingly at any given point in time the Council is likely to have sizeable sums of cash available and in a best value context it is incumbent upon the Council to generate a return on such surplus cash by investing it wisely. It will noted that as at March 2012, these cash balances amounted to £30.7m. Income generated on the use of surplus cash contributes to keeping the net expenditure of the Council lower than it otherwise would be.

The Council's investment policy has regard to the Local Government Investment (Scotland) Regulations (and accompanying finance circular) and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

The Council will therefore aim to achieve the optimum return on its investments taking account of levels of security and liquidity. Striking an appropriate balance between risk and return is a matter of judgement for the Director of Finance and Corporate Services. However, the borrowing of monies purely to invest or on-lend and make a return is unlawful and thus the Council will not engage in such activity. The permitted investments that the Council can undertake are detailed in the scope of investment strategy that follows.

Investment Strategy

The scope of the Investment Strategy covers all investment undertaken by the Council, including but not limited to :-

- 1 Short and medium term liquid cash deposits with banks and buildings societies;
- 2 Investment in shares with companies, institutions and joint venture or related companies
- 3 Investment in non liquid fixed assets, for investment or resale

Under the 2010 Regulations, the Council is required to set out the types of investment that they will permit in the financial year, together with the limits for those investment. These are known as permitted investments.

The main permitted investments that the Council anticipates investing in will be immediate or short term deposit accounts with approved Banks or Buildings Societies. The Council currently receives favourable rates with one approved lender on instant access and fixed term deposits. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 3 of 2013. Bank Rate forecasts for financial year ends (March) are:

- 2012 0.50%
- 2013 0.50%
- 2014 1.25%
- 2015 2.50%

Allowing for the favourable investment returns the Council currently has in place, the suggested returns on investments than can be forecast for the next three years are as follows:

➤ 2012/13	2.20%
➤ 2013/14	2.80%
➤ 2014/15	4.50%

The full list of products and institutions that the Council is permitted to invest is included in Appendix D.

Creditworthiness policy

This Council utilises the creditworthiness service provided by Sector Treasury Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies.

This approach also combines a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

All credit ratings will be monitored on a weekly basis. The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service, and appropriate action will be taken where downgrades in ratings result in the counterparty no longer meeting the Council's minimum criteria.

As an added measure, sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of those banks eligible for government support.

Country limits

The Council has determined that it will only use approved counterparties registered to take deposits in the United Kingdom.

End of Year Investment Report

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

Treasury Management Policy Statement

The need to prepare a Treasury Management Policy Statement is a requirement of the Treasury Management in the Public Services Code of Practice published by the Chartered Institute of Public Finance and Accountancy in 2011.

The Treasury Management Policy Statement for Clackmannanshire Council is as follows:

- 1 The Council defines its treasury management activities as the management of its investments and cash flows, its banking, money market and capital market transactions: the effective control of the risks associated with those activities: and the pursuit of optimum performance consistent with those risks.
- 2 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its investment and treasury management activities will be measured. Accordingly, the analysis and reporting of investment and treasury management activities will focus on their risk implications for the Council.
- 3 The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
- 4 The Council's policy regarding borrowing is to borrow as required to meet our capital financing requirement all in accordance with the Council's Annual Treasury Management Strategy. The Council will also not borrow for the purpose of re-investing.
- 5 The Council's policy regarding investments is to invest surplus funds with reference to the Council's core cash balances and cashflow requirements all in accordance with the Council's Annual Investment Strategy.

CIPFA Treasury Management Code of Practice Key Principles and Clauses

Key Principles

The CIPFA Treasury Management in the Public Services Code of Practice (revised 2011) identifies the following 3 Key Principles in respect of Treasury Management in the public services:

- 1 Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- 2 Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly with their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and liquidity when investing funds.
- 3 They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

Approved Clauses

CIPFA recommends that all public service organisations adopt, as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances the following four clauses.

- 1 The Council will create and maintain, as the cornerstones for effective treasury management:
 - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendments where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

- 2 The full Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- 3 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Scrutiny Committee, and for the execution and administration of treasury management decisions to the Director of Finance and Corporate Services who will act in accordance with the organisation's policy statement and TMPs and as a CIPFA member CIPFA's Standard of Professional Practice on Treasury Management.
- 4 The Council nominates the Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Appendix D

PERMITTED INVESTMENTS

This Council approves the following forms of investment instrument for use as permitted investments as set out in Tables 1 to 6 below:

Table 1 - Deposits

	Minimum Credit Criteria	Liquidity Risk	Market Risk	Max % of total investments	Max Maturity period
Debt Management Agency Deposit facility	Not applicable	Term	No	Unlimited	2 years
Term deposits - local authorities	Not Applicable	Term	No	Unlimited	2 years
Call accounts - banks and building societies	Long Term Rating A+	Instant	No	Unlimited	2 years
Term deposits - banks and building societies	Long Term Rating A+	Term	No	Unlimited	2 years
Fixed term deposits with variable rate: Structured deposits	Long Term Rating A+	Term	No	40	2 years
Collateralised deposit	UK Sovereign Rating	Term	No	40	2 years

Table 2 - Deposits with counterparties in receipt of government support/owner

	Minimum Credit Criteria	Liquidity Risk	Market Risk	Max % Of total Investments	Max maturity period
UK nationalised banks	Long Term Rating A+	Term	No	Unlimited	2 years
UK Government support to the banking sector (implicit guarantee)	Long Term Rating A+	Term	No	Unlimited	2 years
Fixed term deposits with variable rates and variable maturities: Structured deposits	Long Term Rating A+	Term	No	40	2 years
Call accounts - banks and building societies	Long Term Rating A+	Instant	No	Unlimited	2 years

