



**Clackmannanshire
Council**

www.clacks.gov.uk

Comhairle Siorrachd
Chlach Mhanann

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

Meeting of Clackmannanshire Council

Thursday 27 June 2019 at 9.30 am

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



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 meetings of the full Council and at Committee Meetings.

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

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

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

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

If you require further information about Council or Committee meetings, please contact Committee Services by e-mail at CCANDWGM@clacks.gov.uk or by telephone on 01259 452006 or 452004.

19 June 2019

A MEETING of the CLACKMANNANSHIRE COUNCIL will be held within the Council Chamber, Kilncraigs, Greenside Street, Alloa, FK10 1EB, on THURSDAY 27 JUNE 2019 at 9.30 am.



**NIKKI BRIDLE
Chief Executive**

B U S I N E S S

	Page No.
1. Apologies	--
2. Declaration of Interests Elected Members are reminded of their obligation to declare any financial or non-financial interest which they may have in any item on this agenda in accordance with the Councillors' Code of Conduct. A Declaration of Interest form should be completed and passed to the Committee Services Officer.	--
3. Confirm Minutes of Meetings (Copies herewith):	
a. Clackmannanshire Council – Thursday 18 April 2019 (Exempt Part of the Minute is a separate item on the Agenda)	07
b. Special Meeting of Clackmannanshire Council – Wednesday 12 June 2019	13
4. Committee Meetings Convened Since the Previous Council Meeting on 18 April 2019 (For information only)	--
(i) Appointments Committee on 9 May 2019	
(ii) Local Review Body on 13 May 2019	
(iii) People Committee on 16 May 2019	
(iv) Planning Committee on 28 May 2019	
(v) Partnership and Performance Committee on 30 May 2019	
(vi) Regulatory Committee on 30 May 2019	
(vii) Place Committee on 6 June 2019	
(viii) Education Appeals Committee on 11 June 2019	
(ix) Audit Committees on 25 April and 20 June 2019	
(x) Licensing Boards on 30 April, 28 May and 25 June 2019	
5. Committee Recommendations Referred to Council – report by the Chief Executive (Copy herewith)	15

	Page No.
6. Member Appointment – report by the Chief Executive (Copy herewith)	19
7. Clackmannanshire Council Best Value Assurance Progress Report – report by the Chief Executive (Copy herewith)	23
8. Organisational Redesign: Update – report by the Chief Executive (Copy herewith)	39
9. Strategic Workforce Plan 2019-22 – report by Strategic Director, Partnership & Performance (Copy herewith)	47
10. Draft Financial Statements 2018/19 – report by Chief Finance Officer (Copy herewith)	65
11. Budget Strategy Update – report by the Chief Finance Officer (Copy herewith)	73
12. Annual Treasury Management Report 2018/19 – report by Chief Finance Officer (Copy herewith)	87
13. Annual Review of Debtors 2018/2019 – report by Strategic Director, Partnership & Performance (Copy herewith)	101
14. Notice of Motion in terms of Standing Order 16.0 – Public Involvement in the Democratic Process - motion submitted by Councillor Dave Clark (Copy herewith)	119

EXEMPT INFORMATION

It is considered that the undernoted reports are treated as exempt from the Council's general policy of disclosure of all papers by virtue of Schedule 7A, Part 1, Paragraphs 4, 6 and 9 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 these items.

15. Confirm Exempt Minute of Meeting of Clackmannanshire Council Thursday 18 April 2019 (Copy herewith)	121
16. Health and Social Care Partnership Update – report by the Chief Executive (Copy herewith)	125

Clackmannanshire Council – Councillors and Wards

Councillors

Wards

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



MINUTES OF MEETING of the CLACKMANNANSHIRE COUNCIL held within the Council Chamber, Kilncraigs, Greenside Street, Alloa, FK10 1EB, on THURSDAY 18 APRIL 2019 at 9.30 am.

PRESENT

Provost Tina Murphy (In the Chair)
Councillor Donald Balsillie
Councillor Martha Benny
Councillor Dave Clark
Councillor Chris Dixon
Councillor Kenneth Earle
Councillor Ellen Forson
Councillor Craig Holden
Councillor Darren Lee
Councillor Helen Lewis
Councillor Graham Lindsay
Councillor Kathleen Martin
Councillor George Matchett QPM
Councillor Jane McTaggart
Councillor Bill Mason
Councillor Les Sharp

IN ATTENDANCE

Nikki Bridle, Chief Executive
Garry Dallas, Strategic Director (Place)
Stuart Crickmar, Strategic Director (Partnership & Performance)
Fiona McOmish, Strategic Director (People)
Lindsay Sim, Chief Finance Officer
John Munro, IT Manager
Cherie Jarvie, Strategy and Performance Manager
Julie Hamilton, Service Manager, Development
Lindsay Thomson, Service Manager (Legal and Democracy) (Clerk to the Council)
Gillian White, Committee Services (Legal and Democracy)

The Provost welcomed Councillor Jane McTaggart to her first meeting of Clackmannanshire Council following Councillor McTaggart's election at the by-election held on 28 March 2019.

The Provost advised Council of the recent death of former Councillor and Council Leader, Bobby McGill. The Council stood for a minutes silence in remembrance.

The Provost intimated that an item of urgent business had been submitted by Councillor Craig Holden. The report, submitted by Councillor Holden, was regarding the Blue Box Kerbside Collection. In terms of Standing Order 11.6, the Provost agreed to accept this item onto the agenda as Item 8A on the Agenda. The reason for accepting the item of urgent business was that there had been significant public concern regarding the withdrawal of kerbside services and it was urgent that the Council were kept up to date with any future plans.

CC.209 APOLOGIES

Apologies were received from Councillor Derek Stewart and Councillor Mike Watson.

CC.210 DECLARATIONS OF INTEREST

None.

**CC.211 MINUTES OF MEETING OF CLACKMANNANSHIRE COUNCIL
21 FEBRUARY 2019**

The minutes of the meeting of the Clackmannanshire Council held on 21 February 2019 were submitted for approval.

Decision

The minutes of the meeting of the Clackmannanshire Council held on 21 February 2019 were agreed as a correct record and signed by the Provost.

**CC.212 MINUTES OF SPECIAL MEETING OF CLACKMANNANSHIRE COUNCIL
6 MARCH 2019**

The minutes of the special meeting of Clackmannanshire Council held on 6 March 2019 were submitted for approval.

Councillor Earle advised that in Item CC.207 on Page 18, it had been noted that Councillor Clark had challenged the Provost regarding exceptional circumstances. However, it had been Councillor Earle that had challenged the Provost.

Decision

Subject to the amendment, the minutes of the Special Meeting of the Clackmannanshire Council held on 6 March 2019 were agreed as a correct record and signed by the Provost.

**CC.213 COMMITTEE MEETINGS CONVENED SINCE THE PREVIOUS COUNCIL
MEETING ON 21 FEBRUARY 2019**

The Council agreed to note the Committee meetings that had taken place since the last ordinary meeting on 21 February 2019.

- (i) Appointments Committees on 20 March 2019
- (ii) People Committee on 14 March 2019
- (iii) Place Committee on 21 March 2019
- (iv) Partnership and Performance Committee on 16 April 2019
- (v) Regulatory Committee on 5 March 2019
- (vi) Licensing Boards on 26 February and 19 March 2019

CC.214 PROGRAMME OF COUNCIL AND COMMITTEE MEETINGS 2019-22

The report, submitted by the Monitoring Officer, sought Council approval of the draft Programme of Council and Committee Meetings from August 2019 to June 2022.

Motion

That Council agrees the recommendations set out in the report.

Moved by Councillor Ellen Forson. Seconded by Councillor Donald Balsillie.

Decision

The Council agreed the Programme of Meetings set out in the appendix to the report and noted that in Cycle 5 in 2022 may be affected by the proposed Local Government Elections in May 2022.

Action

Monitoring Officer

In line with Standing Order 20.7, Councillor Ellen Forson gave notice of an amendment to Standing Orders for the next meeting of Council.

CC.215 MEMBER APPOINTMENTS

The report, submitted by the Senior Manager, Partnership and Performance, advised Council of proposed amendments to the Administration Member Appointments

Motion

That Council agrees the recommendations set out in the report.

Moved by Councillor Ellen Forson. Seconded by Councillor Donald Balsillie.

Decision

The Council agreed :

- a) To note the resignations of Councillors Donald Balsillie as Convenor and Helen Lewis as Vice Convenor of the Partnership and Performance Committee;
- b) To appoint Councillor Helen Lewis to replace Councillor Donald Balsillie as Convenor of the Partnership & Performance Committee;
- c) To appoint Councillor Les Sharp to replace Councillor Helen Lewis as Vice Convenor of the Partnership and Performance Committee;
- d) To note the resignation of Councillor Les Sharp as Vice Convenor and member of the People Committee;
- e) To appoint Councillor Jane McTaggart to replace Councillor Les Sharp as Vice Convenor and member of the People Committee;
- f) To note the resignation of Councillor Craig Holden as Vice Convenor and member of the Planning Committee;

- g) To appoint Councillor Jane McTaggart to replace Councillor Craig Holden as Vice Convenor and member of the Planning Committee;
- h) To note the resignation of Councillor Donald Balsillie from the Clackmannanshire Licencing Board;
- i) To appoint Councillor Craig Holden to the Clackmannanshire Licensing Board as replacement for Councillor Donald Balsillie;
- j) That Administration Group membership on the Clackmannanshire Alliance should be changed from Council Leader and Depute Leader to Council Leader and one other member of the Administration Group;
- k) That Councillor Les Sharp replaces Councillor Donald Balsillie as Administration Group representative on the Clackmannanshire Alliance;
- l) That Councillor Jane McTaggart replaces former Councillor Phil Fairlie as a Council representative on the Spittal Trust and the Alloa Day Home Trust;
- m) To note that the criteria for appointment to the Clackmannan District Brass Band Trust requires 2 members from each Clackmannanshire Central and Clackmannanshire South. At the Council meeting 21 February 2019, Councillor Sharp was appointed to replace Councillor Fairlie.
- n) That, given Councillor Jane McTaggart has been elected to the Clackmannanshire Central Ward, that Councillor Jane McTaggart replaces Councillor Sharp as a Council representative on the Clackmannan District Brass Band Trust;
- o) That Councillor Jane McTaggart replaces Councillor Ellen Forson as the Council's representative on Children's Hearing Scotland;
- p) That Councillor Jane McTaggart replaces Councillor Craig Holden as Board Member on Cosla's Community Wellbeing Board.

Action

Senior Manager, Partnership and Performance

CC.216 DIGITAL STRATEGY

The report, submitted by the Strategic Director (Partnership and Performance), sought approval for the Council's Digital Strategy 2019-25. The Strategy, which is a key enabler of the Council's corporate plan, *Be the Future*, sets out the vision, principles and strategic direction for the Council's Digital Transformation over the next six years

Motion

That Council agrees the recommendations set out in the report.

Moved by Councillor Donald Balsillie. Seconded by Councillor Helen Lewis.

Decision

The Council agreed to adopt the Digital Strategy, 2019-25 as attached as Appendix 1 to the report.

Action

Strategic Director (Partnership and Performance)

CC.217 MAINSTREAMING EQUALITIES PROGRESS REPORT

As part of the Council's statutory requirements under the Equality Act 2010, the report presented the progress made by the Council on mainstreaming equality and on the Council's equality outcomes, set out in its Mainstreaming Equality and Diversity 2017-2021 report, approved by Council in 2017. The report, submitted by the Strategic Director (Partnership and Performance), provided a 2 year update on the Council's Mainstreaming Equality and Diversity Report. The report also set out employment data for 2017 and 2018 relating to equality and diversity.

Motion

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

Moved by Councillor Donald Balsillie. Seconded by Councillor Helen Lewis.

Decision

Having commented on and challenged the report, the Council agreed to note the progress made towards achieving the equality outcomes set out in its Mainstreaming Equality and Diversity 2017-2021 report.

CC.218 BLUE BOX KERBSIDE COLLECTION

The report, submitted by the Councillor Craig Holden (Convenor, Place Committee), provided Council with an update on the withdrawal of blue box kerbside collection service and addressed community concerns arising from the decision.

Following questions, the Provost agreed to adjourn the meeting (10:36 am). When the Council reconvened at 10:41 am, 16 members remained present.

Motion

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

Moved by Councillor Craig Holden. Seconded by Councillor Donald Balsillie.

Decision

The Council agreed to note:

1. The significant public concern regarding the Council decision to withdraw blue box kerbside collection;
2. The work which has been undertaken to implement the decision of Council on 8th March 2018;
3. The delay in the roll out of new service arrangements;
4. The continued commitment of the Council to meet its recycling objectives; and
5. The Place Committee will consider a detailed report on the matter of recycling provision at its next meeting, currently scheduled for 23 May 2019. *(subsequently re-scheduled to 6 June 2019)*

Action

Strategic Director (Place)

The remainder of the Minute of Meeting of Clackmannanshire Council held on Thursday 18 April 2019 is exempt and is a separate document.



MINUTES OF SPECIAL MEETING of the CLACKMANNANSHIRE COUNCIL held within the Council Chamber, Kilncraigs, Greenside Street, Alloa, FK10 1EB, on WEDNESDAY 12 JUNE 2019 at 9 AM.

PRESENT

Provost Tina Murphy (In the Chair)
Councillor Donald Balsillie
Councillor Martha Benny
Councillor Dave Clark
Councillor Kenneth Earle
Councillor Ellen Forson
Councillor Craig Holden
Councillor Helen Lewis
Councillor Graham Lindsay
Councillor George Matchett QPM
Councillor Jane McTaggart
Councillor Bill Mason
Councillor Les Sharp
Councillor Derek Stewart

IN ATTENDANCE

Nikki Bridle, Chief Executive
Lindsay Thomson, Senior Service Manager (Partnership & Performance) (Clerk to the Council)
Melanie Moore, Committee Services (Legal and Democracy)

CC.222 APOLOGIES

Apologies were received from Councillor Watson, Councillor Dixon, Councillor Lee and Councillor Martin.

CC.223 DECLARATIONS OF INTEREST

None.

CC.224 ORGANISATIONAL REDESIGN: UPDATE

The report, submitted by the Chief Executive, further updated Council on progress with implementing the management restructure which is part of the Council's agreed organisational redesign. The report built on the updated report provided to Council on 21 February 2019.

Motion

That Council agrees the recommendations set out in the report.

Moved by Councillor Ellen Forson. Seconded by Councillor Donald Balsillie.

Decision

The Council :

1. Notes the progress to date in implementing the agreed organisational redesign.

2. Notes that recommendations 2.3 and 2.4 of the report propose changes to the management structure that was agreed by Council on 8 March 2018.
3. Agrees the revised levels of staff numbers (senior managers) and value of savings detailed in Table 1 and paragraph 3.9, noting the detail provided in Appendices A, B, C and D.
4. Agrees to retain the Trading Standards and Environmental Health service functions with the Place portfolio (paragraph 3.10).
5. Notes that the Council's Organisation Change Procedure will be implemented as soon as possible to allow the filling of vacant posts to be progressed.

CC.225 APPOINTMENT COMMITTEES: SENIOR MANAGER

The report, submitted by the Leader of the Council, followed on from the recommendations in the previous report in relation to organisational redesign. It sought Council agreement to convene appointment committees for the recruitment of Senior Managers. It also sought approval for consequential changes to the Scheme of Delegation.

Motion

That Council agrees the recommendations set out in the report.

Moved by Councillor Ellen Forson. Seconded by Councillor Dave Clark.

Decision

The Council :

1. Agrees, following the application of the Council's organisational change protocols and if there are residual vacancies, to establish appointment committees for the recruitment of senior managers for all three directorates.
2. Agrees that the Scheme of Delegation is amended to reflect the extended remit of the appointment committee to include senior managers.
3. To nominate four Council members and four substitute Council members per directorate for each committee, reflecting political balance.

Ends: 9.15 am

Report to: Clackmannanshire Council

Date of Meeting: 27 June 2019

Subject: Committee Recommendations Referred to Council

Report by: Chief Executive

1.0 Purpose

- 1.1. The purpose of this report is to seek Council approval of recommendations which have been made by the Place Committee of 6 June 2019.
- 1.2. Under the Council's decision-making framework, Council has delegated certain matters to committees and has reserved certain powers. Included in the latter are the approval of main policies and strategies (Scheme of Delegation 3.2), the approval of budgets (Scheme of Delegation 3.19) and the spending of money not budgeted for (Scheme of Delegation 3.20).
- 1.3. Standing Order 8.4 requires that where a Committee passes a report to Council, the full Committee report shall not be included again on the Council agenda and that officers should prepare a brief report that refers to the relevant Committee report and recommendation(s).

2.0 Recommendations

- 2.1. It is recommended that Council:
 1. from the **Place Committee of 6 June, 2019** in relation to the report entitled "*Proposed Transfer and Lease of Walled Garden, Pine Grove, Alloa*"
 - (a) approves the transfer of the Walled Garden at Pine Grove (shown outlined in red on the plan at Appendix A of the report) ("property") from the HRA to General Fund at market value.
 2. from the **Place Committee of 6 June, 2019** in relation to the report entitled "*Kerbside Glass Collection*"
 - (a) agrees that the provision of the service to residents qualifying for the Assisted Collection Service should now be retained.

2.2 The minute and reports relating to these items are available on the Council's website.

3.0 Sustainability Implications

3.1. N/A

4.0 Resource Implications

4.1. *Financial Details*

4.2. 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

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

4.4. *Staffing*

5.0 Exempt Reports

5.1. Is this report exempt? No

6.0 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)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all

Our families; children and young people will have the best possible start in life

Women and girls will be confident and aspirational, and achieve their full potential

Our communities will be resilient and empowered so that they can thrive and flourish

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

7.0 Equalities Impact

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

8.0 Legality

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

9.0 Appendices

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

None.

10.0 Background Papers

- 10.1 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

a) Agenda, together with Minute of the Place Committee of 6 June, 2019.

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Nikki Bridle	Chief Executive	452002

Approved by

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Chief Executive	

Report to Clackmannanshire Council

Date of Meeting: 27 June 2019

Subject: Member Appointment

Report by: Chief Executive

1.0 Purpose

- 1.1. This brief report invites Council to agree a change to the Council appointment to the CoSLA Convention.

2.0 Recommendations

- 2.1. It is recommended that Council agree to appoint Councillor Martha Benny as one of Clackmannanshire Council's three representatives on the CoSLA Convention, replacing Councillor Mike Watson.

3.0 Considerations

- 3.1. Council agreed in June 2017 to appoint representatives to the CoSLA Convention. Councillor Watson was appointed at this time. The Conservative group has now indicated that it wishes to propose a change to this appointment and therefore Council is invited to agree the change of appointment from Councillor Watson to Councillor Benny.

4.0 Sustainability Implications

- 4.1. None

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

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)

- Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
- Our families; children and young people will have the best possible start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

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

None

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

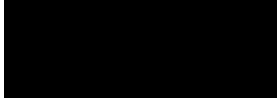
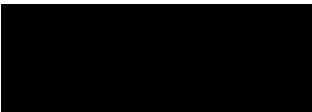
11.0 Background Papers

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
Nikki Bridle	Chief Executive	2030

Approved by

NAME	DESIGNATION	SIGNATURE
Lindsay Thomson	Monitoring officer	
Nikki Bridle	Chief Executive	

Report to: Clackmannanshire Council

Date of Meeting: 27 June 2019

Subject: Clackmannanshire Council Best Value Assurance Progress Report

Report by: Chief Executive

1.0 Purpose

- 1.1. The purpose of this paper is to introduce the recently published *Clackmannanshire Council Best Value Assurance Progress Report*.
- 1.2. Representatives from Audit Scotland will be present at the meeting to respond to any questions about the content of the audit report.

