



**Clackmannanshire
Council**

www.clacksweb.org.uk

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

Special Meeting of the Clackmannanshire Council

Thursday 10 February 2011 at 9.30 am

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

Date	Time
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Clackmannanshire Council

There are 32 Unitary Councils in Scotland. Clackmannanshire Council is the smallest mainland Council. Eighteen Councillors are elected to represent the views of the residents and businesses in Clackmannanshire. The Council has approved Standing Orders that detail the way the Council operates. Decisions are approved at the 6 weekly meetings of the full Council and at Committee Meetings.

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

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

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

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

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

02 February 2011

A SPECIAL MEETING of the CLACKMANNANSHIRE COUNCIL will be held within the Council Chamber, Greenfield, Alloa, FK10 2AD, on THURSDAY 10 FEBRUARY 2011 at 9.30 am.

**ELAINE McPHERSON
Head of Strategy and Customer Services**

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2. Declarations of Interest Elected Members are reminded of their obligation to declare any financial or non-financial interest which they may have in any item on this agenda in accordance with the Councillors' Code of Conduct. A Declaration of Interest form should be completed and passed to the Committee Officer.	--
3. General Services Revenue Budget 2011/12 - report by Director of Finance and Corporate Services (Copy herewith)	01
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Clackmannanshire Council – Councillors and Wards

Councillors

Wards

Councillor	Eddie Carrick	1	Clackmannanshire West	LAB
Councillor	George Matchett	1	Clackmannanshire West	LAB
Councillor	Tina Murphy	1	Clackmannanshire West	SNP
Councillor	Janis Paterson	1	Clackmannanshire West	SNP
Councillor	Donald Balsillie	2	Clackmannanshire North	SNP
Councillor	John S Biggam	2	Clackmannanshire North	SLD
Councillor	Walter McAdam	2	Clackmannanshire North	SNP
Councillor	Robert McGill	2	Clackmannanshire North	LAB
Councillor	Sam Ovens	3	Clackmannanshire Central	LAB
Provost	Derek Stewart	3	Clackmannanshire Central	LAB
Councillor	Gary Womersley	3	Clackmannanshire Central	SNP
Councillor	Janet Cadenhead	4	Clackmannanshire South	LAB
Councillor	Kenneth Earle	4	Clackmannanshire South	LAB
Councillor	Mark English	4	Clackmannanshire South	SNP
Councillor	Craig Holden	4	Clackmannanshire South	IND
Councillor	Alastair Campbell	5	Clackmannanshire East	CON
Councillor	Irene Hamilton	5	Clackmannanshire East	SNP
Councillor	Harry McLaren	5	Clackmannanshire East	LAB

Religious Representatives

Vacancy

Father Michael Milton

Roman Catholic Church

CLACKMANNANSHIRE COUNCIL

Report to Special Council

Date of Meeting: 10 February 2011

Subject: General Services Revenue Budget 2011/12

Report by: Director of Finance and Corporate Services

1.0 Purpose

1.1. The purpose of this report is to present the Council's General Services Revenue Budget for 2011/12. It builds on the regular update reports presented to Council since the approval of its Budget Strategy on 12 August 2010.

2.0 Recommendations

2.1. It is recommended that the Council:

- approves the General Services Revenue Budget for 2011/12 (Appendix A),
- approves the savings necessary to allow a balanced budget for 2011/12 (Appendix B),
- note the 2012/13 financial impact of approving of 2011/12 savings (Appendix B),
- note the schedule of Management actions for 2011/12 and 2012/13 (Appendix C),
- approves in principle the areas for proposed savings for 2012/13 (Appendix D) in order that detailed option appraisals are prepared,
- notes the indicative budget savings targets for 2012-2014 (Exhibit 1),
- confirms to the Scottish Government its formal assurance that the budget approved for 2011/12 includes provision to deliver across all of the specified commitments in the 17 November offer letter,
- approves the proposals for growth set out in Appendix E,

- notes the 0% increase in the level of Council Tax for 2011/12, resulting in Band D remaining at £1,148, and
- approve the revised payment due date for Council Tax starting from the 1st April 2011.