Table 3 - Collective Investment schemes structured as Open Ended Investment Companies (OEICs)

	Minimum Credit Criteria	Liquidity Risk	Market Risk	Max % Of total Investments	Max Maturity period
Government Liquidity Funds	UK Sovereign Rating	Instant	No	5	2 years
Money Market Funds	UK 1Sovereign Rating	Instant	No	Unlimited	2 years
Enhanced Cash Funds	UK Sovereign Rating	T+>1	Yes	5	2 years
Gilt Funds	UK Sovereign rating	T+>1	Yes	5	2 years
Bond Funds	UK Sovereign Rating	T+>1	Yes	5	2 years

Table 4 - Securities issued or guaranteed by governments

	Minimum Credit Criteria	Liquidity Risk	Market Risk	Max % Of total Investments	Max Maturity period
Treasury Bills	UK Sovereign Rating	Sale T+1	Yes	5	2 years
UK Government Gilts	UK Sovereign Rating	Sale T+1	Yes	5	2 years
Bonds issued by a financial institution which is explicitly guaranteed by the UK Government	UK Sovereign Rating	Sale T+3	Yes	5	2 years

Table 5 - Securities issued by corporate organisations

	Minimum Credit Criteria	Liquidity Risk	Market Risk	Max % Of total Investments	Max Maturity period
Certificates of deposit issued by banks and building societies	Long Term Rating A+	Sale T+1	Yes	5	2 years
Commercial paper	Long Term Rating A+	Sale T+1	Yes	5	2 years
Corporate Bonds	Long Term Rating A+	Sale T+3	Yes	5	2 years
Other debt issuance by UK banks covered by UK Government (explicit) guarantee	Long Term Rating A+	Sale T+3	Yes	5	2 years

Accounting treatment of investments - The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by the Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

Table 6 - Non Treasury Investments

	Minimum Credit Criteria	Liquidity Risk	Market Risk	Max % Of total Investments	Max Maturity period
Property Fund	Not Applicable	Not Applicable	Yes	5	2 years
Local authority mortgage guarantee scheme	Not applicable	Not Applicable	No	5	2 years
Investment Properties	Not Applicable	Not Applicable	Yes	Unlimited	Unlimited
Home Loans	Not Applicable	Not Applicable	No	Unlimited	Unlimited

Treasury risks

All the investment instruments in Tables 1 to 6 above are subject to the following risks: -

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

2. **Liquidity risk:** this is the risk that cash will not be available when it is needed. While it could be said that all counterparties are subject to at least a very small level of liquidity risk as credit risk can never be zero, in this document, liquidity risk has been treated as whether or not instant access to cash can be obtained from each form of investment instrument. However, it has to be pointed out that while some forms of investment e.g. gilts, CDs, corporate bonds can usually be sold immediately if the need arises, there are two caveats:
 - a. cash may not be available until a settlement date up to three days after the sale
 - b. there is an implied assumption that markets will not freeze up and so the instrument in question will find a ready buyer.
3. **Market risk:** this is the risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.
4. **Interest rate risk:** this is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.
5. **Legal and regulatory risk:** this is the risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

Controls on treasury risks

1. **Credit and counter-party risk:** the Council has set minimum credit criteria to determine which counterparties and countries are of high creditworthiness to enable investments to be made safely.
2. **Liquidity risk:** the Council has a cash flow forecasting model to enable it to determine how long investments can be made for and how much can be invested.
3. **Market risk:** the Council does not purchase investment instruments which are subject to market risk in terms of fluctuation in their value.
4. **Interest rate risk:** the Council manages this risk by having a view of the future course of interest rates and then formulating a treasury management strategy accordingly which aims to maximise investment earnings consistent with control of risk or alternatively, seeks to minimise expenditure on interest costs on borrowing.
5. **Legal and regulatory risk:** the Council will not undertake any form of investing until it has ensured that it has all necessary powers and also complied with all regulations.

Unlimited investments

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

.

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

1. **Debt Management Agency Deposit Facility.** This is considered to be the lowest risk form of investment available to local authorities as it is operated by the Debt Management Office which is part of H.M. Treasury i.e. the UK Government's AAA rating stands behind the DMADF. It is also a deposit account and avoids the complications of buying and holding Government issued treasury bills or gilts.
2. **High credit worthiness banks and building societies.** The Annual Investment Strategy section provides an explanation of this Council's definition of high credit worthiness. While an unlimited amount of the investment portfolio may be put into banks and building societies with high credit worthiness, the Council will ensure diversification of its portfolio by limiting the value of investment that can be placed with one institution or group.
3. **Deposits with UK Local Authorities.** It is considered that there is negligible counterparty risk with such lending (local authorities effectively having the same credit rating as the Government itself). On this basis such lending should have no limits placed upon it.
4. **Money Market Funds.** These investments are considered relatively low risk as they are normally AAA rated (the highest credit rating available), offer instant access to funds and are a widely diversified form of investment.