2.0 Recommendations

It is recommended that Council:

- 2.1 notes the contents of the Best Value Assurance Progress Report (Appendix 1), commenting and challenging as appropriate;
- 2.2 notes that, if the Accounts Commission has made findings, the findings are scheduled to be released on the 27th June 2019; and
- 2.3 agrees that an action plan is brought to the August , 2019 Council meeting to progress the recommendations contained in the Best Value Assurance Progress Report and to allow the council formally to consider any findings made by the Accounts Commission.

3.0 Background

- 3.1 There is a statutory duty of best value for local councils. As part of this, once every five years, a Best Value Assurance Report on each council is submitted by Audit Scotland to the Accounts Commission.
- 3.2 Such reports seek to provide the Accounts Commission with assurance on councils' statutory duty to deliver Best Value, with a particular focus on the Commission's strategic audit priorities covering:
 - the clarity of council priorities and the quality of long-term planning to achieve these
 - how effectively councils evaluate and implement options for significant changes in delivering services

- how effectively councils ensure that councillors and officers have the right knowledge, skills and time to lead and manage delivery of council priorities
- how effectively councils involve citizens in decisions about services
- the quality of council public performance reporting to help citizens gauge improvement.

3.3 In January 2018, the Accounts Commission issued its Findings on Audit Scotland's Best Value Assurance Report of the Council and these are set out in Exhibit 2 of Audit Scotland's current progress report. The Accounts Commission requested that Audit Scotland provide a Progress Report on the Council's progress by June 2019.

3.4 The audit work for this Council's Best Value Assurance Progress Report took place during March and April 2019 and included:

- interviews with councillors and senior officers
- observation of a range of council and committee meetings
- review of documents and performance information, including previous audit and inspection reports.

4.0 Considerations

4.1 The Best Value Assurance Progress Report for Clackmannanshire Council is attached as Appendix 1 to this report and a representative from Audit Scotland will be in attendance at the Council meeting to answer councillors' questions on the content of the report.

4.2 As part of the formal process, the Report was considered by the Accounts Commission at its meeting on 13 June, 2019. The Council's Chief Executive attended the meeting to hear the Commission's debate on the Council's Progress report. If the Commission decides to make findings, these will be published with the audit report on the 27 June 2019.

4.3 Audit Scotland's Overall conclusions are as follows:

"The council's overall financial position remains very challenging. Against that backdrop, it is making the investment necessary to create the conditions for change. The pace of change has increased significantly since August 2018 and the council is taking steps to secure the capacity it needs to maintain this momentum. The council still has much to do to implement and embed the changes required for service and financial sustainability.

The council made limited progress in the period from the Best Value Assurance report (BVAR) in January 2018 up to August 2018. This was mainly due to the delay in recruiting the new Chief executive and appointing the council's new senior management team.

The pace of change has increased significantly since August 2018. The council has responded positively to the Accounts Commission's findings and has:

- achieved savings to improve its financial position.
- agreed a new corporate plan which provides a clear focus for improvement based on collaboration, inclusive growth and innovation.

- developed arrangements for debate and scrutiny of options, involving councillors and officers and more cohesive leadership of change through its change programme board.
- made progress in securing capacity for improvement through the appointment of a new senior management team and statutory officers.
- secured a range of external assistance to support improvement, including leadership training and development.
- explored alternatives for delivering services, recognising that working with other councils must be part of its approach to financial sustainability.

4.4 Audit Scotland's recommendations are that:

- 1) councillors and officers should build on recent progress and work collaboratively to agree initiatives which secure transformational change, long term savings and service and financial sustainability;
- 2) the Council should work urgently to finalise its new management structure and proceed with organisational redesign and ensure that initiatives that are in train provide the necessary capacity to support and embed change;
- 3) the Council should further develop its working relationships with local councils and others and use these to secure efficiencies in services.

5.0 Next Steps

5.1 As noted above, if the Accounts Commission decides to make findings these will be published with the audit report on the 27 June, 2019. The legislation requires the council to consider Accounts Commission findings at a council meeting, in this case that would take place at the council meeting in August 2019.

5.2 The Council is well-placed to build on progress since last Summer and secure tangible improvements from its investment to date. A separate report on this Council agenda sets out a broader context for the Council's organisational redesign, seeking to move the focus of Council's attention from restructure alone to redesign of service delivery models as a means of promoting service and financial sustainability.

5.3 It is recommended, therefore, that an action plan is brought to the August meeting of Council to address the recommendations contained in the Best Value Assurance Report and to allow the council formally to consider any findings made by the Accounts Commission.

6.0 Sustainability Implications - n/a

7.0 Resource Implications - n/a

8.0 Exempt Reports - this report is not exempt.

9.0 Declarations

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

Our Priorities

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
Our families; children and young people will have the best possible start in life
Women and girls will be confident and aspirational, and achieve their full potential
Our communities will be resilient and empowered so that they can thrive and flourish

10.0 Equalities Impact

10.1 n/a

11.0 Legality

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

11.2 The Report is made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973.


11.3 The Accounts Commission's powers are set out in the Local Government in Scotland Act 2003 at section 3.

12.0 Appendices

1 - Clackmannanshire Council Best Value Progress Report (Audit Scotland)

13.0 Background Papers

1 - Letter from Audit Scotland dated 5 June 2019

NAME	DESIGNATION	Signature
Nikki Bridle	Chief Executive	

Clackmannanshire Council

Best Value Assurance Progress Report

ACCOUNTS COMMISSION 

Prepared for the Accounts Commission by the Controller of Audit

June 2019

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Contents

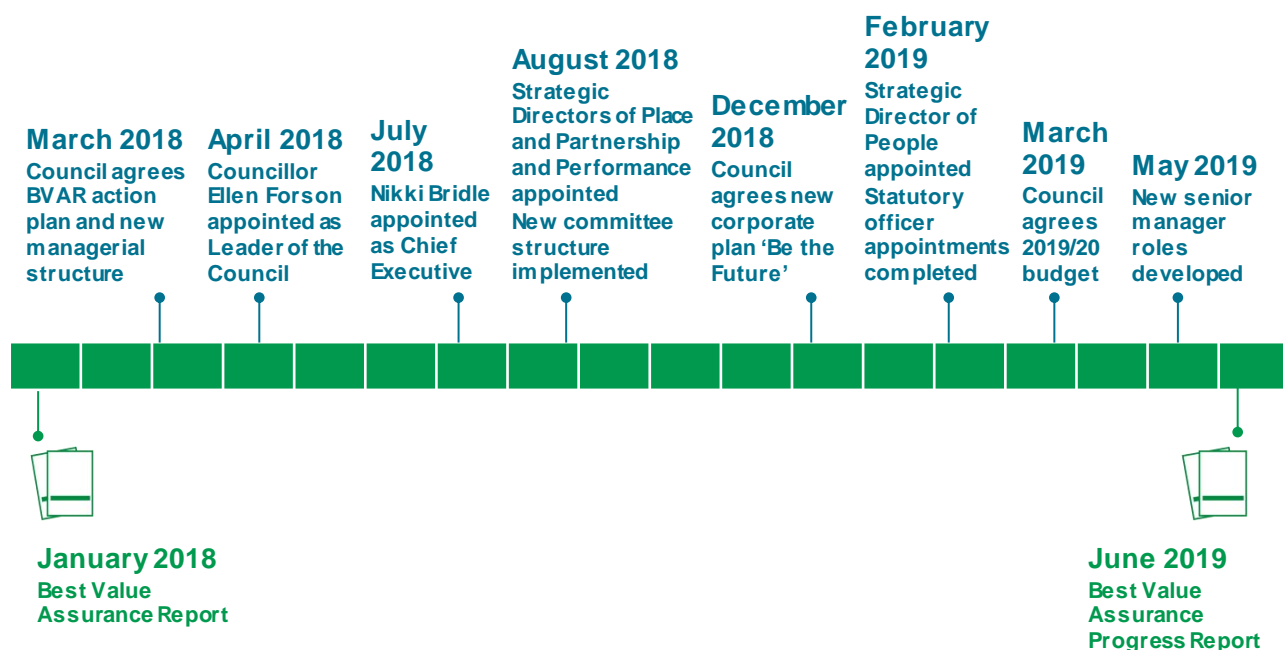
Controller of Audit report	4
Appendix 1	11

Controller of Audit report

The council's financial position remains very challenging. Against that backdrop, it is making the investment necessary to create the conditions for change. The pace of change has increased significantly since August 2018 and the council is taking steps to secure the capacity it needs to maintain this momentum. The council still has much to do to implement and embed the changes required for service and financial sustainability.

1. The council made limited progress in the period from the Best Value Assurance Report (BVAR) in January 2018 up to August 2018. This was due mainly to the delay in recruiting the new Chief Executive and appointing the council's new senior management team.
2. The pace of change has increased significantly since August 2018. The council has responded positively to the Accounts Commission's findings and has:
 - achieved savings to improve its financial position.
 - agreed a new corporate plan which provides a clear focus for improvement based on collaboration, inclusive growth and innovation.
 - developed arrangements for debate and scrutiny of options, involving councillors and officers and more cohesive leadership of change through its change programme board.
 - made progress in securing capacity for improvement through the appointment of a new senior management team and statutory officers.
 - secured a range of external assistance to support improvement, including leadership training and development.
 - explored alternatives for delivering services, recognising that working with other councils must be part of its approach to financial sustainability.
3. [Exhibit 1](#) outlines the key events and the decisions that have taken place since the BVAR in January 2018.

Exhibit 1 Timeline



Source: Audit Scotland

4. The work the council has done since January 2018, and particularly since August 2018, has laid the foundations for improvement. It still has much to do to implement and embed the changes required for service and financial sustainability.
5. This report updates the Accounts Commission following the [Best Value Assurance Report](#) in January 2018. I have prepared the report in response to the Commission's request for a further report on the progress made by the council in June 2019, or earlier if required.
6. In January 2018, the Commission endorsed the recommendations in my report (see [Appendix 1](#)) and said it expected the council to act upon them. [Exhibit 2](#) sets out the Commission's findings at that time.

Exhibit 2 January 2018 Commission findings

We are seriously concerned about the council's financial position. The Controller of Audit reports the need for savings of £29 million over the next three years, from an annual budget of £118 million. We underline the Controller of Audit's view that urgent and decisive action is needed by the council to address these required savings.

The council previously agreed a new strategic model for providing services and this now needs to be taken forward. In doing so the council must consider carefully a balance between finding savings and ensuring it has the officer capacity and time to identify those savings and deliver change, while still maintaining the performance of its services.

To do so, clear political leadership is needed. This was not in evidence in the political instability in recent years. The duty of Best Value is the responsibility of the whole council: this needs to be fulfilled by members working collectively. Combined leadership between members and officers is also vital.

The need to ensure sustained effective leadership and improvement is substantial. The design and implementation of transformational change in a complex organisation is demanding, and more so when carried out under time and resource pressure. The task of securing the necessary changes to sustain services and demonstrate Best Value is urgent. It is our view that the council should seek external assistance of appropriate quality and experience.

The challenges faced by the council and its partners in improving outcomes and reducing inequalities for the people of Clackmannanshire are significant. The local outcome improvement plan provides an important vehicle for the council and its partners to help prioritise resources. We encourage the council to build on this partnership working, and its good record of engaging with communities, to deliver the required change.

Source: Best Value Assurance Report Clackmannanshire Council, January 2018

7. My report is based on audit work carried out in March and April 2019. It builds on the annual audit work reported by the external auditor in the September 2018 [Clackmannanshire Council 2017/18 Annual Audit Report](#). My report covers:

- the council's progress in securing its financial position
- how effectively councillors and officers are leading action to address the financial position, organisational change and transformation
- an assessment of the council's capacity for improvement, including its use of external assistance and partnership working.

The council's financial position has improved but remains very challenging. It recognises its finances are not sustainable in the longer-term without transformation and decisions on services

8. In January 2018, the council was forecasting a three-year cumulative funding gap of £28.7 million. As a proportion of net expenditure this was among the highest funding gaps of any Scottish local authority.
9. The council regularly reviews its financial position. It has longer-term plans that include best, most likely and worst-case scenarios. Following its 2019/20 budget, it is now forecasting most likely funding gaps of £10.1 million, £6.7 million and £6.5 million for the three years to 2023. This is a cumulative gap of £23.3 million.
10. The council has a track-record of managing its finances year-on-year. The council reported in its budget consultation document that it had made savings of over £43 million since 2011. In addition, it is forecasting it will achieve 86 per cent of the £7.2 million savings planned for 2018/19. The council's financial position has improved because it has sustained savings and because of wider changes in council funding. In particular, the Scottish Government provided councils with funding to cover increases in teachers' pay and pensions in its revised settlement in January 2019.
11. The council agreed a balanced budget for 2019/20 in March 2019. Councillors across political parties worked to form a budget which the majority of the council supported. It agreed a four per cent increase in council tax. Through the budget, the uncommitted general fund balance is maintained at £4.8 million, £0.8 million (0.6 per cent) above the minimum set in the council's reserve strategy. The budget includes further recurring savings of £4.8 million and the council will use one-off savings and a contribution from its capital receipts reserve. The council knows this approach is not sustainable and accepts that the £10.1 million funding gap for 2020/21 is very challenging.

12. The combination of savings, ongoing organisational redesign, increased council tax, use of reserves and increased grant funding meant that the council was able to avoid difficult budget decisions. The budget consultation document clearly set out the challenges the council faces and the difficulty in finding savings that will not impact individuals and communities. Officers presented a range of savings proposals.
13. Residents raised concerns about the savings options. Petitions were presented to council committees objecting to proposed school closures, the ending of the Alloa Leisure Bowl contract, and stopping funding to the Citizens Advice Bureau. Councillors agreed not to proceed with these options. Earlier, in December 2018, the council reversed previously agreed changes to staff terms and conditions which would have resulted in savings of £0.4 million. The council's very challenging financial position means it cannot continue to avoid or defer difficult decisions about the services it can afford to deliver.
14. The council acknowledges that it needs to demonstrate better the link between decisions on how it uses its resources and its priorities. Actions include earlier consideration of savings proposals through the change programme board and more targeted engagement with individuals and communities which will be affected, as part of the council's wider commitment to community engagement.
15. Funding the Clackmannanshire and Stirling Integration Joint Board (IJB) is also creating uncertainty about the council's longer-term financial position. In April 2019 the council agreed to make an additional payment of £0.6 million to the IJB as its contribution to resolving the IJB's projected £2.5 million deficit. The IJB is considering the council's proposal.
16. The council is working with the University of Stirling to determine whether existing central government funding reflects the level of vulnerability in its area. The university considered indicators including childcare and education. It concluded that, relative to the levels of deprivation in its area, the funding the council receives is disproportionately low. The council is planning further research. The council has also agreed to create a funding officer post to identify sources of additional income and develop funding proposals.

The new corporate plan provides a clear focus for improvement, based on collaboration, inclusive growth and innovation. Councillors and officers are working together to deliver change

17. The council agreed its new corporate plan 'Be the Future' in December 2018. The plan, which covers the period to 2022, sets out a clear vision for the council based on collaboration, inclusive growth and innovation. The plan aligns with the strategic outcomes of the Clackmannanshire local outcome improvement plan (LOIP).
18. The council consulted with residents and communities on its new priorities. Respondents generally agreed with the council's priorities of:
 - inclusive growth, jobs and employability
 - raising attainment
 - empowering families and communities
 - reducing child poverty
 - sustainable health and social care
 - organisational transformation.

19. The corporate plan is supported by the budget strategy, transformation programme, workforce plan and digital transformation strategy. The council's budget strategy is well established, and the digital transformation strategy was agreed by the council in April 2019. The council is working at an increased pace to develop its transformation programme and workforce planning initiatives. The council also consulted its staff during 2018 and worked with them to develop new corporate values.
20. There is evidence of improved working relationships between councillors and officers and a stronger commitment to work collectively in the best interests of the council. This is apparent in the way in which business is conducted at council meetings and further evidenced through the work of the change programme board.
21. The change programme board includes representation from each of the political parties and the council's senior management and first met in November 2018. The board oversees the council's transformation programme. It reviews and supports the development of business cases before these are referred to the council for approval.
22. There are signs that councillors and officers support a more collaborative approach and have a shared understanding of the need to do things differently. The party leaders have worked to develop more constructive working relationships and, along with their deputies, now meet monthly. These improved working relationships will be further tested as the council works to deal with its financial challenges and implement its transformation programme.

The pace of change has increased significantly since August 2018. There are signs of progress and the council is taking steps to secure the capacity it needs to maintain this momentum

23. The council appointed a new Chief Executive in July 2018. At that point, she started to implement the council's new strategic model which has three broad categories of service: people, place, and partnership and performance. The council appointed strategic directors for place and partnership and performance in August 2018. It appointed a strategic director of people in February 2019, on secondment from the Scottish Fire and Rescue Service.
24. The pace of change has increased significantly since August 2018. The council implemented a new committee structure to reflect its strategic model. Three service committees, for people, place, and partnership and performance were formed and are now well established. A new audit committee replaced the audit and finance committee and the scrutiny committee. The new committee is chaired by a member of the opposition, in line with accepted good practice. Councillors have contributed to the pace of change by supporting these new arrangements and working collectively to provide political leadership.
25. The new Chief Executive has had significant influence and is the driving force for change. She recognises the need to ensure the council has the necessary senior management skills and capacity to maintain the momentum and has prioritised the new management structure and leadership development. The extended senior leadership group includes the Chief Executive, strategic directors and the statutory officers for finance, legal, social work and education. This is designed to widen senior officer involvement in strategic decision-making and to increase the focus on managing risk alongside operational delivery.
26. The strategic directors have reviewed the range of services within their portfolios to identify opportunities for integrating services and models to sustain statutory and priority services. This resulted in proposals for new management structures in the partnership and performance and place portfolios. The council is consulting with managers and trade unions on these options. Redesign proposals for the people portfolio were delayed due to the later appointment of the strategic director. The strategic director of people has proposed a transitional

model involving an evaluation of risk and sustained service delivery, and the redistribution of tasks to create capacity for change in her portfolio.

27. Alongside structural change and the review of portfolios, the council is working with external specialists to provide leadership development and training. The council also has plans for a corporate forum of managers to support capacity for further change across council services.
28. Organisational redesign includes the appointment of a transformation project manager, recruited in partnership with the Improvement Service. The manager's priorities are to promote visibility of change, provide cohesiveness across change initiatives and integrate City Region Deal activities. Taken together, these developments are intended to support further progress in the pace and depth of change.
29. As part of wider initiatives to develop additional capacity and support, the council has worked to re-establish its profile with external partners, including the Improvement Service, Scottish Enterprise and COSLA. For example, Scottish Enterprise is helping the council to develop a strategic framework for local tourism.
30. In summary, the council has taken steps to build the capacity needed to support organisational change and service redesign. Further work is required to secure the skills and capacity needed to maintain momentum and to embed change throughout the council.
31. We previously reported that over a period of budget reductions and service cuts, the council had maintained service performance and customer satisfaction in key areas but that the pace of improvement was slow in some areas and not evident in others. The Improvement Service's 2017/18 Local Government Benchmarking Framework (LGBF) data showed that this continued to be the case. Information is not yet available to measure the impact recent changes are having on council service performance. The council will need to monitor this closely. It is looking at how it can get real-time information on service performance. The council's focus is on maintaining performance in priority areas rather than across all services.
32. The council remains the worst performing local authority for teachers' and non-teachers' sickness absence according to the LGBF data. The council is taking a range of actions to look behind the data and to manage sickness absence, including holding all-staff events to explore the issue.
33. The council's October 2018 staff survey indicated that it was making progress in some areas but communicating the council's vision across the organisation was challenging. It is developing a joint action plan among management, trade unions and staff to address the issues in the staff survey. This was the first staff survey since 2014 and management will use the results as a baseline to assess the impact of the changes the council is implementing.
34. The Care Inspectorate and Education Scotland published inspection reports on the council in 2018. The Care Inspectorate produced a joint report with Healthcare Improvement Scotland on the effectiveness of strategic planning in the Clackmannanshire and Stirling Health and Social Care Partnership. The report focused on the partnership but found that the council has consistently performed at or above the Scottish average across several social care indicators. The report recommended that the partnership improves the effectiveness of collaborative working.
35. Education Scotland reported on the progress being made by the council in improving learning, raising attainment and closing the poverty-related attainment gap. It found that the council has a clear vision and well-defined set of priorities for this aspect of its work, but this has not yet reached all staff.