3.0 Considerations

3.1. The Council began its preparation of the 2011/12 General Services Revenue budget following approval of the Budget Strategy in August 2010. This Budget Strategy set out the planning assumptions and indicative savings figures for the period 2011-2014. The Strategy focused on a framework which aims to:

- *reduce expenditure*
- *maximise income*
- *redesign service provision, and*
- *implement other targeted initiatives to deliver high quality services from a sustainable cost base.*

3.2. The Strategy also restates the following objectives from the Council's approved Financial Strategy (December 2009):

- Budgets are prudent and sustainable in the long term
- Financial Plans recognise corporate priorities and objectives
- Significant risks are identified and factors to mitigate against risks are identified
- The Capital Programme is planned over a five year rolling programme, with "unsupported" borrowing minimised, other than where there are clear economic benefits to the Council
- Constraints on capital and revenue resources, including the uncertainties around future government funding are taken into account
- Council Tax increases will be kept to a minimum, within the current constraints agreed with the Scottish Government
- Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Council.

3.3. This 2011/12 General Services Revenue Budget complies with both the objectives and framework set out within the Council's Financial and Budget Strategies respectively.

Budget engagement process

- 3.4. In preparing this Budget, the Council has sought to engage a wide range of stakeholders, including citizens, service users, community councils, staff and trade unions. This engagement aimed to provide an opportunity for stakeholders to gain an understanding of the council's financial position and to contribute ideas for how the council could approach the challenges it faces.
- 3.5. Stakeholder engagement activity has been co-ordinated through the "Money Matters" activities held during Autumn 2010. A number of face to face events collected the views of young people, partners, community councils, staff, businesses and the general public on the financial challenges the council faces. As a consequence, many of the savings contained within this Budget have been developed as a direct result of feedback from staff and members of the public. The Council has separately provided feedback on the results of the engagement activity and this is available at www.clacksweb.org.uk.
- 3.6. Budget briefing events have also been held for elected members and trades unions representatives. These briefings have included cross party briefings for elected members on the outcomes of the budget engagement activity and the development of budget savings options. Specific budget update briefings have also been held for trades union representatives. These briefings have included discussions with senior managers on service specific budget proposals.
- 3.7. Within the Council, work to prepare the Budget has involved all Council budget holders and Chief Officers taking part in Budget Review and Challenge events. The aims of this challenge process were;
 - (1) To challenge and further develop the budget savings options for each council service; and
 - (2) To challenge existing 2010/11 service revenue budgets to identify further opportunities for recurrent savings.

Budget holders were also given the opportunity to present their business case for proposed bids for budget growth in 2011/2012 as part of the challenge process.
- 3.8. This engagement process has aimed to provide a robust basis from which to develop both savings proposals and a General Services Revenue Budget for 2011/12. It complements the ongoing work by senior managers during 2010/11 to tightly control expenditure with a view to making a contribution to the anticipated savings requirements in future years. It also complements the work undertaken to review the Council's capital expenditure plan.

2011/2012 General Services Revenue Budget

- 3.9. The 2011/2012 Budget is summarised at Appendix A. The budget proposes expenditure of £118.494m against income of £118.494m providing a balanced position. The proposed expenditure reflects savings of £8,068,000 in Financial Year 2011/12.
- 3.10. The 2011/2012 Budget is based on the 2010/11 rollover budget i.e. the approved 2010/2011 General Services Revenue Budget which has been updated to reflect variances which have arisen during the year, for instance the increase in the salary bill as a consequence of the implementation of new arrangements under Single Status. In addition to these increases are the growth bids received from services to reflect increasing demand, new duties and responsibilities, the demographic change affecting the area and provision for inflation.
- 3.11. Exhibit 1 below details the rollover budget for 2011/12 compared to the anticipated level of Government Grant and Council Tax Funding for 2011/12. This results in a budget savings target of £8.068m in 2011/12. The Council was previously informed that the Scottish Government has only provided details of one year's settlement for Local Government, making longer term financial planning challenging. However, exhibit 1 also sets out the indicative funding gap for 2012-14 based on the best available current information.
- 3.12. More recently, the Scottish Government has announced illustrative budget figures for 2012/13 to 2014/15 which suggest that local government funding will be maintained on a flat cash basis at the same level as proposed for 2011/12. However, this is dependent on the Governments re-election, and even so, it has indicated its intention to revisit their illustrative budgets in the light of the Christie Commission recommendations and other relevant factors. Accordingly, there remains a substantial degree of uncertainty on forward government funding for these years, and on this basis it is proposed that we continue to budget on the basis of our existing planning assumptions.