DEPOSITS

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

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

- b) **Term deposits with high credit worthiness banks and building societies.** This is the most widely used form of investing used by local authorities. It offers a much higher rate of return than the DMADF (dependent on term) and now that measures have been put in place to avoid over reliance on credit ratings, the Council feels much more confident that the residual risks around using such banks and building societies are at a low, reasonable and acceptable level. The will ensure diversification of its portfolio of deposits. In addition, longer term deposits offer an opportunity to increase investment returns by locking in high rates ahead of an expected fall in the level of interest rates. At other times, longer term rates can offer good value when the markets incorrectly assess the speed and timing of interest rate increases. This form of investing therefore, offers a lot of flexibility and higher earnings than the DMADF. Where it is restricted is that once a longer term investment is made, that cash is locked in until the maturity date.
- c) **Call accounts with high credit worthiness banks and building societies.** The objectives are as for term deposits. but there is instant access to recalling cash deposited. This generally means accepting a lower rate of interest than that which could be earned from the same institution by making a term deposit. However, there are a number of call accounts which at the time of writing, offer rates 2 – 3 times more than term deposits with the DMADF. Some use of call accounts is highly desirable to ensure that the Council has ready access to cash when needed.
- d) **Fixed term deposits with variable rate and variable maturities (structured deposits).** This line encompasses ALL types of structured deposits. There has been considerable change in the types of structured deposits brought to the market over the last few years, some of which are already no longer available. In view of the fluidity of this area, this is a generic title for all structured deposits so as to provide councils with greater flexibility to adopt new instruments as and when they are brought to the market.
- e) **Collateralised deposits.** These are deposits placed with a bank which offers collateral backing based on LOBOs borrowed by local authorities. Such deposits are effectively lending to a local authority as that is the ultimate security.

DEPOSITS WITH COUNTERPARTIES CURRENTLY IN RECEIPT OF GOVERNMENT SUPPORT / OWNERSHIP

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

- a. **Term deposits with high credit worthiness banks which are fully or semi nationalised.** As for **b** in previous section. but Government ownership partial or full implies that the Government stands behind this bank and will be deeply committed to providing whatever support that may be required to ensure the continuity of that bank. This Council considers this indicates a low and acceptable level of residual risk.
- b. **Term deposits with high credit worthiness banks and building societies which are specified as being eligible for support by the UK Government.** As for **a**(above) but Government stated support implies that the Government stands behind eligible banks and building societies and will be deeply committed to providing whatever support that may be required to ensure the continuity of such institutions. This Council feels this indicates a low and acceptable level of residual risk.

- c. **Fixed term deposits with variable rate and variable maturities (structured deposits).** This line encompasses ALL types of structured deposits. There has been considerable change in the types of structured deposits brought to the market over the last few years, some of which are already no longer available. In view of the fluidity of this area, this is a generic title for all structured deposits so as to provide councils with greater flexibility to adopt new instruments as and when they are brought to the market. However, this does mean that members ought to be informed as to what instruments are presently covered under this generic title so that they are aware of the current situation, and that they are informed and approve of intended changes in an appropriate manner.

COLLECTIVE INVESTMENT SCHEMES STRUCTURED AS OPEN ENDED INVESTMENT COMPANIES (OEICS)

- a. **Government liquidity funds.** These are very similar to money market funds (see below) but only invest in government debt issuance with highly rated governments. They offer a lower rate of return than MMFs but slightly higher than the returns from the DMADF.
- b. **Money Market Funds (MMFs).** MMFs are normally AAA rated and are widely diversified, using many forms of money market securities including types which this Council does not currently have the expertise or risk appetite to hold directly. However, due to the high level of expertise of the fund managers and the huge amounts of money invested in MMFs, and the fact that the weighted average maturity (WAM) cannot exceed 60 days, MMFs offer a combination of high security, instant access to funds, high diversification and good rates of return compared to equivalent instant access facilities.
- c. **Enhanced cash funds.** These funds are similar to MMFs, can still be AAA rated but have variable Net Asset Values (NAV) as opposed to a traditional MMF which has a stable NAV. They aim to achieve a higher yield and to do this either take more credit risk or invest out for longer periods of time, which means they are more volatile. These funds can have WAM's and Weighted Average Life (WAL's) of 90 – 365 days or even longer. Their primary objective is yield and capital preservation is second. They therefore are a higher risk than MMFs and correspondingly have the potential to earn higher returns than MMFs.
- d. **Gilt funds.** These are funds which invest only in U.K. Government gilts. They offer a lower rate of return than bond funds but are highly rated both as a fund and through investing only in AAA rated gilts. They offer a higher rate of return than investing in the DMADF but they do have an exposure to movements in market prices of assets held.
- e. **Bond funds.** These invest in both government and corporate bonds. This therefore entails a higher level of risk exposure than gilt funds and the aim is to achieve a higher rate of return than normally available from gilt funds by trading in bonds. They do have an exposure to movements in market prices of assets held so do not offer constant Net Asset Value.

SECURITIES ISSUED OR GUARANTEED BY GOVERNMENTS

The following types of investments are where an authority directly purchases a particular investment instrument, a security, i.e. it has a market price when purchased and that value can change during the period the instrument is held until it matures or is sold. The annual earnings on a security is called a yield i.e. it is normally the interest paid by the issuer divided by the price you paid to purchase the security unless a security is initially issued at a discount e.g. treasury bills..