The council is prioritising collaborative working in its efforts to improve service and financial sustainability

36. The council has secured a range of external assistance to support improvement. This includes its work with the University of Stirling on its finances and advice from the Improvement Service on setting-up its transformation programme management function. The council has also engaged external specialists to strengthen collective leadership of change and to support staff engagement. The council views collaboration as critical to achieving financial sustainability, consistent with its corporate plan.
37. The council has agreed that business cases for collaborative arrangements with local partners should be developed. It is in discussions with councils in Forth Valley, Fife and Tayside to explore opportunities to develop joint arrangements in areas including waste management, road services, facilities management and support services. The council shares a trading standards service with Stirling Council and is looking to extend the arrangement to include environmental health. The council also has a joint working agreement with Falkirk Council for internal audit services.
38. The chief executives and political leaders of the Forth Valley councils meet regularly to discuss options for collaboration, which is a constructive development. From a Clackmannanshire perspective, this is about what the council can both gain itself and offer others in terms of resilience and sustainability.
39. Digital transformation is a significant element of the council's transformation programme. The council aims to redesign its services to take advantage of digital technologies, to improve outcomes for residents and communities. In September 2018 it joined the Digital Office for Scottish Local Government, which leads and facilitates digital transformation for a partnership of 31 Scottish councils. The council has approached other councils to identify ways they can collaborate digitally.
40. The council recognises that to transform services it also needs to increase collaboration with community planning partners, third sector organisations and its communities. This includes developing and co-producing local solutions with communities that meet the needs of local people. The council engages with residents on major decisions, such as the corporate plan and budget, but it could do this earlier in the process and more clearly.
41. The City Region Deal involves Clackmannanshire and Stirling councils. They are working together to deliver the programme, with Stirling Council acting as the lead authority. A governance framework is in place, including a joint committee as the decision-making forum for all City Region Deal matters. The council is working with the University of Stirling to develop a significant City Region Deal project to develop an environment and innovation centre in Alloa. The council is managing the pressures on its capital programme associated with the City Region Deal projects.

Recommendations

- Councillors and officers should build on recent progress and work collaboratively to agree initiatives which secure transformational change, long-term savings, and service and financial sustainability.
- The council should work urgently to finalise its new management structure and proceed with organisational redesign, and ensure that initiatives that are in train provide the necessary capacity to support and embed change.
- The council should further develop its working relationships with local councils and others and use these to secure efficiencies in services.

Appendix 1

January 2018 Controller of Audit recommendations and progress

Controller of Audit recommendation	Progress at the council
<p>Councillors and officers should build on their constructive working relationships to provide the coherent, combined leadership necessary to secure the council's financial position.</p>	<p>There is evidence of improved working relationships between councillors and officers and a stronger commitment to work collectively in the best interests of the council. (Paragraph 20)</p> <p>There are signs that councillors and officers support a more collaborative approach and have a shared understanding of the need to do things differently. (Paragraph 22)</p>
<p>The council should consider savings options and decide how best to direct resources to priorities. It should work with communities to develop options and prepare for the difficult decisions it has to make.</p>	<p>The council acknowledges that it needs to demonstrate better the link between decisions on how it uses its resources and its priorities. Actions include earlier consideration of savings proposals through the change programme board and more targeted engagement with individuals and communities which will be affected, as part of the council's wider commitment to community engagement. (Paragraph 14)</p>
<p>The council should further develop its working relationships with community planning partners to ensure their combined resource is directed towards the strategic local outcomes.</p>	<p>The council recognises that to transform services it also needs to increase collaboration with community planning partners, third sector organisations and its communities. (Paragraph 40)</p>
<p>The council should balance the drive for savings with the need for sufficient officer time and skills to support change. It should also consider how it could make more use of external assistance to support improvement.</p>	<p>The council has taken steps to build the capacity needed to support organisational change and service redesign. Further work is required to secure the skills and capacity needed to maintain momentum and to embed change throughout the council. (Paragraph 30)</p> <p>The council has secured a range of external assistance to support improvement. (Paragraph 36)</p>

Clackmannanshire Council

Best Value Assurance Progress Report

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk

Report to: Clackmannanshire Council

Date of Meeting: 27 June, 2019

Subject: Organisational Redesign: Update

Report by: Chief Executive

1.0 Purpose

- 1.1. The purpose of this report is to update Council on progress with implementing the organisational redesign it agreed as part of the 2018/19 Budget approved on the 8th March 2018. The report aims to provide information on the broader framework and context within which activity has been taken forward since August 2018.

2.0 Recommendations

It is recommended that Council:

- 2.1. Endorses the Organisational Redesign Framework as detailed in Exhibits 2 and 3
- 2.2. Notes the progress to date against key elements of the framework as detailed in Exhibit 5.

3.0 Considerations

- 3.1. In March 2018, Council agreed a new organisational redesign. The redesign established a new managerial structure based on three new service delivery portfolios: People; Place and Partnership and Performance. Committee structures have also been aligned with this managerial structure since August 2018. Work to progress other aspects of the senior management restructure is now well progressed and have been the subject of separate reports to Council.
- 3.2. The focus of Council updates since August 2018 has primarily been on the implementation of the management restructure. This has been prioritised given the urgency to recruit to the new management positions and to deliver the financial savings agreed as part of these proposals. Alongside this activity, however, there has been a considerable amount of work undertaken and

planned to allow the Council to deliver service and financial sustainability in the medium to long term. This paper aims to provide a context and framework against which this activity can be reported.

- 3.3. Separately on this Council agenda is a report on the Council's Best Value Assurance Progress report. The report recognises the positive progress being made and additionally recognises that the Council still has a challenge to meet in delivering sustainability. The framework which follows provides a basis on which the progress acknowledged by Audit Scotland can be evaluated as well as illustrating in more detail some of the highlights of the tangible activity implemented to date.
- 3.4. The framework and activity set out in this paper is complementary to, and aligned with, the Council's Transformation Strategy which was agreed in March 2019 and is set out in Exhibit 1 below. The Council's Transformation Strategy focuses on 'what' we need to do whilst the Framework proposed in this paper is focused on the 'how' we will deliver innovation and transformative change.

Exhibit 1: Transformation Strategy



Organisational redesign framework

- 3.5. Exhibit 2 below sets out the broad phases of activity to move the Council from where it was 12 months ago to achieving sustainable public service delivery in the medium to longer term.

Exhibit 2: Organisational redesign phases

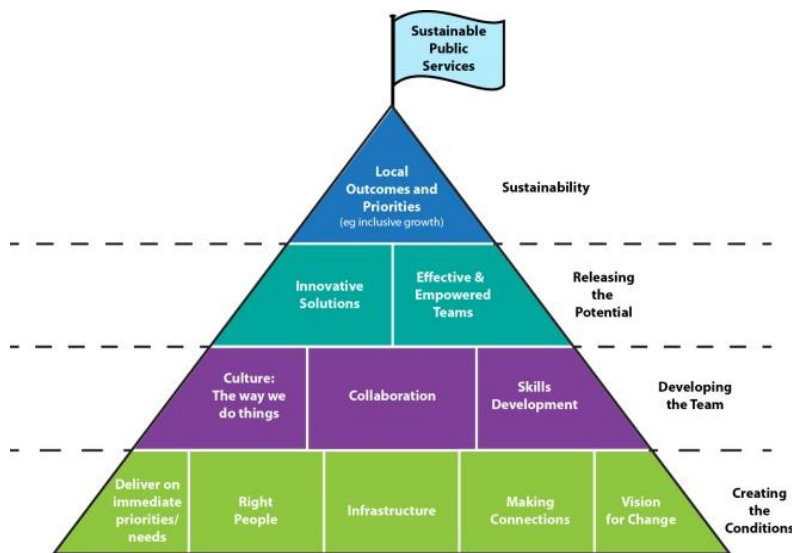


- 3.6. The framework proposes four key phases which need to be progressed to allow the Council to deliver medium to long term service and financial sustainability. The phases are not intended to be sequential but run concurrently. The rationale for this approach is that even as the arrangements for embedding a sustainable transformation culture and capacity are being developed and implemented, alongside this activity, it is necessary for the Council to meet its year on year financial challenges and set a balanced budget. Additionally, the council needs to be able to demonstrate that it is meeting key milestones and learning from its investment on the path to securing sustainability.
- 3.7. The four phases are as follows:
- **Creating the conditions:** This phase is about creating the conditions for sustainable change. It focuses on ensuring that alongside delivering business as usual, the Council is investing in its people for the future. It also requires investment in building the Council's internal systems, strategies and frameworks and in building effective stakeholder relationships with local partners, national agencies and our communities. This activity is underpinned by a streamlined and focused vision and priorities which clearly recognises the need for change.
 - **Developing the Team:** This phase prioritises embedding a positive and empowering culture which supports the Council's vision for change. Our communities and service users are at the heart of everything we do and our culture embodies this priority. This phase continues to develop effective stakeholder relationships and evidence these through positive collaborative arrangements across the range of services the Council delivers. This phase also recognises the need to continue to support our workforce with focussed leadership and skills development.

- **Releasing the potential:** This phase reflects the establishment of effective and empowered teams which are confident in delivering both operational service delivery and innovative proposals for change. The network of empowered teams is supported by a positive #Team Clacks culture where innovation and learning are embraced and supported.
- **Sustainability:** This phase is characterised by effective delivery of the Council’s agreed outcomes and priorities. Over time it is anticipated that, whilst ensuring that the Council continues to meet all of its statutory duties, performance data will show a prioritisation of investment in those areas agreed by Council. The aggregation of the Council’s service delivery models will be sustainable in both delivery and financial terms.

3.8. Exhibit 3 summarises the key aspects of the framework by each phase of development and investment. This model is not intended to be an exhaustive representation of all the investment and activity required but rather to provide a broad thematic framework against which activity can be reported and monitored.

Exhibit 3: Key thematic drivers

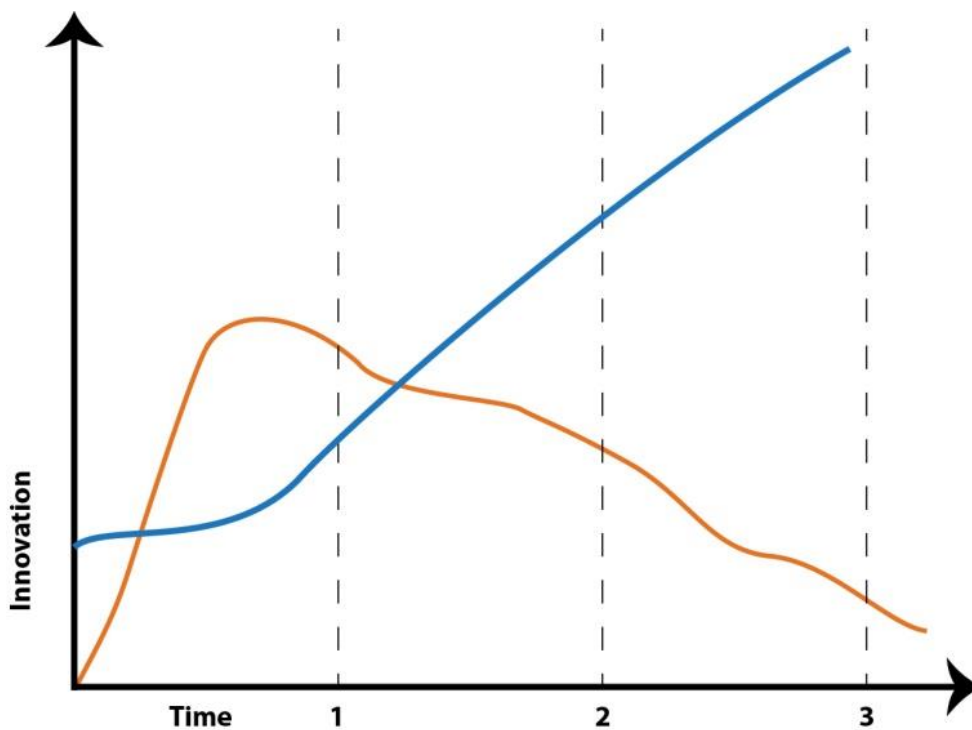


3.9. Given the Council’s financial challenge, a key consideration is the pace at which sustainability can be delivered. Understandably, expectation about the pace and scale of innovation is high. Exhibit 4 compares two approaches:

- **Reactive (orange line):** This approach reflects an expectation that innovative solutions are delivered at pace. This approach would provide for minimal investment in creating the culture and skills necessary to deliver sustainable change. It is proposed that after an initial period of success, the levels of innovation are unlikely to be sustained or reach the level desired and/or required to deliver sustainability.

- **Planned (blue line):** This approach reflects a period of initial investment in creating the capacity and conditions required for sustainable change. There is an initial and more modest level of change which increases significantly as skill, capacity and confidence grows. The organisation's culture is transformed and innovation represents 'business as usual'. The organisation is more resilient and adaptive to change and levels of innovation are sustained.

Exhibit 4: Building sustainable capacity for change and innovation



- 3.10. In reality, it is likely that the Council's path will need to be somewhere between these approaches to allow us to release the financial benefits that will be required year on year. However, as far as possible it is the aim that the planned approach is followed to provide the necessary investment and create the conditions for sustainable change. By adopting this approach it is also envisaged that the risk of poorly developed or ineffective proposals is mitigated/minimised.
- 3.11. The Best Value Assurance Progress report indicates that positive progress has been made since August 2018. Exhibit 5 overleaf captures some of the key aspects that have been progressed against the key phases and themes set out in exhibits 2 and 3 above. This demonstrates the principle established in paragraph 3.6 of the range of concurrent activity that is being progressed.

Exhibit 5: Progress against Organisational Redesign Framework: Highlights

Phase	Activity theme	Highlights of work to date
Creating the Conditions	Deliver on immediate priorities/needs	<ul style="list-style-type: none"> Balanced Budget 2019/20 City Region Deal: Full Deal Improve visibility: Roadshows and briefings on Culture, values and change, new Corporate Plan By-election European Parliamentary Election Health and Social Care Partnership Service and Financial sustainability Chief Officer Group relaunch and conference: Protection
	Right People	<ul style="list-style-type: none"> Appointment of Chief Executive and Strategic Directors Appointment of Statutory Officers Design of Senior Manager roles Specialist capacity: Transformation and CRD
	Infrastructure	<ul style="list-style-type: none"> Transformation Strategy Digital Strategy Workforce Strategy Establishment of Programme Governance Board Reinvigorating Communications: internally and externally
	Making connections	<ul style="list-style-type: none"> Collaborative work with Improvement Service: PMO joint appointment Collaborative work with Scottish Enterprise: CRD PMO appointment Forth Valley CEs meetings to review opportunity to develop joint business cases progressed Forth Valley Regional Economic Partnership proposals: funding from SG to develop Federation of Small Businesses, Clacks Business and FV Chamber of Commerce Engagement to review and improve arrangements for Business engagement
	Vision for Change	<ul style="list-style-type: none"> New Corporate Plan: Streamlined priorities: Be the Future Aligned LOIP
Developing the Team	Culture: the way we do things	<ul style="list-style-type: none"> New corporate Values: Be the Future Staff Survey baseline: collaborative action planning with TUs and staff Development of Employee Voice initiatives
	Collaboration	<ul style="list-style-type: none"> Collaborative models to increase capacity/skills: Improvement Service and Scottish Enterprise CRD: work with Scottish Enterprise to develop strategy 'rocket' to frame ambition Clacks Effect work: potential options for wider collaboration on issues re disproportionate public sector resource need and scale factors
	Skills Development	<ul style="list-style-type: none"> New PRD process Leadership development in place: extended SLG Planned Senior Leadership Forum following recruitment
Releasing the potential	Innovative solutions	<ul style="list-style-type: none"> City Region Deal: Primrose Street Developing public service focus with partners Partnership work with CTSI: food and waste initiatives Collaborative service delivery: Internal Audit; Street Lighting
	Effective and empowered teams	<ul style="list-style-type: none"> Management Charter and Action plan for extended Senior Leadership Group Significant refresh and new workforce policies e.g. carers, menopause, various Health and Safety
Sustainability	Local outcomes and Priorities	<ul style="list-style-type: none">

3.12 As work is taken forward, further regular updates will be provided to Council, aligned with the work and progress of the Programme Governance Board.

4.0 Sustainability Implications

4.1. N/A

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 X

5.4. *Staffing*

6.0 Exempt Reports

6.1. Is this report exempt? No

6.0 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)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all

Our families; children and young people will have the best possible start in life

Women and girls will be confident and aspirational, and achieve their full potential

Our communities will be resilient and empowered so that they can thrive and flourish

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

7.0 Equalities Impact

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

8.0 Legality

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

9.0 Appendices

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

None

10.0 Background Papers

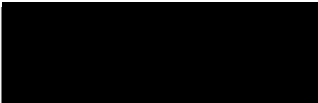
- 10.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Nikki Bridle	Chief Executive	452002

Approved by

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Chief Executive	

Report to Council

Date of Meeting: 27 June 2019

Subject: Strategic Workforce Plan 2019-22

Report by: Strategic Director, Partnership & Performance

1.0 Purpose

- 1.1. The purpose of this report is to seek approval of the Strategic Workforce Plan 2019-22.

2.0 Recommendations

It is recommended that Council:

- 2.1. Notes the background to the development of the Strategic Workforce Plan
- 2.2. Notes the Workforce Development Delivery Plan (Annex A: Strategic Workforce Plan)
- 2.3. Approves the Strategic Workforce Plan.

3.0 Background

- 3.1. The Council recognises that appropriate and successful workforce planning arrangements are key to realising improved outcomes for our citizens, as described in the Local Outcomes Improvement Plan 2017-2027 (LOIP). As such, the Strategic Workforce Plan sits as a key strand of the Council's Strategic Framework, and is a key enabler of the Corporate Plan 2018-22.
- 3.2. The Strategic Workforce Plan sets out in clear terms the Council's key workforce planning priorities for the next three year period. These are to:
- Create a positive and inclusive organisational culture;
 - Have a sustainable and resilient workforce;
 - Ensure our workforce feels supported, empowered, respected and engaged; and
 - Ensure our workforce has the knowledge, skills and behaviours capable of meeting future demands.