Exhibit 1

	2011/12	2012/13	2013/14
Net expenditure	124,443	128,664	130,443
Government Grant	116,375	113,578	110,778
Cumulative Funding Gap	8,068	15,086	19,665
Indicative Annual Gap		7,018	4,579

It should be noted that if the flat cash position were to prevail following the election, then the indicative cumulative funding gap for years 2012/13 and 2013/14 contained in the following table would be reduced to £12.289m and £14.068m respectively.

- 3.13. The 2011/2012 Budget aims to meet the identified funding gap through a combination of recurrent savings identified through the Budget Review and Challenge process (£2.334m), planned Management actions (£2.744m) and specific savings proposals requiring Council approval (£2.990m). Appendix B sets out those 2011/12 savings proposals requiring council approval in more detail.
- 3.14 Appendix C summarises a range of management actions to be delivered in 2011/12. These actions represent activities which form part of management's routine operational responsibilities and progress on implementation will be reported on a regular basis as suggested in paragraph 3.26. However in the course of further action planning should it arise that the proposed course of action would represent a departure from existing Council policy, Council approval on revised policy would be sought in the usual manner.
- 3.15. Following the 16 December Budget Update report to Council, the Council agreed to accept the following commitments offered to all Scottish Councils:
- To remain committed to the delivery of the current Single Outcome Agreements- the three jointly agreed social strategies and the Curriculum for Excellence
 - To a council tax freeze for 2011/12
 - To police officers being maintained at 17,234 throughout 2011/12
 - To maintain the P1 - P3 teacher pupil ratio achieved to date
 - To protect the number of teacher posts as far as possible
 - To maintain Social Care commitments for free personal and respite care.
- 3.16. This budget has sought to make adequate provision to meeting these assumptions, and we are able to provide assurance that we can deliver across all of the specified commitments referred to above, subject to the satisfactory conclusion of national discussions on teachers terms and conditions.
- 3.17. Exhibit 1 also sets out the indicative funding gap for 2012/13 and 2013/14. This suggests a projected shortfall in funding of £7.018 Million for 2012/13 and £4.579 Million for 2013/14. In order to realise this level of savings within an appropriate timescale, work will need to commence during 2011/12 to deliver the necessary level of savings starting in 2012/13. Appendix D sets out a schedule of proposed saving initiatives requiring council approval, in order that officers can present detailed option appraisal work.

3.18. The main assumptions included within the budget are:

- 0% pay inflation for 2011/12 and 2013/14
- Inflationary increases have been incorporated specifically for employers NI and superannuation, together with utilities and other contractual commitments.
- A general inflationary uplift of 2% has been applied to other non-staff costs
- The 2011/12 savings are adjusted to reflect part year savings with the balance being realised in 2012/13.
- National agreement is reached on the current review of teachers terms and conditions.
- Vacancy management target of 0.5 % set for each Service.
- Removal of earmarked reserve contribution from 2012/13.

3.19. The un-earmarked reserves at the start of the 2010/11 were £2.974 million with an expected contribution of £0.290 million by 31 March 2011. There is no additional anticipated contribution during 2011/12 to reserves as this is being used to finance the Council's approved Spend to Save Fund and future years savings requirements.

Spend to Save Fund

3.20. On the 23 September 2010, Council approved the principles and criteria it will employ to govern the Council's Invest to Save Fund. The Spend to Save Fund was notionally established following the approval of the Budget Strategy in August 2010 but will operate in practice from April 2011.

3.21. The recent Budget Review and Challenge process has highlighted some potential areas which meet the established Invest to Save criteria, for instance in adult respite care and homelessness service delivery proposals. These will be referred to the Director's meeting for approval once the Council has set the 2011/12 Budget and agree the associated savings proposals. Quarterly reports on awards from the Invest to Save Fund will be made to the Scrutiny Committee from 7 April 2011.