- a. **Treasury bills.** These are short term bills (up to 12 months) issued by the Government and so are backed by the sovereign rating of the UK. The yield is higher than the rate of interest paid by the DMADF and another advantage compared to a time deposit in the DMADF is that they can be sold if there is a need for access to cash at any point in time. However, there is a spread between purchase and sale prices so early sales could incur a net cost during the period of ownership.
- b. **Gilts.** These are longer term debt issuance by the UK Government and are backed by the sovereign rating of the UK. The yield is higher than the rate of interest paid by the DMADF and another advantage compared to a time deposit in the DMADF is that they can be sold if there is a need for access to cash at any point in time. However, there is a spread between purchase and sale prices so early sales may incur a net cost. The advantage over Treasury bills is that they generally offer higher yields the longer it is to maturity (for most periods) if the yield curve is positive.
- c. **Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government** (refers solely to GEFCO - Guaranteed Export Finance Corporation). This is similar to a gilt due to the explicit Government guarantee.
- d. **Sovereign bond issues (other than the UK govt) denominated in Sterling.** As for gilts but issued by other nations. AAA rated issues are just as secure as UK Government gilts but the advantage of these securities is they offer a slightly higher yield.
- e. **Bonds issued by Multi Lateral Development Banks (MLDBs).** These are similar to b. and d. above but are issued by MLDBs which are guaranteed by sovereign states with a high sovereign rating e.g. European Investment Bank. The advantages of these securities is they are more secure than UK Government gilts, as they are guaranteed by more than one AAA rated government, and offer a slightly higher yield.

SECURITIES ISSUED BY CORPORATE ORGANISATIONS

The following types of investments are where an authority directly purchases a particular investment instrument, a security, i.e. it has a market price when purchased and that value can change during the period the instrument is held until it is sold. The annual earnings on a security is called a yield i.e. is the interest paid by the issuer divided by the price you paid to purchase the security. These are similar to the previous category but corporate organisations can have a wide variety of credit worthiness so it is essential for local authorities to only select the organisations with the highest levels of credit worthiness. Corporate securities are generally a higher risk than government debt issuance and so earn higher yields.

- a. **Certificates of deposit (CDs).** These are shorter term securities issued by deposit taking institutions (mainly banks) so they can be sold if there is a need for access to cash at any point in time. However, that liquidity comes at a price so the yield is less than placing a deposit with the same bank as the issuing bank.
- b. **Commercial paper.** This is similar to CDs but is issued by commercial organisations or other entities. Maturity periods are up to 365 days but commonly 90 days.
- c. **Corporate bonds.** These are (long term) bonds (usually bearing a fixed rate of interest) issued by a company or other non-government issuer in order to raise capital for the institution as an alternative to issuing shares or borrowing from banks. They are

generally seen to be of a lower creditworthiness than government issued debt and so usually offer higher rates of yield.

- d. **Floating rate notes.** These are bonds on which the rate of interest is established periodically with reference to short-term interest rates.

OTHER

- a. **Property fund.** This is a collective investment fund specialising in property. Rather than owning a single property with all the risk exposure that means to one property in one location rising or falling in value, maintenance costs, tenants actually paying their rent / lease etc, a collective fund offers the advantage of diversified investment over a wide portfolio of different properties. This can be attractive for authorities who want exposure to the potential for the property sector to rise in value. However, timing is critical to entering or leaving this sector at the optimum times of the property cycle of rising and falling values unless a long term commitment is made to retain exposure to the property market.
- b. **Local Authority Mortgage Guarantee Scheme.** Authorities who are participating in the Local Authority Mortgage Guarantee Scheme (LAMGS) may be required to place a deposit with the mortgage provider(s) up to the full value of the guarantee. The deposit will be in place for the term of the guarantee i.e. 5 years (with the possibility of a further 2 year extension if the account is 90+ days in arrears at the end of the initial 5 years) - and may have conditions / structures attached. The mortgage provider will not hold a legal charge over the deposit.

Report to Council

Date of Meeting: 28 June 2012

Subject: Budget Strategy Update

Report by: Director of Finance and Corporate Services

1.0 Purpose

The purpose of this report is to update Council on progress made in delivering its approved Budget Strategy. A particular focus of this report is on the process for developing savings proposals and on the outcome of the first round of this year's budget challenge events.

2.0 Recommendations

Council is asked to:

- 2.1. note the updated position on the UK and Scottish economic outlook for 2012;
- 2.2. note the work in hand to update the Council's scenario planning and the associated indicative funding gap prior to the next Council meeting in August;
- 2.3. note the enhancements implemented to the process for identifying, developing, monitoring and implementing proposals to reduce expenditure and/or increase income (Appendix A);
- 2.4. note the discussions initiated with all elected members at the briefing of 26th June 2012 which focus on the identification of areas for corporate, cross cutting and individual service business case development and consultation, and provide the opportunity for elected members to augment the proposals made by council officers;
- 2.5. note the proposal for approved Spend to Save bids to be reported on a quarterly basis to the Resources and Audit Committee;
- 2.6. endorse the proposal to seek nominations to the Capital Investment Forum.

3.0 Background

- 3.1 The 2012 UK Budget has maintained the top priority focus on rebalancing the UK Budget. The main divergence in political views continues to be whether the focus should be on stimulus or quickly achieving budget balance as being

the best approach to generating a return to economic growth in the medium to long term.