- 3.3. These key priorities were identified through engagement with both staff and Trade Union colleagues, with the results of our 2018 Staff Survey and subsequent Joint Staff-Trade Union Working Group contributing significantly to the actions defined within this plan. The priorities are also aligned to the Council's values as described within our Corporate plan 2018-22.
- 3.4. We recognise that, to be successful, these priorities must be undertaken in a planned, measurable, and impactful manner. As such, the Strategic Workforce Plan is accompanied at Annex A by a Workforce Development Delivery Plan, designed specifically to identify the key areas of work to be undertaken in order to achieve the Council's workforce planning ambitions.
- 3.5. Designed as a living document, the Workforce Development Delivery Plan includes target dates, responsible Lead Officers, and how achievement / impact will be measured. The Workforce Development Delivery Plan will be reviewed on an annual basis, reporting via the Partnership and Performance Committee.
- 3.6. It is recognised that delivery of this Strategic Workforce Plan will require active investment from staff and managers across the Council; both in terms of delivering on identified priorities, and living the values which have been identified within the Corporate Plan 2018-22.
- 3.7. To embed this active investment the Strategic Workforce Plan identifies clear milestones over the lifetime of the plan (Page 5 of the plan) which seeks to embed objective and detailed workforce planning arrangements within each of the Portfolio areas.
- 3.8. Furthermore, the inclusion of these milestones also achieves a balance between the Strategic Workforce Plan's place as a key, strategic, enabling document, with the need for further, detailed, workforce planning which will now be undertaken at Portfolio level across the lifetime of this plan.

4.0 Conclusion

- 4.1. This report presents a key enabling document of the Council's Strategic Framework, and as such establishes a clear and well defined process for embedding proper and appropriate workforce planning arrangements within the Council.
- 4.2. The report proposes an approach to workforce planning which seeks to balance the need for clear strategic direction (the Strategic Workforce Plan) with objective, and measurable delivery of specific areas of work (the Workforce Development Delivery Plan).

5.0 Sustainability Implications

5.1. None.

6.0 Resource Implications

6.1. *Financial Details*

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

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

6.4. *Staffing*

7.0 Exempt Reports

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

7.0 Declarations

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

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

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
Our families; children and young people will have the best possible start in life
Women and girls will be confident and aspirational, and achieve their full potential
Our communities will be resilient and empowered so that they can thrive and flourish

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

Clackmannanshire Council Corporate Plan 2018-22

8.0 Equalities Impact

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

Yes No

9.0 Legality

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

10.0 Appendices

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

Appendix 1: Strategic Workforce Plan 2019-22

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
Alastair Hair	OD Advisor	X 2045

Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnership & Performance	



**Clackmannanshire
Council**

www.clacks.gov.uk

Comhairle Siorrachd
Chlach Mhanann

Strategic Workforce Plan

2019-22

**Be the
FUTURE**



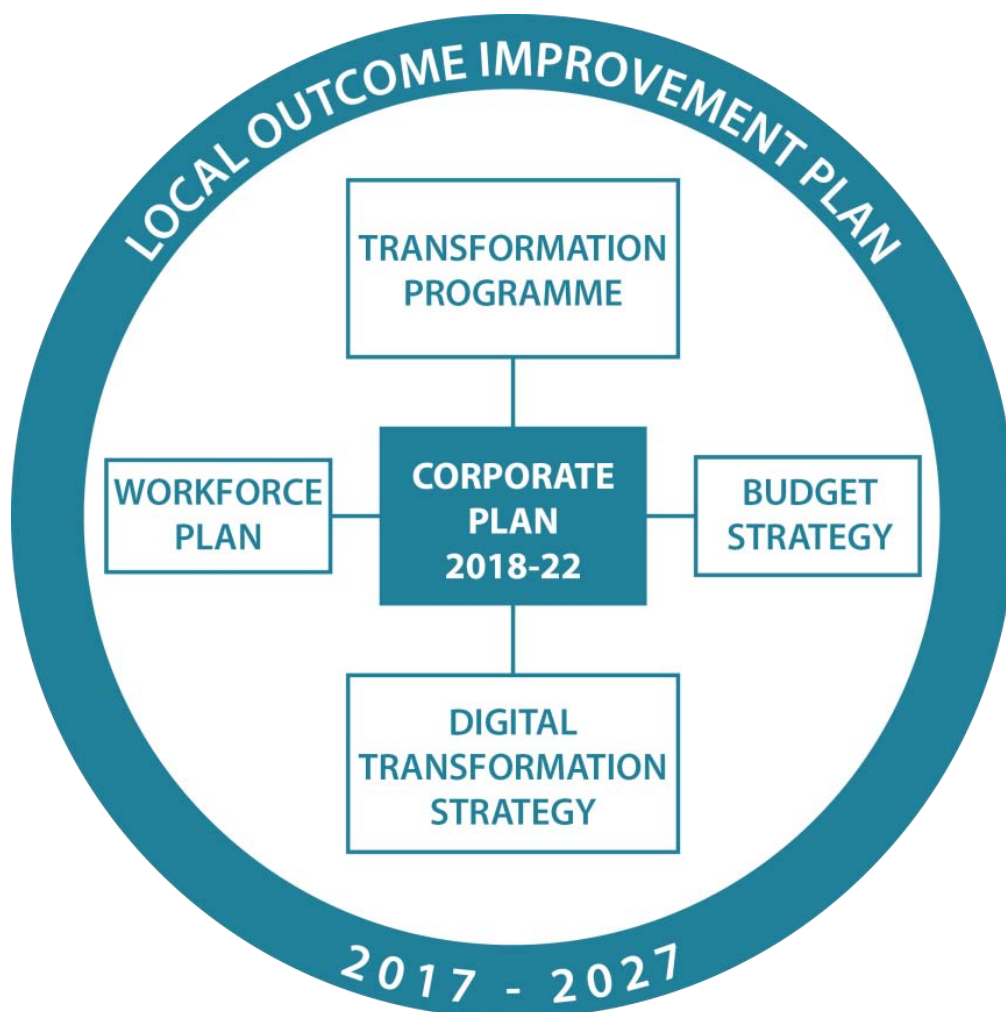
Introduction

Successful Workforce Planning is key to realising the outcomes of Clackmannanshire's Local Outcome Improvement Plan 2017-2027 (LOIP) and, as such, this Strategic Workforce Plan sits as one of the key enabling documents of the Council's Corporate Plan for 2018-22, and wider Strategic Framework.

Workforce planning, and the governance arrangements into which it is encompassed and contributes, is critical to developing our workforce for the future, changing our culture and, through all of this, having a workforce which is underpinned by strong leadership at all levels.

This Strategic Workforce Plan clearly outlines our priorities for the next three years in terms of workforce development and planning, and, through the Workforce Development Delivery Plan (Annex A), provides detail on the specific areas of work which we will undertake in support of realising improved outcomes for the citizens of Clackmannanshire.

Clackmannanshire Council Strategic Framework



The Strategic Context to Workforce Planning

This strategic workforce plan has been designed to span a three year period in order to take account of the significant changes and challenges which the Council, and wider public sector will face going forward.

These wider challenges are detailed within the Council's Corporate Plan 2018-22, which provides an important background to the socio-economic factors and wider national picture which will impact on service delivery over the medium to longer term.

However, the strategic context in terms of workforce planning is just as acute. Challenges in terms of workforce demographics, supply of staff and demand for services, and the need for more robust governance processes has created real, and pressing challenges for the Council.

With an average worker age of 47 we face challenges both in terms of staff retention, skills development, and importantly succession planning and retention of local knowledge. Furthermore, results of our recent staff survey (2018) have presented us with opportunities and important information in relation to staff communication, engagement, resilience, and health and well being.

In addition, and underpinning all of these key challenges, there is a need for the Council to develop, foster and create an innovative and collaborative organisational culture driven by inspiring Leaders and Managers who are empowered and skilled to seek out and implement more efficient, effective, and sustainable ways of working.

Meeting these challenges requires robust workforce planning arrangements at all levels of our organisation. That is why over the lifetime of this Strategic Workforce Plan we have set key development milestones, designed to ensure that not only do we embed good workforce planning practices, but that we have sound governance arrangements in place which will ensure that we can effectively, and timely, monitor our progress in achieving our identified workforce planning priorities. These milestones are outlined below.

- Yr1
 - Senior Accountable Officers for portfolio workforce planning identified
 - Workforce Planning Toolkits updated to reflect Portfolio designs
 - Scrutiny arrangements confirmed with Strategic Directors
 - Initial Portfolio Workforce Plans drafted and submitted to SLG
- Yr2
 - Workforce Planning fully integrated into business planning cycle
 - Portfolio Workforce Plans identify priority staff development pathways
 - OD and Workforce Development programme of work updated
 - Portfolio training and development requirements reviewed
- Yr3
 - Portfolio Workforce Plans reviewed and updated
 - Action Plans reviewed ahead of Corporate Plan & Workforce Plan refresh
 - Joint development and collaborative opportunities identified through now embedded workforce planning processes

The Way Forward – Our Vision, Values, and Priorities

This Strategic Workforce Plan:

- Is a key enabler of the Clackmannanshire Council Strategic Framework;
- Describes our workforce planning priorities for the next three years; and
- Outlines, through our Workforce Development Delivery Plan, what we will do to achieve these priorities, when we will do this by, and how we will measure progress.

Our Vision – Be the Future

We will be a valued, responsive, creative organisation, through collaboration, inclusive growth and innovation, to improve the quality of life for every person in Clackmannanshire.

Our Values

Be the CUSTOMER	Listen to our customers, communicate honestly and with respect and integrity
Be the TEAM	Respect each other and work collectively for the common good.
Be the LEADER	Make things happen, focusing always on our vision and outcomes, and deliver high standards of people leadership and corporate governance.
Be the COLLABORATOR	Work collaboratively with our partners and communities to deliver our vision and outcomes.
Be the INNOVATOR	Look outwardly, be proactive about improvement and strive always for innovation and inclusive growth.
Be the FUTURE	Work always towards ensuring that we deliver our vision and live our values, so that we become a valued, responsive Council with a reputation for innovation and creativity.

Our Workforce Planning Priorities

In order to emphasise the importance of effective workforce planning within the Council we have defined our key workforce planning priorities which will underpin all future workforce development activities. They are to:

- Create a positive and inclusive organisational culture;
- Have a sustainable and resilient workforce;
- Ensure our workforce feels supported, empowered, respected and engaged; and
- Ensure our workforce has the knowledge, skills and behaviours capable of meeting future demands.

PRIORITY - To create a positive and inclusive organisational culture

Clackmannanshire Council is a major employer within our communities, and as such we should be seen as an employer of choice, and role model for our citizens. Our drive for a more positive and inclusive organisational culture will rest on celebrating and valuing our workforce, and providing all individuals who choose to work with us with the opportunity to develop.

Why is this so important for us?

As a Council, we employ a significant proportion of our workforce from within our communities; it is therefore crucial that in order for us to contribute to the outcomes as defined within the LOIP, we create a working culture which is positive, inclusive, and can contribute to improved outcomes for our citizens.

We also need to be able to attract and retain staff across important professional service areas in order to meet widening recruitment and retention challenges, and in order to do so we need appropriate support, policies, processes and a culture in place that make people want to work for, and stay with us.

We also recognise that developing and changing our culture cannot happen overnight, and that this work will be multi-layered in approach. During the lifetime of this plan we will need to progress and conclude our current organisational restructure, fully embed our vision and values with staff at all levels, and critically, ensure that our desired culture is underpinned, and lived, by a strong base of engaged and skilled leaders and managers.

What will we do moving forward?

- Provide Leadership and Management Development opportunities for all levels of management
- Provide our leaders and managers with the opportunity to develop their change management skills, placing particular emphasis on transformational change, and embedding our vision and values
- Respond and develop our organisation by acting upon our staff survey, and the recommendations of our Staff Survey Working Group
- Explore collaborative leadership development opportunities with our Health and Social Care Partnership colleagues, and the wider public sector
- Improve staff communication to ensure effective cascade of information when we implement or make changes, particularly with 'hard to reach' staff groups
- Provide opportunities for staff to feedback their ideas and suggestions on a continual and informal basis, leveraging the vast knowledge and experience of our colleagues

PRIORITY - To have a sustainable and resilient workforce

Having a resilient and sustainable workforce is key to underpinning the achievement of both our workforce planning priorities, and our wider corporate vision. To achieve this we want a workforce who can not only respond and perform successfully within their roles, but are able to flourish, be empowered to show creativity, and for whom innovation is at the core of the work they undertake.

Why is this important?

We recognise that demands on our workforce are increasing; not only in response to the changing needs of our citizens, but also as a result of continuing uncertainty and fiscal challenge within the Council and wider public sector. Where this continues we have a duty to ensure that our staff are resilient to these changes, and that we strive to have a sustainable workforce who have the knowledge, skills and experience to provide quality services.

Meeting this challenge will cut across many of the wider workforce planning priorities outlined in this Strategic Workforce Plan. It will require our resources to be used in sustainable ways moving forward (the right place, at the right time), and will require support mechanisms that ensure that staff are not faced with excessive or unrealistic workloads, or unfair demands, for extended periods of time.

Throughout the lifetime of this plan we will undertake work to achieve these ends by using the Fair Work Convention's Fair Work Framework (2016) as a principle guide.

This Framework defines 'fair work' as work which offers effective voice, opportunity, security, fulfilment and respect; that balances the rights and responsibilities of employers and workers and that can generate benefits for individuals and society. It is clear that in achieving these outcomes we will contribute significantly to the ongoing sustainability and resilience of our workforce.

We also recognise the importance of continued engagement with Trade Union colleagues as a means to increasing workforce resilience and sustainability, and will continue to engage with all recognised Trade Unions through agreed consultative arrangements. In addition, our Working Together Group will focus on ways in which we can create an environment of mutually acceptable solutions to issues which may arise now, and in the future.

What will we do moving forward?

- Undertake work to understand how the Fair Work Convention can support our aim of increased organisational sustainability and resilience
- Embed the five dimensions of the Fair Work Convention in our Workforce Planning arrangements, and through the work outlined in our Workforce Development Delivery Plan
- Continue to engage with Trade Union colleagues on an ongoing basis, in order to find mutually acceptable solutions to challenges and issues

PRIORITY - That our workforce feels supported, empowered, respected and engaged

Clackmannanshire Council employees should feel happy and fulfilled in the work they undertake with us. This is a bold and simple statement. However, it is one that hinges on a range of challenges which, if met, will transform how we are seen, and how we operate as an employer.

Why is this so important for us?

In 2018 the Council undertook its first full staff survey in five years. Designed as a means to benchmark staff engagement across our organisation, the survey assessed five key themes. These were – Employee Voice, Engaging Managers, Health and Well Being, Integrity, and Leadership.

34% of staff responded to the survey, resulting in important feedback on working for the Council. This feedback was analysed by a joint Staff – Trade Union Working Group, who then identified actions designed to develop and improve our organisation. These actions have been included within this Strategic Workforce Plan to ensure that we are taking account of, and acting upon the voice of our employees.

Addressing this priority enables us to ensure that meaningful engagement occurs at all levels of our organisation, including with our Trade Unions, and that staff are given the opportunity to participate in a range of initiatives which are centred on their health and well being. The more supported, empowered, respected and engaged our workforce are, the more likely it is that we will achieve the outcomes which are so important to the citizens of Clackmannanshire.

What will we do moving forward?

- Continue work to maintain the Healthy Working Lives Silver standard, and scope out the work required to achieve the Gold standard level
- Provide training opportunities for staff on stress and mental health, and integrate these into the Corporate Training calendar so as to promote classes, and increase uptake
- Undertake work to better understand any challenges in relation to bullying and harassment which may arise from our Staff Survey
- Better emphasise and promote the range of health and well being initiatives we currently undertake so as to raise awareness, increase uptake, and develop a culture of understanding and support
- Continue to engage with staff across various communication channels, fostering a workplace based on continual and relevant communication, and staff led feedback
- Continue to undertake an organisational survey on a regular basis, and continue to leverage our Staff and Trade Union colleagues to help us understand the results, and learn from this feedback

PRIORITY - That our workforce has the knowledge, skills and behaviours capable of meeting future demands

We need our workforce to build a breadth of skills, knowledge and expertise which will help realise positive outcomes for our citizens. To do this we will need to define the level of skills and expertise required in each role, and do this in a way which provides structure, and development pathways for our workforce. This will support recruitment, retention of staff, and enable our staff to have opportunities to build a successful career with the Council, and meet the needs of our communities.

Why is this so important for us?

The continuing financial challenges within the public sector, coupled with rapid technological and socio-demographic change with Clackmannanshire means that development of our staff has never been so important.

We recognise that a significant proportion of our current workforce will make up our future staffing base, and for this reason we need to ensure that we not only upskill our workforce, but provide development opportunities which create and establish clear progression pathways.

What will we do moving forward?

- Undertake a skills audit of our staff to understand better their development requirements, minimum training standards, and required core competencies
- Ensure that we embed Portfolio based workforce planning arrangements within each of our core delivery areas
- Effectively promote learning and development to all staff, using digital technology to increase visibility, uptake, and flexibility of learning
- Invest in technological solutions which break down barriers to learning for our most 'hard to reach' staff groups
- Embed a culture of continual learning, where staff have the opportunity to develop, upskill, and learn in a supportive environment
- Continue to explore and contribute to joint training opportunities with partners across the public sector, and our Trade Unions, in order to drive creativity, collaboration, and innovation
- Create clear workforce planning milestones for the lifetime of this plan, ensuring that we have in place rigorous and reportable governance arrangements across all our Portfolio areas

Summary

We recognise that achievement of our key workforce planning priorities cannot happen overnight, and, that in order to realise our ambitions we require an approach which emphasises monitoring, evaluation, and enables continuous improvement of both our workforce planning practices, and the actions required to take us forward.

Our key workforce planning milestones (as outlined at page 3) will contribute significantly to this by creating a planned approach to developing and embedding workforce planning. This will move the Council to Portfolio based arrangements which emphasise detailed assessment of current environmental factors, analysis of supply and demand factors, and which seek to identify and capitalise on the development of staff in order to address widening succession planning issues within our existing workforce.

However, realising the benefits from our milestones will require an active investment from our leaders, managers and staff. In year one, amongst other activities, we will refresh our guidance, toolkits and training opportunities to emphasise the benefits of workforce planning.

By year two we will have ensured that workforce planning has become truly owned by all managers and leaders, and will have begun work to identify succession planning and development pathways for staff.

Lastly, year three of our plan will ensure workforce planning is operating at an integrated level, where Portfolios are able to plan effectively for the future of their workforces, and seek out and identify collaborative and joint development opportunities which will ensure we have the right people, in the right place, and at the right time.

We know that work in many of these areas has already begun, however this Strategic Workforce Plan aims to tie these strands together to form a cohesive approach which is intrinsically tied into our Strategic Framework, the Council's Corporate Plan and importantly, our organisational values.

This will ensure that our workforce planning practices effectively contribute towards our 'Be the Future' priorities, and make a long term contribution to achieving the outcomes as defined with the Local Outcomes Improvement Plan.

Appendix A: Workforce Development Delivery Plan

This Delivery Plan outlines the programme of work the Council will undertake to deliver our workforce planning priorities, as described in our Strategic Workforce Plan 2019-22. This Delivery Plan will be reviewed on an annual basis, updated accordingly with progress, and monitored to ensure it is reflective of the Council's wider strategic priorities and outcomes.

Action	Impact	By When	Lead Officer	Progress Measure
PRIORITY- To create a positive and inclusive organisational culture				
Review our Core Competency Framework so as to link in with Council values	The Council's vision and values are embedded through the Competency Framework at key staff milestones, including: recruitment, induction, PRD and career development pathways.	June 2020	OD Advisor	Tracked by Target Date Report to SLG
When preparing leadership & Management Development proposals, ensure our approach incorporates opportunities for all levels of management.	Our proposals will be holistic, and on implementation will contribute to creating strong, capable leaders and managers who can drive organisational change, and contribute towards realising a sustainable and resilient workforce.	July 2019	OD Advisor	Tracked by Target Date Report to SLG
Leadership and Management Development approach to include both transformational change, and resilience training	Implementation of transformational change training into a structure development programme will further contribute towards the achievement of the 2018 Best Value Audit recommendation from Audit Scotland.	July 2019	OD Advisor	Tracked by Target Date Report to SLG
Evaluate communication channels for 'hard to reach' groups in order to improve engagement	Our Staff Survey Working Group feedback indicates challenges with communication at multiple levels. Realising effective communication will increase engagement, and contribute to developing an inclusive culture amongst staff.	December 2019	Communications Manager	Tracked by Performance Indicator (%) effective communication Staff Survey Results Report

Explore options for capturing staff ideas on an on going basis (staff suggestions)	Our Staff Survey Working Group identified the lack of a staff suggestions scheme as a barrier to realising efficiencies and better way of working. Exploration of themes should lead to the implementation of a new scheme for staff.	September 2019	Communications Manager	Tracked by Target Date Report to SLG & Implementation of Scheme
Ensure our Corporate Plan, vision and values are visible to staff, and form part of their day to day work	Our Staff Survey Working Group identified a lack of awareness of the Council's revised vision and values. Further promotion will help embed why people work for us, and what their work helps us achieve.	March 2020	Communications Manager	Tracked by Performance Indicator (%) awareness of vision and values Staff Survey Results Report
In line with Policy Group schedule of work review the Council's recruitment procedures to ensure a clear link to our vision and values	Prospective employees of the Council will be aware of our vision and values, and how their work will contribute towards our wider outcomes.	September 2019	HR Service Manager	Tracked by Target Date Implementation of revised recruitment procedures in line with review policy
PRIORITY - To have a sustainable and resilient workforce				
Undertake a matching exercise, designed to explore how the Council currently meets the Fair Work Framework dimensions, and the work required for future alignment	Aligning our workforce development and HR activity to the Fair Work Convention provides a framework for building organisational resilience and sustainability.	December 2019	HR Service Manager	Tracked by Target Date Report to SLG
PRIORITY - That our Workforce feels supported, empowered, respected and engaged				
Undertake a review of our approach to Healthy Working Lives, including viability of achieving the Gold Standard	The Healthy Working lives standard provides a baseline for staff health and well being. Undertaking a review will help frame future work, and identify potential areas of issue or challenge moving forward.	October 2019	HR Service Manager	Tracked by Target Date Report to SLG

Create a Communications Strategy for all in-house Health & Well Being initiatives	Our Staff Survey Working Group identified proper communication of health and well being initiatives as a significant contributing factor to realising improved engagement with our organisation. Better promotion will help realise outcomes of a more engaged, resilient and sustainable workforce.	October 2019	Health Working Lives Lead	Tracked by Target Date Report to SLG
Undertake Portfolio based analysis of future staff survey results in order to understand hotspots and areas of action	Our Staff Survey Working Group identified the need for Portfolio based analysis, resulting in improved staff engagement across all themes moving forward, and leading onto more targeted OD interventions where identified.	January 2020	OD Advisor	Tracked by Target Date Staff Survey Results Report
Undertake a review of our communications strategy, with a view to developing our approach to cascades of important information, and building approaches for 'hard to reach' staff groups	Our Staff Survey Working Group identified that key cascades of information are not happening consistently. Reviewing our approach to cascading 'important' information will build confidence with staff, improve compliance, and increase engagement.	April 2020	Communications Manager	Tracked by Target Date Implementation of new Cascade Procedures
PRIORITY - That our workforce has the knowledge, skills and behaviours capable of meeting future demands				
Undertake a Council wide workforce analysis in order to identify training, skills gaps and behavioural competencies	Staff members will be clear of the minimum skills and training required for roles, with development pathways being created to aide personal and career development.	April 2021	OD Advisor	Tracked by Target Date Report to SLG
Create a structured approach to promotion of all L&D activities, to increase uptake, and increase breadth of opportunity for all staff	Our Staff Survey Working Group identified L&D promotion as key to increasing uptake. As a result of better promotion, uptake of learning and development will be demonstrable via performance reports.	August 2019	OD Advisor	Tracked by Performance Indicator (%) increase in uptake P&P Portfolio Performance Report

Promote communication and social skills courses on the Clacks Academy for all managers and leaders	Our Staff Survey Working Group identified communication at all levels requiring development. Promotion of these courses will drive knowledge of day to day communication techniques, thereby increasing engagement with staff.	March 2020	OD Advisor	Tracked by Performance Indicator (%) increase in uptake Partnership & Performance Portfolio Performance Report
The Council's transformation programme should consider workforce development and OD / LD requirements at project initiation stage, and within all business cases	Identification of future workforce development, OD and LD requirements will allow staff to effectively plan resources, finances, and identify potential joint procurement / collaboration ventures with other LA's and wider public sector partners.	August 2019	Programme Manager - Transformation	Tracked by Target Date Business Case Templates
Undertake a review of our 360 Development Tool with a view to a staggered roll out across all management levels	Our Staff Survey Working Group identified the roll out of our 360 development tool as key to driving self-reflection and evaluation of our managers, and promoting behavioural competencies aligned to our vision and values.	April 2020	OD Advisor	Tracked by Target Date Roll out of 360 Development Process
Roll out the revised Digital PRD process to all staff	The digital PRD process will refocus performance management on quality conversations, emphasising staff development, and creating objective reporting on uptake of the process.	June 2019 (or on approval of Business Plans)	OD Advisor	Tracked by Target Date Roll out of Process
Roll out of the Chief Executive PRD process	Our Staff Survey Working Group identified the CEX PRD process as important to establishing a top down approach to performance management within the Council.	June 2019 (or in line with staff PRD process)	HR Service Manager	Tracked by Target Date Roll out of CEX PRD Process

Report to: Clackmannanshire Council

Date of Meeting: 27 June 2019

Subject: Draft Financial Statements 2018/19

Report by: Chief Finance Officer

1.0 Purpose

- 1.1. The Council is required by law to prepare a statement of accounts in accordance with 'proper practices' which set out its financial position at the end of each financial year. This is defined as meaning compliance with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom prepared by the CIPFA/LASAAC Joint Committee.
- 1.2. The Code specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position and transactions of the Council, including group financial statements where Councils have material interests in subsidiaries, associates or joint ventures. The financial statements aim to identify the key factors affecting the finances of the Council and that affect the physical resources that the Council can control to provide services.
- 1.3. The Local Authority Accounts (Scotland) 1985 Regulations require the Chief Finance Officer, as the Council's s95 officer, to prepare the Statement of Accounts as soon as practicable after the end of each financial year and to submit these to the Council and to the Controller of Audit by 30 June of the next financial year. The draft Financial Statements continue to be finalised for audit and have been made available to Members in advance of the Council meeting. In addition to this all elected members have had the opportunity to attend a specific briefing on the draft Financial Statements on 24th June 2019 where copies of the draft statements were circulated.
- 1.4. A Management Commentary is included within the accounts that presents the collective view of those charged with governance and apply relevant sections of the Companies Act 2006 in respect of the preparation of a Strategic Report. The Management Commentary is signed by the Leader of the Council, Chief Executive and Chief Finance Officer (as s95 officer). The Management Commentary includes the financial outlook for the Council. However, there is also a separate Budget Strategy report on this Council meeting agenda to provide for a fuller consideration of recent information.
- 1.5. The Council's Draft Financial Statements also include the annual Remuneration Report, and the Annual Governance Statement (AGS) which is signed on behalf of the Council by the Leader of the Council and the Chief Executive. Improvement actions associated with the AGS are incorporated within routine performance reporting using the Pentana system.

2.0 Recommendations

Council is asked to:

- 2.1. approve the 2018/19 draft Financial Statements;
- 2.2. approve the submission of these draft Financial Statements to the Controller of Audit no later than 30th June;
- 2.3. note that finalised audited financial statements will be presented to the Audit Committee in September 2019, and
- 2.4. 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 2018/19*. The Financial Statements show the actual figures for 2018/19 and the comparable figures for 2017/18.

Revenue Outturn

- 3.2. The financial results for 2018/19 are positive and provide a platform from which to address the challenging times ahead. Against the background of reducing resources the Council has successfully delivered services within budget therefore not requiring the full £0.959m of reserves approved to support the 2018/19 budget.
- 3.3. Gross revenue expenditure for the year was £119.947m. This represents the running costs of the Council and indicates the significant size and complexity of the organisation. The General Fund started the year with a balance of £9.713m. The balance at 31 March 2019 is £8.608m, a net decrease of £1.105m.
- 3.4. Of the £8.608m balance at 31 March 2019, £4.239m is earmarked for specific purposes, much of which is for use either by individual services or to meet corporate liabilities. This committed balance can be summarised as follows:

Devolved School Management (DSM)	£0.362m
Pupil Equity Funding (PEF)	£0.680m
Early Learning & Childcare (ELCC)	£0.095m
Clackmannanshire & Stirling Health & Social Care Partnership	£0.482m
Ring-fenced Housing & Community Safety Grants	£0.582m
Organisational Change Fund	£0.333m
Employment Fund	£1.149m
Miscellaneous commitments	£0.481m
City Deal	£0.075m
Total	£4.239m

- 3.5 The surplus achieved in the year compared to budget was £2.576m which is an increase in the surplus of £1.532m reported to Audit Committee in April. The surplus of £2.576m includes earmarked underspends of £2.042m for ring-fenced areas of spend such as PEF, ELCC, HSCP and DSM, resulting in a contribution to uncommitted reserves of £0.534m. In the year, £3.681m was also utilised from general reserves which resulted in net decrease in general reserves of £1.105m. £0.752m was also transferred from the capital receipts reserve to fund loan charges and statutory redundancy costs.
- 3.6 The Council's Reserves Strategy stipulates that it should retain uncommitted reserves at a minimum level of 3% of budgeted net expenditure, based on 2019/20 approved budget this equates to a figure of £3.766m. At the end of 2018/19, uncommitted reserves are £4.320m, therefore, £0.604m in excess of this minimum reserve figure which represents a level of 3.5% of budgeted net expenditure.
- 3.7 At the end of 2018/19, the Clackmannanshire locality of the Health and Social Care Partnership overspend was £1.095m before application of any agreed risk share. The current proposal is that the partnership overspend will be met through voting shares, for Clackmannanshire Council this equates to £0.613m (25%) of the total overspend of the Partnership of £2.452m. The final outturn reflects the risk sharing option which increases the contribution to reserves. As the risk sharing option has not been agreed at this time the contribution the council would received of £0.482m from the NHS has been reflected as an earmarked reserve. If the risk sharing option is agreed by the Partnership this would fall to uncommitted reserves improving the position.
- 3.8 The Housing Revenue Account achieved a surplus within the year of £6.124m against a budgeted surplus of £5.168m, £0.956m greater than budget. This is a movement of £0.372m greater than the forecast figure of £5.752m reported to Audit Committee in April. During the year £4.596m of this surplus has been used to fund capital expenditure which reduces the requirement to borrow and £0.364m was transferred to the General Fund as consideration for the transfer of 8 houses. This has resulted in contribution to reserves of £1.164m. The outcome of these results is that the opening housing reserve balance of £2.559m at the start of the year, has increased to £3.723m as at 31st March 2019, which equates to 19% of 2019/20 budgeted Housing Rents. This is £2.937m above minimum reserves of 4% which will be used to offset future capital expenditure and reduce the requirement to borrow.

Other Reserves

- 3.9 The opening balance on the Capital Receipts Reserve was £3.058m. The council previously earmarked £1.101m for the Employment Fund. As part of the Council's budget setting for 2019/20, £0.500m was released from the employment fund to reflect the reduced level of expected future costs. In the year £0.083m has been utilised to fund the statutory element of voluntary severance leaving a balance of £0.518m earmarked for the Employment Fund.
- 3.10 During 2018/19 receipts of £1.791m were received as a consequence of asset sales during the year. Of this, £0.500m was transferred to Capital Grants and Contributions Unapplied to create a Transformation Fund as approved in the Council's 2019/20 budget in line with the Scottish Governments policy for utilisation of capital receipts. £0.669m was also transferred to General reserves as per the approved budget in 2018/19. Of the remaining balance, £2.041m has been identified to support the 2019/20 approved budget leaving an uncommitted balance of £1.038m.

- 3.11 The opening balance on the Capital Grants and Contributions Unapplied account was £3.398m. During the year £0.500m has been added to create the Transformation Fund. In the year, £2.152m has been utilised for Tullibody South School and cycle walkway and safer street (CWSS), £1.071m has been added for new grants to be used in 2019/20, leaving a balance at 31 March 2019 of £2.813m.

Pensions Liability

- 3.12 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.
- 3.13 As a result of the latest valuation of our Pension accounts in accordance with International Accounting Standard 19 (IAS19), the net liability within the Balance Sheet increased to £116.526m compared to £95.522m at March 2018. This increase in liability is primarily due to a reduction in the discount rate which is determined on a prescribed basis and an increase in inflation and salary inflation.

Provisions

- 3.14 There have been no new provisions created in the year. The Damages Claim and the Legal Cases PPP payments have been finalised and the remaining balance of £5k was released in the year.
- 3.15 The provision to cover the Council's estimated costs relating to the residency of 3 individuals have increased to 5 individuals, increasing the provision in the year by £0.450m to £0.856m.
- 3.16 The Council has made further progress in the year to settle equal pay claims with £6k being paid out during 2018/19. The Council's provision for equal pay is now £4k. There are minimal claims outstanding and work continues to finalise the known cases.
- 3.17 The voluntary severance provision of £280k was paid out in 2018/19. At the 31st March 2019 there were no new agreed Voluntary Severance costs for employees who would leave after the 31st March therefore there is no provision remaining at the 31st March 2019.
- 3.18 The provision for Municipal Mutual Insurance Limited (MMI) was established in 2012/13 on the advice of our insurers to cover a potential 30% levy triggered under the Scheme of Arrangement in respect of the winding down of the former MMI. This exposure relates back to former District and Regional Council operations. No payments have been made from this provision during the year and re-assessment of the liability at the year end determined the provisions were adequate at the current level (£5k short term and £21k long term).

Contingent Liabilities

- 3.19 In order to reflect as yet potential uncertain and/ or unquantified timing and liabilities issues, aspects of those matters referenced in respect of Equal Pay, Ordinarily Resident and Insurance set out in paragraphs 3.15, to 3.17, are also reflected in the draft financial statements as contingent liabilities. In addition to this, the potential for claims of Historic Sexual Abuse remain as contingent liabilities. A new contingent liability relating to pensions has also been identified. This reflects ongoing legal cases which could impact the pension liability. No Contingent Assets have been identified as at 31 March 19.

- 3.20 Further details of the provisions and contingent liabilities summarised in this report were provided to elected members at the briefing which was held on 24th June 2019.

Capital Expenditure and Financing

- 3.21 During 2018/19 the Council spent £22.757m of Capital Expenditure, of this £22.720m was invested in its own assets with £0.037m granted to third parties including Common Good. This reflects an underspend of £9.831m on the budgeted programmes for both HRA and General Fund, and an increase in the projected underspend of £1.161m reported to Audit Committee in April 2019.
- 3.22 Capital expenditure in the year has been financed by capital receipts (£0.037m), government grants and contributions (£9.405m) and direct revenue funding (£4.675m). The remaining balance of £8.640m was funded through cash reserves.
- 3.23 The Councils gross external debt as at March 2019 stands at £137.2m, a decrease of £6.0m from the position as at March 2018. This was mainly due to the repayments towards finance leases of £0.968m and PWLB and SALIX loans of £5.071m and no new borrowing was undertaken in the year. This level of borrowing is in line with the Investment Strategy which focuses on the longer term goal of minimising the overall level of debt liabilities carried by the Council. Further detail is provided in the Annual Treasury Report also on this agenda.

Group Accounts

- 3.24 Group accounts are required to be prepared and included in the financial statements. The council's group accounts consist of, Clackmannanshire and Stirling Integration Joint Board, Central Scotland Valuation Joint Board, Coalsnaughton NHT, Common Good and CSBP Clackmannanshire Investments Ltd.

Public Inspection

- 3.25 The Financial Statements, once submitted to the Controller of Audit will be made available for public inspection from the 1st July and will be subject to an audit period of up to three months.
- 3.26 The Council's final audited Financial Statements will be presented to Audit Committee along with the External Auditors Report in September 2019.

4.0 Conclusion

- 4.1 The results for the year are positive against the backdrop of the current economic climate. A surplus has been achieved in the year on General Fund which ensures our uncommitted reserves remain in excess of the Council's approved level. This position is an improvement on that previously forecast at Budget setting in March 2019 due to more favourable Quarter 4 outturn than anticipated at that time. The position although favourable remains challenging in light of the current financial climate.
- 4.2 Elected members have received regular updates on progress in implementing the Budget Strategy through Council and performance monitoring reports during the year, including management actions within services and corporately to improve the outturn position.
- 4.3 In summary, the Council has consistently applied its agreed budget, finance and investment strategies throughout 2018/19.

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 has agreed the financial implications as set out in the report. Yes

6.4 *Staffing*

7.0 Exempt Reports

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

8.0 Declarations

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

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

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all

Our families; children and young people will have the best possible start in life

Women and girls will be confident and aspirational, and achieve their full potential

Our communities will be resilient and empowered so that they can thrive and flourish

(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".

Draft Financial Statements 2018/19

12.0 Background Papers

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



Yes (please list the documents below) No

Council draft financial statements 2016/17

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Ashley MacGregor	Corporate Accountancy Team Leader	2058
Lindsay Sim	Chief Financial Officer	2022

Approved by

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Stuart Crickmar	Director of Partnership and Performance	

Report to Clackmannanshire Council

Date of Meeting: 27 June 2019

Subject: Budget Strategy Update

Report by: Chief Finance Officer

1.0 Purpose

- 1.1. The purpose of this report is to maintain Council's regular update on the approved Budget Strategy. This report provides an update on the approved 2019/20 Budget and the Budget process for 2020/21.

2.0 Recommendations

- 2.1. It is recommended that the Council notes, comments and challenges the information contained in this report as appropriate.

3.0 2019/20 Budget

3.1 Settlement Order

On 7 March 2019 the Scottish Parliament approved the Local Government Finance (Scotland) Order 2019. The order provides the statutory authority to pay the General Revenue Grant for 2019-20.

The Order provides confirmation of the additional £0.834m of revenue grant funding contained within the Councils 2019/20 approved budget. Further allocations of funding as assumed in the 2019/20 approved budget will be confirmed throughout the year.

3.2 Approved Savings 2019/20

At its budget meeting in March 2019, Council approved £4.810m of savings split by division as shown in the following table.

Table 1: General Services Revenue Budget 2019/20 distribution of planned savings by service.

Division	Service Savings 2019/20 (£'000)
People	1,626
Place	562
Partnership & Performance	2,622
TOTAL	4,810

- 3.3 Within the £4.810m savings shown above there is an approved saving of £1.000m for the Loans Fund. This saving reflects revised Statutory Legislation that allows Local Authorities to simplify their accounting treatment of the loans fund and reprofile loans fund charges over a standard number of years rather than using varying repayment profiles. There had been a challenge by Audit Scotland as to where the regulations allowed this to be applied to loans prior to 2016 when the new regulations came into effect which would have limited the amount of savings available. However, this challenge has now been withdrawn with several QC's opinions confirming that the regulations do allow authorities to re-profile their loans fund payments prior to the introduction of the new regulations in 2016. This means that the saving of £1.000m will be achievable for 2019/20 and further savings may also be available as this was a prudent estimate. A further report will come forward to Council to approve the Policy change which will identify the potential savings.
- 3.4 Accountancy staff will work with budget holders throughout the year to monitor progress on delivering savings. Progress on the achievement of savings will be reported through relevant Committees and through future Budget Strategy updates to Council. Where any savings cannot be achieved, services will be required to identify additional savings, subject to approval where necessary, to ensure budgets are not overspent. Any unachieved savings will add to the budget gap in future years unless compensatory savings have been identified.