- 3.2 In February 2012, the Scottish Government published updated figures on the 2012/13 budget allocation, including the destination of additional cash available as a consequence of the Autumn Statement's related Barnett Consequentials. This showed that Local Government received £94million of the additional £408million distributed.
- 3.3 The £408million was allocated £383million to capital expenditure over the three years to 2014/15, and £25million to resource(revenue) spend in 2012/13. The £94million allocated to Local Government represents 23% of the available additional funds which is significantly below Local Government's share of the Scottish Budget as a whole (34%). Of the £94million allocated to Local Government, £40million was earmarked for rural area digital support, leaving £54million for Local Government to allocate.
- 3.4 The Scottish Government and Office for National Statistics (ONS) recently published analysis of economic growth for Scotland and the UK during 2011. This showed that whilst the overall growth rates for Scotland and the UK were similar at around 0.5%, the make up of the growth was very different. However, if the impact of oil and gas extraction is excluded, Scottish growth is half the UK level.
- 3.5 The latest figures on UK economic growth for 2012 show a small reduction over the last quarter of 2011 largely attributable to a significant reduction in the performance of the Construction industry. This was the second quarter in a row with negative economic growth, so the UK is consequently termed as being in recession i.e. a 'double dip' in output. However, the degree of the decline is much smaller than in the first dip (during 2008 and the first half of 2009). However, the fact remains that this is not a positive development when faster than average growth would be anticipated in the recovery phase from a recession.
- 3.6 UK growth is usually a good indicator of what will happen in Scotland as the economies are closely linked and of a similar make up. This suggests that there will be little growth in Scotland in quarter 1 of 2012, and possibly, like the UK a return to recession. This could call into question the sustainability of flat cash settlements for local government in the future.

4.0. Assumptions on General Services Revenue Funding 2012-2015

- 4.1. On the 9 February 2012, Council approved the 2012/13 budget. The budget report highlighted that based on the Scottish Government's indicative settlement figures, the Council has a cumulative funding gap of £13.277million up to 2014/15.

Table 1: Indicative funding gap 2012-2015

	2012/13 £000	2013/14 £000	2014/15 £000
Net expenditure	119,943	124,594	131,538
Net Funding	117,189	117,816	118,261
Cumulative Funding Gap	2,754	6,778	13,277
Indicative Annual Gap	2,754	4,024	6,499

- 4.2 These net expenditure forecasts reflect a robust review of staffing estimates following significant work completed in respect of service redesigns across the Council, and also greater certainty on our cost base now that the single status exercise has been concluded. However, more recently as part of the first round of 2012 budget challenge sessions (section 5), additional demand pressures are being identified by services. Work is now in hand to better quantify these demand pressures and reflect them within the forecast net expenditure where this is appropriate.
- 4.3 In response to the changing economic outlook and new external information and comparisons, the forecasting of the funding gap is kept under regular review. Some of the additional issues under consideration are set out in the following bullet points and forecasts will be adjusted to reflect any changes for the next report to Council in August 2012:
- consideration of further provision for the demand pressures relating to planned Welfare Reform;
 - potential impact of the Eurozone Crisis on the indicative grant settlement figures notified to Local Government;
 - the assumptions made by the Scottish Government in respect of NDR income in these settlement figures;
 - ongoing and new Equal Pay pressures;
 - the levels of pay, contractual and general inflation.
- 4.4 The current assumptions incorporated within our scenario planning have been previously reported to Council. However, in summary these include:
- 0% pay inflation in 2012/13 and a modest increase thereafter
 - Inflationary increases for employers NI and superannuation, together with utilities and other contractual commitments
 - a general inflationary lift of 3% applied to non-staff costs
 - Employers National Insurance contributions subject to a potential increase in 2014/15.

5.0 Strategy Implementation Budget Challenge

- 5.1 The Council approved its original Budget Strategy in August 2010 and this has subsequently been updated in 2011 and 2012 to reflect both progress and learning. It is clear from the UK and Scottish economic outlooks that the strategy needs to continue to focus on the medium to long term if the Council is to operate within a sustainable cost base for the future. It is also critical that the processes which underpin the strategy are robust, therefore, all challenges are led by the Chief Executive, Director of Services to Communities and the Director of Finance and Corporate Services.

- 5.2 With this in mind, developments this year aim to more formally embed a year round approach to the identification, development, monitoring and implementation of proposals to reduce the Council's expenditure and/or increase income. The approach is summarised in Appendix A and in the following paragraphs.
- 5.3 The main enhancements to the established approach are:
- the process has commenced well in advance of Council recess. In previous years ,activity has tended to be focused in the Autumn and winter
 - accountants have been subject to a separate peer challenge process with the Director of Finance and Corporate and their accountant colleagues prior to participating in the service challenge events. This resulted in a list of Service Action Points (SAPs) which were fed to each of the service challenge sessions for further discussion/development
 - elected members are being engaged in early discussion to determine the short leet of areas for business case development prior to the preparation of business cases or commencement of consultation on options
 - processes for business case development and consultation are more clearly aligned
 - business case development and consultation activity require varying lengths of time to complete- this process recognises and supports this. It is not , therefore, expected that all of these business cases will be produced for 2013/14 budget setting but will be monitored to ensure that they are prioritised and developed fully prior to resubmission to Council
 - the approach is very transparent and allows for cross cutting and corporate themes to be identified. As a consequence there are proposals for some corporate and cross cutting business case development alongside the proposals for individual services.
- 5.4 The process sets out two levels of budget challenge activity:
- budget challenge of service outturns with the service accountants to identify the opportunity for further budget realignment, cash and/or budget savings,
 - service based challenge sessions involving both budget holders and service accountants, which have focused on budget realignment opportunities, demand pressures, progress in delivering the 2012/13 budget priorities, areas for business case development with the potential to generate cash releasing savings and new spend to save proposals.
- 5.5 The product of officers' budget challenge sessions is a long leet of the aggregated output from all of the budget challenge sessions held during May 2012. The list has been reviewed and supplemented by the Council's Corporate Management Team following conclusion of the individual challenge sessions.

- 5.6 On the 26th June 2012, all elected members were invited to attend a briefing on the draft accounts and the Budget Strategy. As part of this briefing, officers shared the long list of proposals with elected members to initiate the engagement required to identify those areas which will be considered in more detail through the development of full business cases.
- 5.7 The officer long list sets out areas for corporate, cross cutting and individual service business case development and consultation. It is not anticipated that all areas will necessarily result in budget savings, some proposals aim to enhance service quality or choice at existing cost, or allow us to better manage increasing demand without significant increases in budgets. Having said that it is hoped that all proposals would aim to reduce current or future years net expenditure requirement or envisaged demand pressures.
- 5.8 At this stage, specific savings figures have not been attributed to proposals as the business case and consultation activity are likely to significantly influence views on what is feasible. It is, however, anticipated that those areas selected for business case development will incorporate information on the financial implications of the proposals and these will come back to Council for approval as appropriate.
- 5.9 It is important that elected members have the opportunity to contribute to identifying which areas should be reviewed. Therefore, at the briefing on the 26th June, elected members were also invited to augment the proposals submitted by officers with their ideas of areas for review and business case development.
- 5.10 In previous years the challenge process has been focused on General Service Revenue expenditure. From 2012/13, however, the process is also being expanded to include the Housing Revenue Account with the aim of delivering greater corporate consistency of approach. These sessions will commence during July 2012.
- 5.11 This process has been developed and managed as a corporate initiative and this has been a strength in what has been delivered to date. On this basis, it is proposed that the Directors' Group (Chief Executive and two Directors) will act as the corporate sponsors for the ongoing management of the process.

Invest to Save Fund

- 5.12 In the latter part of 2011/12 financial year, few new Spend to Save proposals were submitted and no new projects have been approved. The budget challenge process has identified a number of potential spend to save projects. Proposals will now be developed and submitted via the Head of Strategy and Customer Services to CMT for approval. In the previous political decision making structures, all new projects were reported to the Scrutiny Committee. It is proposed that reporting now transfers to the Resources and Audit Committee.

Capital Investment Forum

- 5.13 Following the May 2012 elections, it is necessary to revisit the membership of the Capital Investment Forum. The CIF is a significant cross party member officer forum for taking forward work in respect of the ongoing development of

the Council's capital investment priorities and capital programme. There were previously 6 members of the group drawn from across political parties (3 Labour, 2 SNP and 1 Conservative). By consensus, the meetings were chaired by the Director of Finance and Corporate Services. It is proposed that nominations are sought as soon as possible to allow the planned work programme to be progressed.

6.0 Conclusions

- 6.1 The economic outlook for both Scotland and the UK continues to present a pessimistic outlook for public sector finance in the coming years. The Council, however, continues to seek to deliver a sustainable cost base for the Council's future activities by refining and strengthening its Budget Strategy and supporting processes.
- 6.2 The Council is committed to open and transparent reporting of its progress in meeting these financial challenges. It remains the intention that Council will receive regular update reports on the emerging budget position.

6.0 Sustainability Implications

- 6.1 N/A

7.0 Resource Implications

7.1 Financial Details

- 7.2 There are no financial implications directly from this report.

7.3 Staffing

- 7.4 There are no staffing implications directly from this report.

8.0 Exempt Reports

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

9.0 Declarations

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

- (1) **Our Priorities 2008 - 2011** (Please tick ☒)

- | | |
|--|--------------------------|
| 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)

10.0 Equalities Impact

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

11.0 Legality

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

12.0 Appendices

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

Appendix A: Budget Challenge Process

13.0 Background Papers

Clackmannanshire Council General Services Revenue and Capital Budget 2012/13

Clackmannanshire Council Budget Strategy: Aug 2010

Clackmannanshire Council Spend to Save Fund: Sept 2010

Clackmannanshire Council Budget Update: Nov 2010

Illustrative Budgets to 2015: Cabinet Secretary for Finance and Sustainable Growth, Jan 2011

CPPR Briefing: February, March and April 2012

COSLA updated financial model: Aug 2011



Budget Challenge minutes: all council services May 2012

Author(s)

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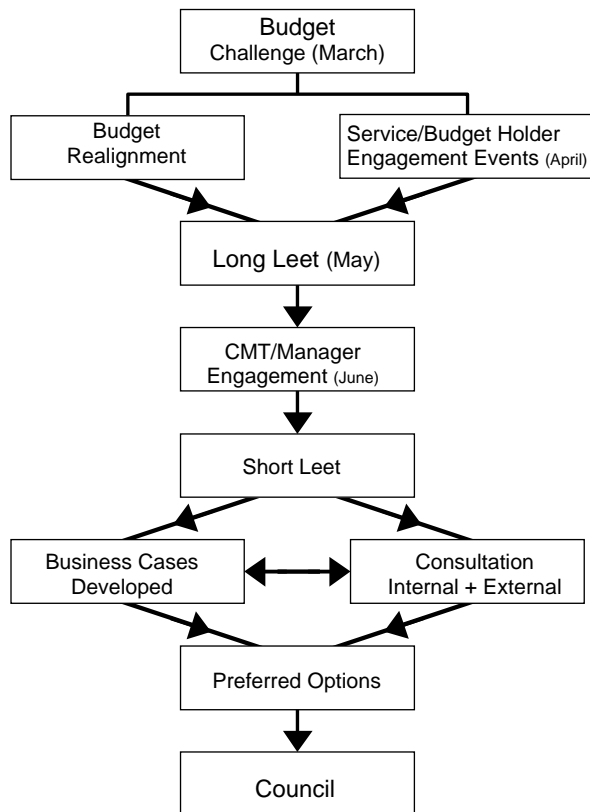
Approved by

NAME	DESIGNATION	SIGNATURE

Nikki Bridle	Director Finance & Corporate	
Elaine McPherson	Chief Executive	

APPENDIX A

Budget Challenge Process



Report to Clackmannanshire Council

Date of Meeting: 28 June 2012

Subject: Review of Community Planning Partnerships and Single Outcome Agreements

Report by: Head of Strategy & Customer Services

1.0 Purpose

- 1.1. This purpose of this report is to update Council on the progress of the national review of Community Planning Partnerships and Single Outcome Agreements.
- 1.2. The report outlines the key milestones of the national review and local developments in preparation for expected national legislation and guidance on Community Planning arrangements and Single Outcome Agreements. An overview on developments within wider Public Sector reform initiatives is also provided.