4.0 Budget gap 2020/21 – 2022/23

- 4.1. The indicative funding gap for 2020/21 to 2022/23 as agreed at the budget setting meeting in March 2019 is detailed in the table below. This shows an indicative gap of £10.257m in 2020/21 rising to £23.472m by 2022/23. This is £0.185m higher than presented in the budget setting paper due to the approved amendment of the 2019/20 budget, reducing the Council Tax increase from 4.79% to 4% and increasing the contribution of Capital Receipts to offset loan charge payments. As this is a one off contribution, this will add to the gap in future years.

4.2. **Table 2: General Services Budget 2020/21-2022/23 Indicative funding gap**

	2020/21	2021/22	2022/23
	£000	£000	£000
Net expenditure	132,157	138,067	143,798
Net Funding	121,900	121,117	120,326
Cumulative indicative Funding Gap	10,257	16,950	23,472
Annual indicative Funding Gap	10,257	6,693	6,522

4.3. The assumptions used in calculating this gap are set out below. As in previous years these assumptions will be refreshed throughout the year as further information becomes available. Low and high scenarios will also be included in future reports to provide an indication of the impact of variations in assumptions.

4.4 The main assumptions included within Table 2 are:

- 3% increase in the level of Council Tax in future years;
- Pay inflation for non teaching staff at 3% for each year as per national agreement;
- The agreed increase in Teachers Pay will fully funded;
- Estimated demand pressures of £3m to cover Contract Inflation and General inflation based on historic trend data on bids and approvals;
- Cash reduction in general fund grant of 2% for future years;
- that the additional £0.834m received for 2019/20 is not baselined for future years, and
- the additional social care funding of £160m in 2019/20 to support additional investment in social care has been baselined.

4.5 The biggest factors which affect the indicative funding and expenditure levels are around grant funding, teachers pay and service demand pressures. The exact level of funding will not be known until after the Scottish Government Settlement has been announced which is usually around December. Until then best estimates are used based on indicative information. The gap also assumes that 2019/20 expenditure is met within budget and all savings are achieved.

4.6. This level of gap leaves the Council in an extremely challenging financial position. Post budget setting, uncommitted reserves were estimated to be above minimum at 3.59%, £4.757m. This means that the Council has little reserves above the minimum level available to fund additional unbudgeted priorities through the year. The use of reserves is therefore not advised to support the budget on an ongoing basis as they are one off sources of funding and this position would not be sustainable.

4.7 In addition, the Health & Social Care Partnership is reporting a deficit position of £2.452m for 2018/19. Partners are currently negotiating a resolution with the

Council offering to provide a one off payment equivalent to voting share of £0.613m. This would be paid from uncommitted reserves if agreed. Reducing reserves to this minimum level would leave the Council with minimal scope to fund new initiatives and in year unforeseen expense.

5.0 Budget Savings 2020/21

- 5.1 In setting the 2019/20 budget, Council approved future year savings of £1.113m, with £0.913m approved for 2020/21 as shown in the table below. As these are not sufficient to cover the budget gap in each of the next 3 years, additional savings will be required. As noted above, there are insufficient General Fund Uncommitted reserves available to cover the gap, should the required level of savings not be identified.
- 5.2 The table below shows the residual funding gap after previously approved savings for future years.

Table 3: Residual funding gap after previously agreed savings for future years

	2020/21 £'000	2021/22 £'000	2022/23 £'000
Policy	567	150	50
Management Efficiencies	286	60	0
CASH	60	-60	0
Total Approved Savings	913	150	50
Annual Indicative Funding Gap	10,257	6,693	6,522
Residual Indicative Gap	9,344	6,543	6,472

- 5.3 The indicative gap of £10.257m for 2020/21 as noted in table 2 equates to 8.17% of the total approved budget for 2019/20, £125.549m. Applying this to the current budget across each division would equate to savings as shown in the table below. However, as elements of service budgets are ring-fenced for specific initiatives such as Criminal Justice, PPP, PEF, ELCC, or Statutory services, there is reduced scope for budget reduction and the level of savings achievable may not be proportionate to the Divisional budget.

Table 4: Indicative Level of Savings Required per Division

	2019/20 Approved Budget £'000	2020/21 8.17% Savings £'000	2020/21 Previously Approved Future Year Savings £'000
People	68,654	5,609	285
Place	18,803	1,536	555
Partnerships & Performance	38,092	3,112	73
Council Total	125,549	10,257	913

6.0 Budget Process 2020/21

- 6.1. A Budget debrief session was held with all members on 18th April 2019, feedback was also provided by Senior Officers. Areas identified included the need for more robust business cases, alignment of savings and focused consultation. This feedback has been used to inform and develop the process for 2020/21.
- 6.2. For 2020/21, the budget process will be supported by the Change Management Board. The Board is made up of members of the Administration and the two opposition groups along with Senior Officers.
- 6.3. All Policy savings proposal will come forward to this Board who will assess whether it should be taken forward for Business Case development. The board will then scrutinise and approve the business cases which will then be reported to Council. The projects will then be overseen by the Board including the monitoring of benefits realisation and post implementation review.
- 6.4. Consultations will also be carried out during the year on specific proposals as part of the business case development. The consultation will be targeted at affected groups and outputs of the consultation will be used to shape the final proposals. A diagram is provided at Appendix 1 showing the process that will be followed by the Change Management Board.

Demand Pressures

- 6.5. In calculating the budget gap, Contract and General inflation pressures have been assumed at £3m based on previous trends of bids and approvals. Demand pressure bids will be completed by Services in conjunction with Finance and will be reviewed by the Strategic Leadership Group and the S95 Officer at two points in the year, September and November. Bids that are agreed will be included within the budget gap assumptions.

Budget Timeline

- 6.6. A draft budget timeline is set out below.
 - **July** - An initial session has been scheduled with the Extended Strategic Leadership Group (ExSLG) on 3rd July. This session will be used to set out the current budget gap and latest assumptions identifying the estimated level of savings required to set a balanced budget. This session will also set out the budget approach for identifying and reporting savings. Following this session the group will then be required to formulate proposals and complete the standard template (as attached in appendix 2).
 - August** - A further sessions for the ExSLG is scheduled for August which will be facilitated by the Transformation Programme Manager. At this meeting the Group will review initial proposals along with the proposals that have been brought forward through the change management board. The review will look at cross service impact to ensure there is no conflict with existing priorities or duplication, alignment with Corporate Priorities and Policies and provide professional challenge as appropriate. The Group will also identify the appropriate Governance route for each of the savings proposals – whether they can be implemented under delegated authority (Management

Efficiencies), whether they need to go through the Change Board (Policy Savings), or reported to Committee and/or Council.

Following this session, the group will be tasked with developing full Business cases in conjunction with relevant Support services: Finance, HR, Legal as required. Business cases should include timescales for scoping, implementation and saving realisation as well as resource requirements and Impact assessments.

- **September** - A follow up session with ExSLG will then be held in September to consider the full business case proposals. The level of savings identified will be compared against the budget gap to identify whether additional proposals are required. Further development of proposals will take place if required.
- **October** – Briefings for Members and Trade Unions will be held providing information on new savings proposals, progress on previously approved savings, and an update on the budget gap. This will also include savings that have come through the change board.
- **November** – meeting with ExSLG to review the current position and remaining budget gap after approved savings.
- **December** – Draft Scottish Budget expected, impact on Budget Gap to be calculated.

Demand Pressures to be reviewed by Section 95 Officer and SLG. Budget gap to be updated with approved bids.

- **January** – Briefings to be held with Members and Trade Unions providing a progress update from ExSLG and the Change Board on Settlement impact, refreshed assumptions, approved savings and demand pressures and resulting budget gap.

A workshop will also be held with Senior Officers and the Administration Group to finalise outstanding items.

- **February** – Full Council meeting to set 2020/21 Budget.

7.0 Capital

7.1 Capital Budget

The Council's approved its Capital Programme for 2019/20 – 2023/24 at the Council meeting in March 2019. It was noted that the capital programme would be reviewed during 2019/20 to align it with the new divisional strategic plans and to incorporate the requirements of new priorities including City Deal.

The Capital Operations Group (COG) which is made up of officers from Services across the Council will undertake an initial review of the programme including scrutiny of new Bids. Sessions will be arranged with Members to update on progress. A full timetable and workplan will be produced and provided as part of the next Budget Strategy report to Council.

7.2 Capital Strategy

In line with the requirements of the Prudential Code, the Council is developing a Capital Strategy that will outline the capital programme over the longer term. The strategy will tie together what the Council is currently doing in to a strategic and coherent plan within a set governance framework that allows transparency and is in line with the corporate vision of collaboration, inclusive growth and innovation.

The strategy will set the direction of where the council wants to go, setting out investment priorities and identifying key strategic inputs. These will be aligned with Corporate Policies including the Corporate Plan and the LOIP, Service Business and Asset Plans and specific initiatives including City Deal, ELCC, and Town Centre Regeneration.

The strategy will include borrowing and investment opportunities available to the Council. Identifying revenue and funding implications to ensure that the programme is affordable, prudent and sustainable. It will also set out priorities for commercial income including investment properties.

Work to develop and produce the Capital Strategy will be carried out through the COG. This will include reviewing the refreshed asset management strategies and service business plans. Working groups will be set up that will focus on key strands of the strategy e.g a review of existing asset stock including leased in buildings and repairs and maintenance costs with a view of ensuring buildings are fit for purpose to meet the transformational change agenda.

On an ongoing basis the group will review bid proposals, monitor spend on projects, encourage cross service working and update the strategy annually. It is expected that this will be an evolving strategy that will develop over time.

As the strategy develops sessions will be set up with members to update on progress and get feedback on proposals.

8.0 Sustainability Implications

8.1 The Councils risk in relation to financial sustainability remains high.

9.0 Resource Implications

9.1. *Financial Details*

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

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

10.0 Exempt Reports

10.1. Is this report exempt? No

10.0 Declarations

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

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

- Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
- Our families; children and young people will have the best possible start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

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

11.0 Equalities Impact

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

12.0 Legality

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

13.0 Appendices

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

Appendix 1 - Change Management Process

Appendix 2 – Initial Savings Template

14.0 Background Papers

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

Local Government Finance Circular 2/2019

General Services Revenue and Capital Budget 2019/20

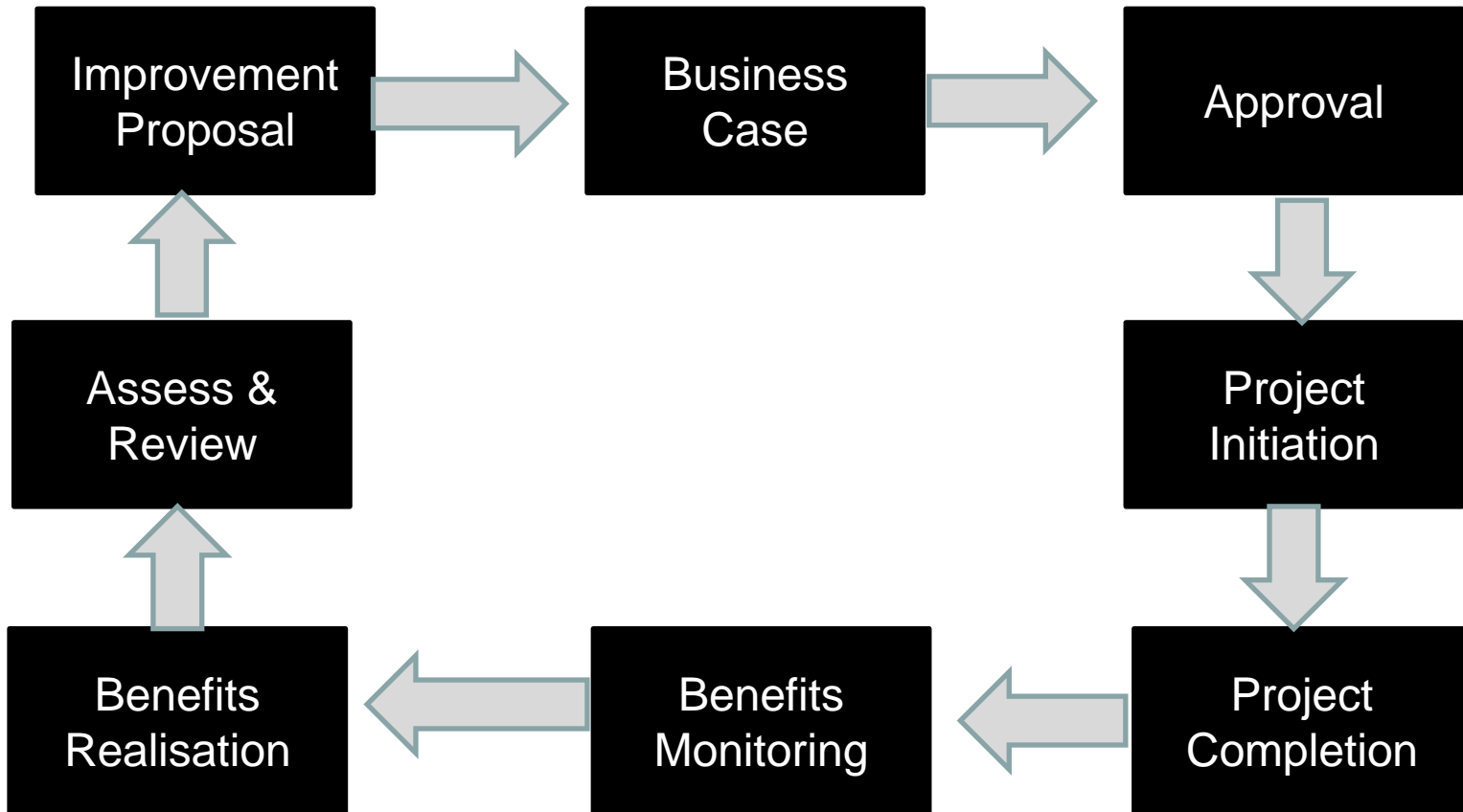
Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Lindsay Sim	Chief Finance Officer	2022

Approved by

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Stuart Crickmar	Strategic Director Partnership & Performance	

Process



Transformation Programme - Initiation Proposal



Clackmannanshire Council

www.clacks.gov.uk

Comhairle Siorrachd
Chlach Mhanann

Date	
------	--

Sponsor	
---------	--

Project Manager	
-----------------	--

Project Title	
---------------	--

Work Stream	
-------------	--

Strategic Priorities	
----------------------	--

Summary of Proposal	
---------------------	--

Expected Outcomes	
-------------------	--

Links to other Projects / Initiatives	
---------------------------------------	--

Business Case Production

Timescale	
-----------	--

Resources Required	
--------------------	--

To be completed by PMO

Date of Change Programme Portfolio Board
 Decision: Approved/Rejected/Deferred
 Added to Forward Plan Yes/No

Guidance Notes

Date	Enter the date that the proposal has been completed (i.e. approved by the Project Sponsor). Format dd/mm/yyyy
Sponsor	Enter the name of the Project Sponsor
Project Manager	Enter the name of the Project Manager
Project Title	Enter the Project Title - this should be relatively succinct but readers should be able to understand what is being proposed.
Work Stream	Select from the drop down list which of the Transformation work streams the project best falls under.
Strategic Priorities	Select from the drop down list which of the Council's Strategic Priorities the project will help deliver. The form will allow for up to 4 priorities to be selected. If the project will deliver against more than 4 please contact the PMO.
Summary of Proposal	Provide a summary of the proposed project. This should include broad timescales for delivery, what is being proposed (a new service, a change to an existing service, collaboration with others etc.)
Expected Outcomes	Provide a summary of the expected outcomes from delivering the project. These could include references to specific outputs (a new building for example) and/or financial implications (expected savings for example) but should, wherever possible link back to the Council's and LOIP's stated outcomes (See below)
Links to other priorities / initiatives	Where known, if the proposal will, or may, impact on other projects (these could be existing projects, or where it is known that a project is being considered elsewhere) the other projects should be listed here.

Business Case Production

Timescale	Enter the date (format: mmm-yy) where it is expected that a Business Case will be presented to Change Project Portfolio Board. Try to ensure that this date is realistic as this will be used to inform the Forward Plan.
Resources Required	This section should include any resources required to produce the Business Case. It is envisaged that this would mainly be the reallocation of existing resources (for example staff time (e.g. Project Manager - 3 days a week for 3 months)). If additional resources are required please contact the PMO to discuss. Please note that at this stage, only resources required for the production of the Business Case should be included. Any resources required for the implementation of the Project will be included in the Business Case.

Outcomes

Clackmannanshire will be attractive to businesses and people and ensure fair opportunities for all;
 Our families; children and young people will have the best possible start in life;
 Women and girls will be confident and aspirational, and achieve their full potential;
 Our communities will be resilient and empowered so that they can thrive and flourish

Report to: Council

Date: 27 June 2019

Subject: Annual Treasury Management Report 2018/19

Report by: Chief Finance Officer

1.0 Purpose

- 1.1 The Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual review of treasury management activities. This report details the treasury management activities for the Council for the year ended 31 March 2019 and how this compares to the 2018/19 Treasury Management Strategy Statement set in March 2018.

2.0 Recommendations

- 2.1 It is recommended that the Council note and consider this Annual Report for 2018/19 on the Council's Treasury Management activities.

3.0 Considerations

- 3.1 This report meets the requirements of the Scottish Government's investment regulations, the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 3.2 During 2018/19 the following reports were required to be reported to Council:
- annual treasury management and investment strategy (The Treasury Management Strategy Statement (TMSS) for 2018/19, which included the Annual Investment Strategy was approved by Council on 8th March 2018)
 - a mid-year treasury update report (Treasury Management Update at 30th September 2018 submitted to the Council on 20th December 2018)
 - an annual review following the end of the year describing the activity compared to the strategy (this report).

Regulations place responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

3.3 The report covers the following areas:

- The Economy and Interest Rates
- Interest Rate Forecast
- Investment Outturn for 2018/19
- Borrowing Requirement and Debt
- Borrowing Outturn for 2018/19
- Compliance with Treasury and Prudential Limits

The Economy and Interest Rates

- 3.4 There was minimal growth in the economy during 2018/19 mainly due to Brexit. The uncertainties, both in timing and agreement, over the UK's departure from the EU had a significant impact on economic forecasts.
- 3.5 The Monetary Policy Committee (MPC) has a Government set target to keep inflation at 2%. Inflation has continued to fall since peaking at 3.1% in November 2017, falling to its lowest level of 1.8% in January 2019 before rising marginally again to 1.9% in February 2019. However the Bank of England's latest forecasts for inflation over the next few years are marginally above the target of 2%.
- 3.6 The unemployment rate of 3.9% is the lowest level since 1975 and the level of vacancies remain high. The rise in wage inflation and the fall in CPI inflation has increased consumer spending power as the difference between the two figures is a real terms increase. This increase in household spending power is expected to favourably impact on the overall rate of economic growth in the coming months.

Interest Rate Forecast

- 3.7 The Council's treasury advisors - Link Asset Services, have provided the following interest rate forecast which is in line with the economic outlook set out in paragraphs 3.4 to 3.6 above.

Table1: Investment Forecast provided by Link Asset Management

Quarter Ended	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
March 2019	0.75	1.80	2.70	2.50
June 2019	0.75	1.80	2.60	2.40
Sept 2019	0.75	1.80	2.70	2.50
Dec 2019	0.75	1.90	2.80	2.60
March 2020	1.00	2.00	2.90	2.70

Quarter Ended	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
June 2020	1.00	2.10	3.00	2.80
Sept 2020	1.25	2.20	3.10	2.90
Dec 2020	1.25	2.20	3.20	3.00
March 2021	1.25	2.30	3.30	3.10
June 2021	1.50	2.40	3.30	3.10
Sept 2021	1.50	2.50	3.40	3.20
Dec 2021	1.50	2.50	3.50	3.30
March 2022	1.75	2.60	3.50	3.30

- 3.8 The forecast for interest rates within the 2018/19 TMSS was that the Bank Rate would rise from 0.5% to 0.75% in June 2018 and a further 0.25% in December 2018 to 1.0% at the end of March 2019. Due to slow growth in the year as noted in paragraphs 3.4 and 3.5 above, the MPC only increased the Bank Rate once in 2018/19 on 2nd August 2018 by 0.25% to 0.75% with the next rise not expected until March 2020.

Investment Outturn for 2018/19

- 3.9 As at 31st March 2019, the Council held investments of £26.2m made up of £16.9m short-term cash and cash equivalents held with banks and £9.3m of investments held mainly in Clackmannanshire Regeneration and Coalsnaughton NHT Project. Appendix 1 shows the analysis of the investment portfolio as at 31st March 2019.
- 3.10 The Council's treasury indicator and limit for investments for 2018/19 was that the maximum principal sum invested for a period greater than 364 days (long-term) was £12m. The approved limits within the Annual Investment Strategy relating to investments were not breached during 2018/19.
- 3.11 As at 31st March 2019 the Council held immediately available cash balances of £11.9m (£9.6m 2017/18). The average level of funds available for investment during the period to 31st March 2019 was £19.2m. During the year, two deposits of £5m each were returned to the Council and one £5m deposit was invested for over six months.
- 3.12 During 2018/19 investment rates remained low, increasing slightly at the beginning of the year in line with the expected bank rate rise in August. Investment rates then remained steady rising in November then falling back toward the end of the year. The benchmark investment returns over the 12 months ending 31st March 2019 are illustrated in the undernoted table:

Table 2: Benchmark Investment Returns 2018/19

Benchmark	Benchmark Return
7 day	0.51%
1 month	0.54%
3 month	0.68%
6 month	0.79%
12 month	0.94%

3.13 The Council's budgeted cash investment return for 2018/19 was 0.8%, which was driven by the interest rate forecast as noted above. The Council achieved an actual investment return of 0.77% (£147k) for the year ended 31st March 2019. This comprised of one £5m twelve month investment with a return of 0.80%, underperforming the 12 month benchmark by 0.14% and two £5m six month investments at 0.75% and 1%, generating an average return of 0.88% which outperformed the benchmark by 0.09%. A return of 0.47% was achieved on everyday cash balances which was 0.04% less than the benchmark return for 7 day investments. The Council will continue to look at opportunities during 2019/20 to optimise its investment income in line with interest rate and cashflow forecasts.

Capital Outturn for 2018/19

3.14 The Council's capital expenditure plans are a key driver of treasury management activity. The TMSS for 2018/19 provided estimates of the total capital expenditure, split between General Fund Services and Housing Revenue Account (HRA), for 2018/19 and the following four financial years. The outturn for 2018/19 against budget is shown below:

Table 3: Capital Outturn 2018/19

	31 March 2019 Budget £000	31 March 2019 Actual £000	(Under)/Over Spend £000
General Fund Services	23,764	17,562	(6,202)
Housing Revenue Account	8,269	4,580	(3,689)
Total	32,033	22,142	(9,891)

- 3.15 The underspends on the General Fund are mainly due to rephasing of spend on large projects spanning multiple financial years such as Tullibody South Campus, Clackmannanshire Regeneration, City Deal and the purchase of a new Social Services Integrated System. The HRA underspend is mainly due to delays on roof & render upgrading works, house purchases, window replacement and energy efficiency works. These underspends will be carried forward into 2019/20.

Borrowing Requirement 2018/19

- 3.16 Capital expenditure that is not financed by the use of capital receipts, capital grants, developers contributions or directly from revenue, will increase the Capital Financing Requirement (CFR) of the Council. The calculation of the CFR is therefore intended to reflect the Council's underlying need to borrow for capital purposes and it is used as a key measure in treasury management decisions for this reason. Increases in the borrowing requirement are offset by the Loans Fund Principal Repayments. This is the amount required to be charged to revenue for previous borrowing and it is charged over the life of the asset. The net figure is the increase in the CFR. The CFR is shown in the table below split between the General Fund and HRA.

Table 4: Borrowing Requirement (CFR) 2018/19

	31 March 2018 Actual £000	31 March 2019 Budget £000	31 March 2019 Actual £000
General Fund	119,616	125,216	121,325
HRA	25,172	26,917	23,655
Total	144,788	152,132	144,980

- 3.17 Overall the CFR for 2018/19 has increased by £0.2m from 2017/18. The General Fund CFR has increased by £1.7m due to in year Capital expenditure of £8.6m offset by Loans Fund and Lease repayments of £6.9m. The HRA CFR has decreased by £1.5m due to Loans Fund Principal Repayments. Capital expenditure has been funded by revenue and grant funding therefore has not increased the CFR. The CFR for both General Fund and HRA is less than budgeted due to underspends on the capital programme as shown in table 3.

Ratio of financing costs to net revenue stream

- 3.18 The Council is required to make estimates of the ratio of capital financing costs to its net revenue stream i.e. the estimate of total income which will be committed towards meeting future costs of borrowing. This ratio is required to assess the affordability of capital investment plans and to provide an indication of the impact of the capital investment plans on the Council's overall finances.

For the General Fund this is the ratio of financing costs of borrowing against net expenditure financed by Government Grant and Council Tax. For the HRA the indicator is the ratio of financing costs to gross rental income.

The outturn for 2018/19 is as follows:

Table 5: Ratio of financing costs to net revenue stream 2018/19

	2018/19 Budget	2018/19 Actual
General Fund	8.34%	8.31%
Housing Revenue Account	15.11%	14.92%

Borrowing Outturn for 2018/19

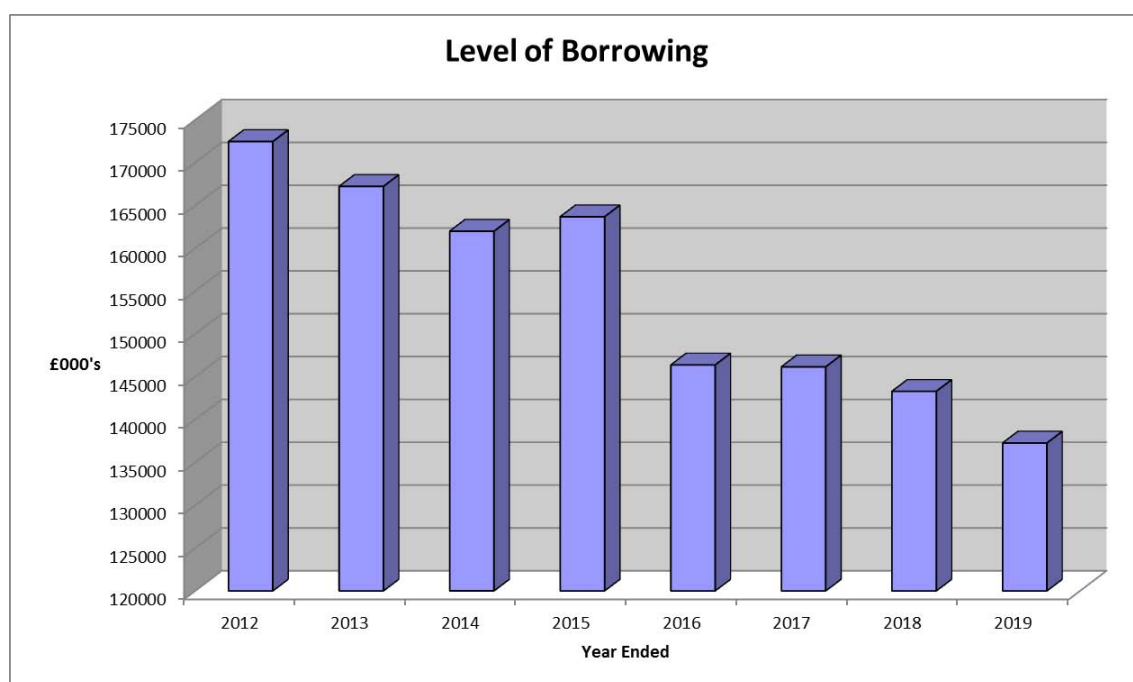
- 3.19 Borrowing activity is constrained by the prudential indicators for CFR and gross borrowing and by the authorised limit. The Council needs to ensure that gross debt does not, over the medium term, exceed the CFR. An over borrowing position is permissible in the short term to allow for early borrowing for future years and recognition of slippage and other funding becoming available but the Council must return to an under borrowed position in future years.
- 3.20 During the year the Council repaid a maturing PWLB loan of £5.0m and £0.063m towards a SALIX loan.
- 3.21 Repayments of £0.968m were also made in the year toward the Council's PFI and finance lease.
- 3.22 During the period to 31st March 2019, capital expenditure was funded from internal borrowing (cash balances).and no new long or short-term borrowing was undertaken.
- 3.23 The Council's external borrowing position as at 31st March 2019 is illustrated in the undernoted table:

Table 6: External borrowing at 2018/19

	Actual March 2018 £000	Actual March 2019 £000
Public Works Loan Board	77,515	72,513
Market Loans	18,938	18,875
LOBO Loans	5,000	5,000
Other long term liabilities	41,342	40,374
Total	142,795	136,762
CFR	144,788	144,980
(Under)/Over borrowing	(1,993)	(8,218)

- 3.24 In line with the Prudential Code, the Council is in an under borrowed position as at 31st March 2019.
- 3.25 The maturity structure of the PWLB loans, Market loans and LOBO loans are set out in Appendix 2. This also details the upper and lower limits for each category of loan as set out in the 2018/19 TMSS and shows that the Council has not breached these limits.
- 3.26 In 2012 the Council put in place a policy to minimise long term debt. To ensure debt is minimised, the capital programme should be set so that the level of borrowing required is less than the loan repayments in the year. The following chart illustrates the actual level of debt at the end of each year up to 31 March 2019.

Chart 1: External debt (actual)



- 3.27 Overall there has been a reduction in cumulative external debt of 20% between March 2012 and March 2019, showing that over the longer term the Council is not increasing its level of debt to finance its capital programme. Repayments towards PFI and finance leases also contribute to this reduction of the Council's overall level of external debt on an annual basis.

Limits for External Debt

- 3.28 The Council is required to set an authorised limit for external debt which includes external borrowing (gross of investments) and other long term liabilities such as finance lease obligations. The limit provides a maximum figure that the Council could borrow at any given point during each financial year. The Council also set an operational boundary for external debt which is lower than the authorised limit as it is based on an estimate of the most likely level of external borrowing at any point in the year.

Table 5: Authorised Limit for External Debt 2018/19

	2018/19 £000
Authorised Limit for External Debt	165,000
Operational Boundary for External Debt	155,000
Gross External Debt as at 31st March 2019	136,762

- 3.29 The Council did not exceed the authorised limit or the operational boundary during 2018/19 and was £18.2m below the operation boundary as at 31st March 2019.

Borrowing in advance of need

- 3.30 The Council has not borrowed in advance of need in the year ended 31st March 2019 and has no intention to borrow in advance in 2019/20.

Debt Rescheduling

- 3.31 Debt rescheduling opportunities have been very limited in the current economic climate given the consequent structure of interest rates which has impacted on PWLB new borrowing rates since October 2010. Consequently no debt rescheduling has been undertaken.

Compliance with Treasury and Prudential Limits

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

4.0 Conclusions

- 4.1 Throughout 2018/19 the Council has complied with its legislative and policy requirements.
- 4.2 During the year repayments of £5.063m towards long term debt and £0.968m towards PFI and Finance leases were made reducing the overall level of borrowing.
- 4.3 The Councils achieved an actual return on investment of 0.77% generating income of £0.147m from short term cash investments.

5.0 Sustainability Implications

- 5.1 None

6.0 Resource Implications

6.1 *Financial Details*

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

Yes

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

Yes

6.4 Staffing

6.5 None

7.0 Exempt Reports

7.1 Is this report exempt?

No

8.0 Declarations

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

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

- Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
- Our families; children and young people will have the best possible start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

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

Treasury Management Policy Statement and Practices

9.0 Equalities Impact

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

N/A Yes No

10.0 Legality

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

11.0 Appendices

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

Appendix 1 – Investment Portfolio as at 31st March 2019

Appendix 2 - Prudential and Treasury Indicators as at 31st March 2019

12.0 Background Papers

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

Yes (please list the documents below) No

Treasury Management Strategy 2018/19 - report to Council March 2018

Author

NAME	DESIGNATION	TEL NO / EXTENSION
Helen Coleman	Corporate Accountant	2256
Lindsay Sim	Chief Finance Officer	2022

Approved by

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Stuart Crickmar	Strategic Director Partnership and Performance	

APPENDIX 1: Investment Portfolio as at 31st March 2019

Borrower	Principal £000	Interest Rate	Start Date	Maturity Date
Bank of Scotland Plc	5,000	1.00%	28/09/2018	16/05/2019
Bank of Scotland Plc	6,926	0.65%	Instant Access	
Royal Bank of Scotland Plc	4,849	0.10% (balances above £1m)	Instant Access	
Other Accounts	188			
Total Cash and Cash Equivalents	16,963			

Short Term Investments	Principal £000
Clackmannanshire Regeneration	4,906
CSPB Investments	1
Total Short Term Investments	4,907

Long Term Investments	Principal £000
Coalsnaughton NHT Project	4,358
Total Long Term investments	4,358

TOTAL INVESTMENTS	26,228
--------------------------	---------------

APPENDIX 2: Prudential and Treasury Indicators as at 31st March 2019

Treasury Indicators	2018/19 Budget £000	2018/19 Outturn £000
Authorised limit for external debt	165,000	165,000
Operational boundary for external debt	155,000	155,000
Gross external debt*	149,135	136,762
Investments	28,917	26,228
Net borrowing	120,218	110,534

*As at 31st March 2019, Gross external debt consisted of £96.388m fixed rate borrowing and £40.374m liabilities in relation to the PFI and finance leases

Maturity structure of fixed rate borrowing - upper and lower limits (excluding PFI and Finance Leases)	Upper and Lower Limits	Fixed Rate Borrowing as at 31 st March 2019 £000	% of Total Fixed Rate Borrowing
Under 12 months	25% - 0%	63	0.1%
12 months to 2 years	25% - 0%	475	0.5%
2 years to 5 years	50% - 0%	3,545	3.7%
5 years to 10 years	75% - 0%	5,295	5.5%
10 years and above	100% - 0%	87,010	90.2%
Total Fixed Rate Borrowing		96,388	100%

APPENDIX 2: Prudential and Treasury Indicators as at 31st March 2019

Prudential Indicators	2018/19 Budget £000	2018/19 Outturn £000
Capital expenditure - General Fund Services	23,764	17,562
Capital expenditure - Housing Revenue Account	8,269	4,580
Capital Financing Requirement (CFR) - General Fund	125,216	121,325
Capital Financing Requirement (CFR) - HRA	26,917	23,655
Annual change in CFR - General Fund	5,950	1,709
Annual change in CFR - HRA	1,287	(1,517)
In year borrowing requirement	5,668	2,609
Ratio of financing costs to net revenue stream - General Fund	8.34%	8.31%
Ratio of financing costs to net revenue stream - HRA	15.11%	14.92%

Report to Clackmannanshire Council

Date of Meeting: 27th June, 2019

Subject: Annual Review of Debtors 2018/2019

Report by: Strategic Director (Partnership & Performance)

1.0 Purpose

- 1.1. To provide council with the annual update on income collection and to propose the 'write-off' of those debts which are deemed as irrecoverable or 'bad debts'.
- 1.2. The presentation of this report is a key milestone in the preparation of the council's draft financial statements which need to be approved by the end of June each year.

2.0 Recommendations

- 2.1. It is recommended that the council;
 - 2.1.1. note the trends in income collection for 2018/19,
 - 2.1.2. approve the proposed write-off £614,026 as per 6.2 (Appendix B),
 - 2.1.3. note and comment as appropriate on the other matters raised in the report.

3.0 Background

- 3.1. Responsibility for the collection and recovery of income due to Clackmannanshire Council principally lies with the Revenues Team currently in the Housing Service. All income collected by the service is done so in accordance with the Council's Corporate Debt Recovery and Write-Off Policy. This report analyses collection performance, updates members on actions taken, and proposes the write-off for the financial year.
- 3.2. During the year bills and invoices totalling £77.237m were issued by the Council, a slight decrease from £77.801m in 2017/18.

4.0 Council Tax Collection

- 4.1. In 2018/2019, Council Tax bills totalling £30.577million were issued to 24,630 households. The total income received for Council Tax in 2018/19 was £28.988 million (including water and sewerage).
- 4.2. The key indicator of performance for Council Tax collection is the in-year collection rate. This represents the total amount of Council Tax collected as a percentage of the total amount billed. In 2018/2019 the in-year collection rate was 95.91%. This is a small decrease of 0.23% on the record collection rate of 96.14% in 2017/2018.
- 4.3. The decrease in collection rates follows trends in other local authorities as discussed at recent Institute of Revenues Rating and Valuation (IRRV) forum. Some of the collection drop off can be attributed to the increase in charges. Other influencing factors for this year included the Single Person's Discount Review, for non Council Tax Reduction (CTR) cases, was undertaken during the year, which resulted in the removal of this discount to several accounts. There was also a lower than expected uptake of applications to Council Tax Reduction (£200k less than Scottish Government Budget provision), affected in part by the continuing roll of Universal Credit (UC). In addition, there was also a 50% increase from the previous year in UC accounts at the final notice stage.
- 4.4. We are reviewing processes around this specific element and the DWP have now created a dedicated third party deduction team to deal with the UC Caseload and have now allowed local authorities to make multiple applications at once and return information back within 6 weeks. Software companies are now working with the DWP to attempt to automate this process to minimise the manual effort. Moreover, the DWP are now also allowing local authorities to process CTR applications utilising notifications from the DWP ATLAS information system, which should allow no claims to be missed.
- 4.5. Officers are currently working through referrals from the National Fraud Initiative in relation to possible Single Person's Discount being incorrectly applied due to applicants not updating their details. Sixty cases reviewed so far have uncovered £28,500 of incorrect benefit, which has now been billed to the applicants with another 330 cases at time of writing still to be reviewed.
- 4.6. It should be noted that some of above changes has already led to improvements for example; the Council Tax Collection rate as at 31st May 2019 was 17.91%, which is an increase of 0.05% on the collection rate as at 31st May 2018.

4.7. Sundry Debt Collection

- 4.8. A sundry debtor is the name given for invoices raised for chargeable council services. This can include social work services such as MECS or provision such as additional nursery sessions. However, large invoices for Health and Social care to the NHS and Stirling Council are also raised using the same approach. Individual services themselves are responsible for raising the invoices with payments monitored by Revenues, and where invoices remain unpaid, reminders are issued, and recovery action occurs where appropriate.