2.0 Recommendations

- 2.1. It is recommended that Council note:
 - 2.1.1. key milestones and developments to date within the national review of Community Planning Partnerships, SOAs and wider Public Sector Reform;
 - 2.1.2. local developments in preparation of anticipated national legislation and guidance.

3.0 Considerations

- 3.1. In early 2012 Scottish Government and CoSLA (Convention of Scottish Local Authorities) initiated a joint review of Community Planning and Single Outcome Agreements. The review focused on implementation of the recommendations from the Christie Commission report within the context of community planning.
- 3.2. The review is broadly shaped around the key principles of the Christie Commission , and the Scottish Governments response to it, which was set out around the so-called "four key pillars". The review therefore recognises the need to build on and strengthen the Community Planning process in order to

empower public agencies to work together to focus on prevention, early intervention, and integration and around a sense of 'place'.

- 3.3. To date the review has published a 'Statement of Ambition' which sets out what is expected of the Community Planning process in terms of partner involvement, identification of priorities, and the achievement of better outcomes for communities. Subsequent to that, a second COSLA report set out three mutually reinforcing 'locks' which aim to strengthen governance and accountability within partnerships and which give practical effect to the Statement of Ambition.
- 3.4. These three 'locks' in outline are:
- Strengthening duties on individual partners through a new statutory duty on relevant partners to work together to improve outcomes for local communities;
 - Formal requirements of Community Planning Partnerships to ensure they operate as genuine boards in order to facilitate more effective partnership working;
 - Establishment of a joint group at national level to provide political and strategic leadership and guidance to support delivery and capacity building at a local level.
- 3.5. Negotiation is now required through the review to address the precise scope of the arrangements, and guidance will be developed by the autumn to inform the new set of SOAs to be ready for April 2013. A key initial part of that process is the Public Sector Leadership Summit on the 12th June set up to address the substantive challenges that face Community Planning Partnerships.

Local Arrangements in Response to the National Review

- 3.6. Developments within the Review have been fluid and fast moving. Initially, as reported to Council in March, a revised SOA for 2012/13 was anticipated as being required by the end of May 2012.
- 3.7. Since then we have learned that the 2011/12 SOAs are to be rolled-forward for a further year whilst formal guidance is drawn-up by the Scottish Government and CoSLA. Although a degree of uncertainty remains, these arrangements afford the Alliance an opportunity to take stock in a more measured way. Pending formal guidance, partners have been engaged in establishing a programme of development work to take forward the key aspects of the Statement of Ambition.
- 3.8. The first stage has been commencement of the implementation of the new partnership structure which was agreed at the Alliance meeting in March 2012. This has resulted in the initial meetings of the two new partnership teams; Community Wellbeing and the Jobs, Business and Skills. Whilst this development work is ongoing, to ensure work on the ground maintains momentum, the current partnership teams are continuing to meet and will feed into the development programme.

- 3.9. Development sessions are planned with the new partnership teams over the summer, the first of which was held on 19 June. This will culminate in a full Alliance development session in September 2012, with a view to preparing a draft SOA ready for wider consultation in the autumn of 2012. All Elected Members will be invited to participate in this event.
- 3.10. Expected outcomes from the development programme to be contained within the draft SOA include:
- a joint strategic assessment and clear evidence base of current needs and future priorities;
 - research and evidence from Community Planning Partnership 'pathfinder' projects and models of good practice;
 - clear 'plans for place', including refreshed priority outcomes, reflecting local needs, whilst focusing resources increasingly towards the national priorities outlined by Christie of prevention, early intervention and increased integration of local services;
 - arrangements for more localised community planning;
 - arrangements to ensure strategic alignment between the Single Outcome Agreement and each partner's strategic plans, including the developing Fire and Police plans for Clackmannanshire; a review of arrangements for scrutiny, governance and performance management.

Public Sector Reform

- 3.11. A key challenge of the Review is to work through how the Community Planning process will feed into the wider aspects of public sector reform, particularly the integration of health and adult social care and the establishment of single Scottish Police and Fire services.
- 3.12. Legislation is expected to be passed through Parliament in Summer 2012 for the creation of the Scottish Police Force and the Scottish Fire Service, with the new services up and running on the 1st April 2013.
- 3.13. High level blueprints setting out the models of governance and strategic landscapes have been developed for both the Scottish Police Force and the Scottish Fire Service. The appointment of new Chief Officers and new boards are the next key steps in the reform process with timescales for appointment expected late in the summer. Once the management structures are in place, work will begin to develop and implement the structures, strategies and policies that will guide future work.
- 3.14. In terms of local governance, key senior officers from each of the Police and Fire Services will be appointed for each Local Authority area and will have local responsibility for community planning and implementing local Police and Fire plans for Clackmannanshire. These arrangements are expected to be in place from the 1st April 2013.
- 3.15. Integration of health and adult social care is currently out for consultation, with legislation likely to follow thereafter. It is explicit in the Statement of Ambition

that integrated health and adult social care services will be integral within local Community Planning arrangements. The Head of Social Services will co-ordinate a response to the consultation on behalf of the Council.