- 4.9. During 2018/2019 invoices totalling £11.492m were issued by the Council with an in-year collection rate of 89.35%. The collection rate has increased from 2017/18 (83.99%). The collection performance can also fluctuate due to the timing and issuing of invoices. Where invoices are raised in the final quarter of the year there is of course less time prior to the year-end for payments to be made and/or recovery action to begin. This is different from Council Tax where demand notices are issued at the start of the financial year, and recovery action can proceed throughout the year.
- 4.10. During 2018/19, sundry debt aged over 90 days has increased from 56% to 60%. This is commensurate with improvements in recent invoice collection leaving more challenging debts such as care home charges which could have a charge against the property to clear the invoice debt going to be a growing area in the future. A corporate debt recovery proposal has been issued to the transformational board for consideration, in terms of improvements in this area.
- 4.11. Since 2017/18, finance department have been able to provide individual Council departments with more detailed reports on outstanding invoices, thus enabling services to be more proactive with customers and debts prior to the situation escalating. The Collections team have amended the timetable of running reminder notices, to fit in around the times that invoices are actually due.
- 4.12. **Non Domestic Rates (NDR) Collection**
- 4.13. Clackmannanshire Council are required to bill and collect Non Domestic Rates (NDR) on behalf of the Scottish Government. Income is then pooled and distributed to Councils, under the rates pooling system. During 2018/19 the council billed businesses for rates totalling £16.972m. The collection rate for 2018/19 as a percentage of the total billed was 96.03%. This is an increase of 0.27% on previous collection rate (95.76%).
- 4.14. The current Rates legislation means that in-year recovery cannot begin until October of the billing year, slightly curtailing recovery action. However, this is currently under review by the Scottish Government with the expectation that NDR billing will be aligned with Council Tax in future years. Recovery action including warrants being granted for our recovery agents is still continuing to improve the overall 2018/19 collection position.
- 4.15. **Housing**
- 4.16. Total gross rental income for 2018/19 payable by almost 5,000 council tenants and associated lock-ups was £18.196 million (up from £17.982 million in 2017/18), an increase of £214,000.
- 4.17. Current tenant arrears have decreased by 13.4%. It should also be noted that there are still some issues around the roll out of UC within Clackmannanshire. At this point last year there were 697 tenants on UC, this has now increased to 1,043 with 85% of these in arrears totalling £550,028. As more claimants go onto UC it is having an adverse affect on the overall arrears figure. Despite having the Scottish flexibilities we still see accounts where claimants have done everything required of them however they end up being in 6-8 weeks of arrears before any payments are made direct to us from DWP. This

then means that we have to request arrears to be paid to us. This will continue to be an issue as more claimants are migrated over to UC. There are also inconsistencies with some accounts having received payments quite quickly which puts tenants in lower arrears than others. There was also one extra rent free 'charge' week this year, which positively affected the end of year arrears balances.

4.17 The table below provides a full breakdown of current rent arrears.

	2016-2017	2017-2018	2018-2019	Change
Total Arrears Value	£655,464	£789,143	£773,936	-£15,207
Average value per case	£520	£571	£519	-£52
Total Number of UC cases in arrears at year end	108	611	884	273
Total Arrears Value at year end	£83,031	£455,914	£550,028	£94,114
Average value per case	£710	£747	£622	-£125
Non UC claimants in arrears	1,153	772	641	-131
Total Arrears value for non UC cases	£572,443	£333,229	£239,720	-£93,509
Average value per case	£496	£432	£374	-£58
Total Number of UC claimants at year end	117	697	1,043	346
% UC claimants in arrears	92%	88%	85%	-3%

4.18. Former Tenant Arrears

4.19. Tenancies end for a variety of reasons including, abandonment, eviction or death. When there is a balance on the account these arrears can be difficult to collect if for example, there is no forwarding address, or the deceased has no estate.

4.20. During the year 310 (47.84%) of the 648 tenancies ended had an outstanding rent balance, amounting to £260,161. This equates to an average former tenant arrear of £839.23. This represents an average increase of £50.14 of debt at tenancy end compared with 2017/18.

4.21. The total outstanding has increased by £32,903, from the previous year.

4.22. Greater use has been made this year of Stirling Park Sheriff Officers for the collection of these accounts, and internal review of collection processes of these accounts continues with consideration being given to all alternative forms of collecting these accounts due, especially as the Sheriff Officer contract specification and tender process is due this financial year.

4.23. The Housing service is exploring new analytical software tool, which has been introduced by other local authorities and RSL's and helps focus recovery

action on tenants by using software algorithms that analyse tenant and customer payment behaviour built up from analysis of millions of transactions across the UK. This allows those organisations to focus on the correct caseload for their patch area. Some organisations have seen a reduction of around 16% of arrears in year 1 of usage and capacity and resources freed up to work closely with tenants on other value add activities. Reductions in current arrears and value are the best way for the council to minimise its former tenant arrears. Progression of the above tool will be subject to the transformational board approval as well as the councils formal tendering and procurement process.

4.24. **Housing Benefit Overpayments**

4.25. An overpayment of Housing Benefit (HB) occurs when an individual receives an award of benefit that is then deemed not to have been due. This can occur for a variety of reasons, including claimant error, fraud, and a backdated change in circumstances or LA error. For existing HB claimants any overpayment can be recovered from on-going entitlement, but for others, customers are required to make arrangements to repay. HB overpayment accounts are also sent to Sheriff Officers for collection.

4.26. At the end of 2018/19 there were outstanding Housing Benefit overpayment accounts totalling £1,155,037.73. This is an increase of around £56,000 in this financial year. Fraud and Error overpayments is a significant focus for the DWP with the Council receiving dedicated additional funding to carry out fundamental reviews of our HB dataset. In addition, the UK government have granted some additional data tools specifically for this area to ensure claims are being paid out correctly. This resulted in over half of the council's benefit caseload being formally reviewed during 2018/19, with a significant number of claims being ended, benefit awards reducing and a number of customers being referred and investigated for fraud.

4.27. The Department for Work and Pensions have recently engaged with ourselves, and reviewed the overpayment processes from end to end. A number of suggestions have been put forward. A proposal has been issued to the Transformational board for the establishment of a business case, as the DWP team have indicated that additional resources are required, which will be financed by the income gains and debt reductions. The DWP performance team are due back at the end of July to verify their findings and refine their business case findings before presentation to the transformational board members.

5.0 **Overall Debt Position**

5.1. The following table shows the current debt position for all income streams.

5.2.

Debtor	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000
Council Tax	10,531	10,531	10,843	11,236
Sundry Debtors	3,358	2,515	3,236	2,529

Debtor	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000
HRA Debts	2,710	2,953	2,938	3,071
Total Gross Debtor	16,599	15,999	17,017	16,836
Total Provision	(10,612)	(11,577)	(12,065)	(12,960)
Total Net Debtor	5,987	4,422	4,952	3,876

- 5.3. The Council's debtors' position is reported as both a gross and net position. The gross debtor reflects the total amount due to the Council.
- 5.4. The net debtor reflects the amount that the Council realistically expects to recover. The difference between these two figures is the debtor provision which is a prudent calculation of debt that is not expected to be recovered. The net debtor position is recognised as the best reflection of debts that can be recovered.
- 5.5. For 2018/19, the figures are draft and still subject to audit. They also incorporate the proposed write-off detailed within this paper to show a comparable position of the gross and net debtors over the three years. Each year there is adequate provision made against the debtor. The key indicator for debtor performance is that of net debtor, which is not affected by any write-off.

6.0 Irrecoverable Debt for Write-Off

- 6.1. Each financial year the council is required to propose accounts for write-off from each income stream in accordance with the Corporate Debt and Write-off Policy.

The table below highlights the proposed write-off from each income stream along with a comparison of the accounts approved for write-off in financial year 2017/18.

Type of Debt	Approved Write-Off 2017/2018		Proposed Write-Off 2018/2019	
	Number of Accounts	Value (£)	Number of Accounts	Value (£)
Council Tax	649	200,245	915	316,377
NDR	42	213,623	52	141,728
Sundry Debts	6	446,413	30	21,322
Former Tenant Arrears	50	44,246	60	71,699
Housing Benefit Overpayments	247	170,394	28	62,900
Total	994	1,074,921	1,085	614,026

- 6.2. Accounts can be proposed for write-off for a number of reasons including;
- Deceased – where the customer has died and left no estate.
 - Sequestration – The customer has applied for and been awarded bankruptcy and there is unlikely to be any dividend for creditors.
 - Untraceable – No up to date contact information is available for the customer and all means of contacting them has been exhausted.
 - Small Balance – The balance outstanding on the account is small and it is not deemed cost effective to pursue.
 - Management Write-Off – Management have agreed to the write-off of the debt due on a particular case due to the individual circumstances of the customer.
 - Time Lapsed – Where the debt has prescribed under the Prescription and Limitation Act Scotland 1973 and it has been more than 5 years since last contact with the customer.
- 6.3. Appendix A gives a full breakdown of reasons for the proposed write-off of debts in each income stream. For 2018/19 the number of proposed council tax accounts for write-off has increased by £116,132. Over one third of the council tax accounts being proposed for write-off are due to death of the debtor leaving no estate. Whilst over one half of the council tax accounts being proposed for write-off are due to people being sequestered or going into bankruptcy.
- 6.4. Overall, there has been a decrease in the value of proposed write-off this year of £460,895, although there has been an increase in the number of accounts.
- 6.5. As members will be aware, in the previous financial year, there had been two sundry debtors' accounts proposed for write-off with a total value in excess of £400k, which skewed the write-off figures.

7.0 Sustainability Implications

7.1. None

8.0 Resource Implications

8.1. Financial Details

- 8.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes X
- 8.3. Finance has been consulted and has agreed the financial implications as set out in the report. Yes X

8.4. Staffing

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

9.0 Exempt Reports

9.1. Is this report exempt? Yes No

10.0 Declarations

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

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

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all	<input checked="" type="checkbox"/>
Our families; children and young people will have the best possible start in life	<input type="checkbox"/>
Women and girls will be confident and aspirational, and achieve their full potential	<input type="checkbox"/>
Our communities will be resilient and empowered so that they can thrive and flourish	<input type="checkbox"/>

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

Clackmannanshire Council Debt Recovery and Write Off Policy – June 2018

11.0 Equalities Impact

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

12.0 Legality

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

13.0 Appendices

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

Appendix - Annual Review of Debtors 2018/19

14.0 Background Papers

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

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
James Moore	Supervisor	5128
Frances Malloy	Supervisor	6223
Murray Sharp	Service Manager	5113

Approved by

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Stuart Crickmar	Strategic Director (Partnership and Performance)	

ANNUAL DEBTORS REVIEW 2018/19

REVIEW OF INCOME COLLECTION PERFORMANCE

1.0 Housing

- 1.1 The Housing Debtor relates to all income collected in relation to the Housing Service, including residential, lock up and garage rents, re-chargeable repairs and Housing Benefit Overpayments. The Housing Debtor can be broken into the following different categories.

HRA arrears position 2016/17 to 2018/19

	2016-17 £000	2017-18 £000	2018-19 £000
Current tenant arrears	708	894	774
Former tenant arrears	818	816	1,018
HB Overpayments	1,207	1,099	1,155
Rechargeable Repair	196	101	99
Other Miscellaneous	14	28	25
Total Gross Debtor	2,943	2,938	3,071
Provision	(2,431)	(2,416)	(2,683)
Total Net Debtor	512	522	388

- 1.2 The majority of this debt is accounted for within the Housing Revenues Account, with the exception of Housing Benefit Overpayments which are included in the general fund account.
- 1.3 For 2018/19 the gross Debtor has increased by £133,000.
- 1.4 The key measure of performance for current tenant rent arrears is expressed as the percentage of gross rent arrears as measured by the Scottish Social Housing Charter. For 2018/19 this was 9.05%, a slight decrease from 2017/18's performance of 9.1%. The roll out of Universal Credit has had, and will continue to have, a significant impact on rent arrears. Housing rent is managed by the Tenancy Management Team and Housing Officers are working closely with tenants to help them to sustain their tenancy and pay their rent.

ANNUAL DEBTORS REVIEW 2018-19
IRRECOVERABLE DEBT FOR WRITE-OFF

1.0 Introduction

- 1.1. The following table identifies the proposed write-offs for each income stream for 2018/19, together with a comparison of the write off approved for 2017/18. The 2018/19 Statement of Accounts reflects the net debt position.

Proposed write-offs for 2018-19

Type of Debt	Approved Write Off 2017/18		Proposed Write Off 2018/19	
	Number of accounts	Value	Number of accounts	Value
Council Tax	649	200,245	915	316,377
NDR	42	213,623	52	141,728
Sundry Debt	6	446,413	30	21,322
Former Tenant Arrears	50	44,246	60	71,699
Housing Benefit Overpayments	247	170,394	28	62,900
Total	994	1,074,921	1,085	614,026

Council Tax and Water Charges

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

Reason	2017-18		2018-19	
	No of Accounts	Total £	No of Accounts	Total £
Deceased	360	80,922	478	110,572
Sequestration	281	117,156	375	178,445
Untraceable	2	32	0	0
Small Balance	2	16	3	6
Management W/O	-	-	0	0
Outwith Jurisdiction	2	1,692	33	15,548
Sherriff Officer Uncollectable	2	427	0	0
Gone Away	0	0	26	11,806
TOTAL	649	200,245	915	316,377

ANNUAL DEBTORS REVIEW 2018-19

IRRECOVERABLE DEBT FOR WRITE-OFF

- 1.3. The proposed write off for Council Tax compared with 2017-18 has increased by £116132, an equivalent of 57.79%. The largest increase (31 cases) being those debts deemed as outwith jurisdiction, meaning that they are no longer living in Scotland. Write-offs due to Sequestrations have increased by 52.3.1%, and deceased cases have increased by 36.64%.

Non Domestic Rates (NDR)

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

Year	2017-18		2018-19	
	No of Accounts	Total £	No of Accounts	Total £
Moved away/Untraceable	11	14,360	14	12,103
Deceased	0	0	0	0
Sequestration/liquidation	11	66,535	18	72,454
Immaterial Balances	0	0	0	0
Trust Deed	0	0	3	6,788
Cease Trading	20	132,726	14	44,483
In Administration	0	0	3	5,900
TOTAL	42	213,621	52	141,728

- 1.5. Although there has been a decrease in the value of proposed write-offs from £213,621 in 2017/18 to £141,728 for 2018/19, there has been an increase in the number of cases. The majority of cases continue to be those who have gone into Sequestration/Liquidation or have ceased trading. In terms of ceased trading, this is not a phenomenon exclusive to Clackmannanshire but is being experienced across Scotland. This area is being discussed at officer practice forums to see if legislation can be altered to place responsibility onto owners to inform local authority of business tenant changes.

Sundry Debt

- 1.6. Sundry debtors has been subject to ongoing review, with Revenues and Finance working to reconcile files sent to Sheriff Officers and to ensure all debtor status are updated. In addition, engagement with social work during the year in terms of their process, has led to a proposal to the transformational board with a possible business case to be developed to progress actions in this area. There has been an increase in the number of accounts being proposed for write-off, however the value has significantly decreased from £446,413 in 2017/18 to £21,322 for 2018/19.

ANNUAL DEBTORS REVIEW 2018-19
IRRECOVERABLE DEBT FOR WRITE-OFF

Reason	Actual 2017-18		Proposed 2018-19	
	Number	£	Number	£
Deceased	0	0	10	3,599
Sequestration	0	0	2	2,624
Untraceable	0	0	7	6,052
Administration/Dissolved	6	446,413	2	3,615
Small Balance	0	0	1	41
Other	0	0	8	5,391
TOTALS	6	446,413	30	21,322

Former Tenant Rent Arrears

- 1.7. The following tables show the proposed write-offs for Former Tenant Arrears for dwellings and lock-ups showing the write-offs split into each reason type.
- 1.8. The number of former tenant arrears accounts proposed for write-off this year has increased from the 49 proposed for write-off last year. As noted last year, each individual account was fundamentally reviewed and analysed ensuring the focus wasn't on cases where the chance of recovery was limited.

Reason	Proposed 2017-18		Proposed 2018-19	
	Number	Total £	Number	Total £
Deceased	30	19,317	8	6,860
Untraceable	0	0	0	0
Prescribed	3	1,551	44	46,610
Sequestered	14	22,100	8	18,229
In Prison	0	0	0	0
Long Term Care	0	0	0	0
Small Balances	0	0	0	0
Abandonment/Management Write Off	2	1,277	0	0
TOTALS	49	44,245	60	71,699

ANNUAL DEBTORS REVIEW 2018-19
IRRECOVERABLE DEBT FOR WRITE-OFF

Housing Benefit Overpayments

- 1.9. As noted to Council last year, HB had not been written off for some time due to processes to improve information held and allow the position to be reviewed once the Sheriff Officers had completed an exercise with the data. This resulted in £170,394 being proposed for write-off last financial year, compared with the £62,900 this year. The reasons for which are detailed below.

Actual 2017-18			Proposed 2018-19		
Reason	Number	Total £	Reason	Number	Total £
Abandoned	0	0	Abandoned	0	
Deceased	25	49,317	Deceased	3	7,111
In long term care	1	667	in long term care	0	0
Sequestered	18	21,997	Sequestered	7	20,989
Time Elapsed	201	98,047	Time Elapsed	15	28,398
Untraceable/ Unknown	2	366	Untraceable/ Unknown	3	6,402
TOTALS	247	170,394	TOTALS	28	62,900

ANNUAL DEBTORS REVIEW 2018/19
DETAILED DEBTORS POSITION TO MARCH 2019

Debtor	2015-16 £000 ¹		2016-17 £000 ¹		2017-18 £000 ¹		2018-19 £000 ²	
Council Tax	10,531		10,531		10,843		11,236	
Provision	(7,559)	2,972	(7,927)	2,604	(8,300)	2,543	(8,996)	2,240
Rent	2,710		2,953		2,938		3,071	
Provision	(2,220)	490	(2,449)	504	(2,416)	522	(2,683)	388
Sundry Debtors	3,358		2,515		3,236		2,674	
Provision	(833)	2,525	(1,113)	1,402	(1,349)	1,887	(1,584)	1,090
Total Net Debt		5,987		4,510		4,952		3,718

- 1.0. The above table details the debt position of the main council income source and the provision made against each. The Council Tax debt has increased by £323k compared with 2017/18. This is reflected in the slight reduction of the collection rate to 95.91%.
- 1.1. An examination of this underlying figure and collection rate is that our collection of Scottish Water charges has fallen again for 2018/19. This is a trend that has been recurring since 2016/17. Due to the line-by-line apportionment has meant that our overall debt has increased. Scottish Water has been in discussions with COSLA trying to ensure that all councils are using all methods of recovery available to ensure their collection is improved. A number of Scottish local authorities have started using and exploring Water Direct with payments for water charges being paid direct from benefit awards. As part of the revenues updated IT system this functionality will be available to the authority by quarter 3.
- 1.2. Provision for debts has decreased in the last financial year owing to the value of debts outstanding. The Council now needs to give cognisance to new International Financial Reporting Standards (IFRS), which is requiring a fundamental review of provision made for debtors based on historic practice of non-payment.

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

² These figures are draft and are still subject to change as part of the 2018/19 external audit of the Council's Financial Statements

Councillor Dave Clark

Ward 2 Clackmannanshire North (Multi Member Ward)
Kilncraigs, Greenside Street, Alloa, FK10 1EB
Telephone: 01259 452241 Mobile: 07814 174 516
Email: daveclark@clacks.gov.uk



**Clackmannanshire
Council**

www.clacks.gov.uk

Comhairle Siorrachd
Chlach Mhanann

**Motion for Clackmannanshire Council
Meeting on 27th June 2019**

This Council supports the Public Involvement in the Democratic Process

A handwritten signature in black ink is written over a solid black rectangular redaction box.

Councillor Dave Clark
Ward 2, Clackmannanshire North
18th June 2019

Received
10/04/19
GW