Conclusions

- 3.16. The national review of Community Planning Partnerships and Single Outcome Agreements continue to be a fluid and fast moving process. Although formal guidance and details of specific legislation are not expected until autumn 2012, sufficient information is available to allow the Alliance to proceed with a programme of development in anticipation of these.

4.0 Sustainability Implications

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

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 - there are no direct staff implications arising from this report.*

6.0 Exempt Reports

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

7.0 Declarations

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

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

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

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 ☒ NOT APPLICABLE

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".

NONE

11.0 Background Papers

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

Yes ☒ (please list the documents below) No ☐

Scottish Government & CoSLA Statement of Ambition for Community Planning Partnerships and SOAs - <http://www.scotland.gov.uk/Topics/Government/local-government/CP/soa>

Scottish Government - Integration of Adult Health and Social Care In Scotland: Consultation on Proposals - <http://www.scotland.gov.uk/Publications/2012/05/6469>

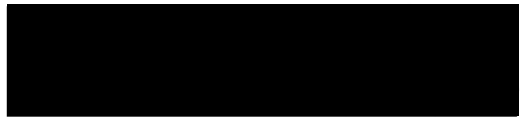

Clackmannanshire Council, 8 March 2012: Report by the Head of Strategy & Customer Services - Clackmannanshire Single Outcome Agreement 2012/13

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
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Stuart Crickmar	Head of Strategy & Customer Services	
Nikki Bridle	Director of Finance & Corporate Services	

Report to Council

Date of Meeting: 28 June 2012

Subject: New Alloa Gymnastics Development, Alloa

Report by: Head of Facilities Management

1.0 Purpose

- 1.1 The purpose of this report is to seek additional Council financial support for Alloa Gymnastics Club at the proposed new Gymnastics Centre at Clackmannan Road, Alloa to promote access to gymnastics in the area.

2.0 Recommendations

- 2.1 It is recommended that Council approves an additional revenue support grant of £24,500 for provision of facilities for Alloa Gymnastics Club at the proposed new Gymnastics Centre in Alloa.

3.0 Considerations

- 3.1 The current accommodation for gymnastics in Alloa will cease when the redevelopment of Speirs Centre commences in the near future.
- 3.2 An initial request to the Council for grant support in January 2012 resulted in an award of £37,000 for the development being approved as part of the 2012/13 budget.
- 3.3 Alloa Gymnastics Club in association with WASP are in advanced discussions with Sportscotland regarding funding to develop the new permanent facility at Clackmannan Road, Alloa. The forecast funding from Sportscotland is now less than previously anticipated in January 2012 and with other changes there is now a shortfall in the overall project funding.
- 3.4 Funding for the £143,000 project currently committed/forecast is as follows:

Alloa Gymnastic Club	£ 20,000
Sport Scotland	£ 61,500 (forecast)
Clackmannanshire Council	£ 37,000
Total	£ 118,500

Funding Shortfall	£ 24,500
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- 3.5 The Council is being asked to consider a further one-off revenue support grant of £24,500 to equal the funding from Sportscotland to develop the facility. A formal submission for funding was made to Sportscotland in May 2012. It is understood that Sportscotland are prepared to offer external grant assistance on the basis that they will match the Council's assistance pound for pound. As such, additional funding from the Council is crucial to secure the full £61,500 from Sportscotland.
- 3.6 Outside of the Speirs Centre there are no other appropriate facilities in Council ownership. Gymnastics training is undertaken at Alva Academy but not with the equipment needed at Alloa. This facility will maintain the Alloa Gym Club's position as a leading club of competition level gymnasts while acting as a catalyst for further gymnastics development in Clackmannanshire, supporting the already very successful pre school and primary schools gymnastics programmes. The other Clackmannanshire gymnastics clubs will also be able to use the facility if they wish.
- 3.7 It is anticipated that Education Services, through Sports Development/Active Start will use the facility.
- 3.8 Clackmannanshire Council's Leisure Strategy: Facility Development Plan in December 2010 recommended that the Council "develops a more diversified approach to the ownership, development and management of all other important community halls and leisure centres". This project adheres to this recommendation and the indicative facility business plan submitted to Sportscotland does not require ongoing annual Council subsidy.

4.0 Financial Considerations

- 4.1 The project requires an additional £24,500 revenue grant from the 2012/13 budget in addition to the £37,000 already committed. It is proposed that this is funded from reserves.

5.0 Sustainability Implications

- 5.1 The main implication is the contribution the new Centre will make towards the long-term support of residents leading healthier and longer lives.

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

There are no staffing implications.

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 2008 - 2011** (Please double click on the check box ☒)

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

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

Leisure Strategy: Facility Development Plan, December 2010

Leisure and Sports Strategy 2012-2016, March 2012

9.0 Equalities Impact

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

10.0 Legality

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

11.0 Appendices

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

None

12.0 Background Papers

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

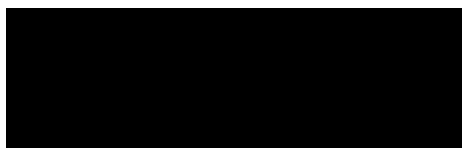
Yes ☒ (please list the documents below) No ☐

Briefing Note to All Elected Members Gymnastics Space: WASP Leisure 6 September 2011

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Approved by

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