Equalities Impact Assessment

- 3.22. Officers recognise the importance of ensuring that the council's decision making in respect of the 2011/12 Budget impacts equitably on citizens, service users, staff, communities of interest and geographical communities across the area. To this end an initial Equalities Impact Assessment (EIAs) has been undertaken and no significant impacts have been identified.
- 3.23. EIAs will be completed for significant proposals on an ongoing basis and this process will be kept under review by senior officers of the Council. Key stakeholders such as elected members, staff and trades union representatives will be kept updated as further information is available.

Council Tax Payment Dates 2011/12

- 3.24. Clackmannanshire Council charges the annual Council Tax charge on the 1 April each year. This is paid by Council Tax payees in ten equal installments during the year, unless paid by Direct Debit, where payees can pay over 12 installments.
- 3.25 In order to facilitate the effective administration and recovery of council tax payments and to bring the Council in line with 26 other Scottish local authorities, it is recommended that the council tax payment due date is moved from the 1st of the month to the 15th Month, effective from the 1st April 2011.

Financial monitoring

- 3.26. Much work has already been invested in seeking to improve the financial and management information available within the Council. This will remain a priority throughout 2011/12 and in following years to ensure that timely, accurate and relevant financial monitoring is undertaken. This will allow potential slippage in planned savings activities to be identified at an early stage and remedial action to be implemented as required.
- 3.27. The Council continues to maintain a focus on delivering improved outcomes for the people who live in the area. Progress is being made towards the Council's aim of achieving Investors in People status and in achieving Customer Service Excellence. This is corporately underpinned by the Clackmannanshire Improvement Model (CIM) which is well established and focuses the Council on providing a high level of customer service. This commitment to delivering high quality, relevant services remains central to the Council's ethos in the current challenging financial circumstances.

4.0 Sustainability Implications

- 4.1. The Council's budget and its approval will allow services to deliver against sustainable outcomes.

5.0 Resource Implications

5.1. Financial Details

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

Yes

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

Yes

5.4. Staffing

Staffing implications have been considered within individual service savings proposals and there is an ongoing dialogue with HR, Service Managers and trades union representatives as appropriate.

6.0 Exempt Reports

- 6.1. Is this report exempt?

No

7.0 Declarations

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

(1) Our Priorities 2008 - 2011

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

(2) Council Policies (Please detail)

Financial Regulations

Scheme of Delegation

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

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 A - General Services Revenue Budget 2011/12

Appendix B - Budget Savings 2011-12

Appendix C - Management Actions 2011-12

Appendix D - Budget Savings 2012-13 Requiring Option Appraisals

Appendix E - Unavoidable Growth Summary 2011/12

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

Financial Strategy December 2009

Budget Strategy August 2010

Money Matters Consultation

General Services Revenue Budget 201-11 February 2010

Budget Update (Council) December 2010

Letter from Scottish Government to Council Leader November 2010

Spend to Save Fund September 2010

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Approved by

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Director of Finance and Corporate Services	
Angela Leitch	Chief Executive	

APPENDIX A - General Services Revenue Budget for 2011/12

Service	Base Budget	Unavoidable		Inflation	Budget Challenge		Management Savings	Council Savings	Annual Budget 2011/12
		Growth			Savings	Savings			
Support Services	5,268	69	38	(79)	(169)	0	5,127		
Strategy and Customer Services	9,145	20	80	(67)	(262)	(600)	8,316		
Less Allocated to Non General Fund Services	14,413	89	118	(146)	(431)	(600)	13,443		
	(1,180)	0	0	0	0	0	(1,180)		
Facilities Management	13,233	89	118	(146)	(431)	(600)	12,263		
Social Policy	22,444	295	672	(437)	(758)	(162)	22,055		
Education	25,385	470	347	(519)	(663)	(125)	24,895		
Community and Regulatory	35,763	152	92	(723)	(826)	(888)	33,570		
Significant Trading Operations	9,344	149	102	(509)	(566)	(60)	8,460		
Corporate Adjustments	(1,539)	0	0	0	0	0	(1,539)		
Misc Services - Non Distributed Costs	105	90	0	0	500	(500)	195		
Service Expenditure	105,611	1,439	1,331	(2,334)	(2,744)	(2,335)	100,969		
Add Requisitions from Joint Boards									
Central Scotland Police	4,284	0	0	0	0	(263)	4,021		
Central Scotland Fire	3,027	0	0	0	0	(369)	2,658		
Central Scotland Valuation	435	0	0	0	0	(23)	412		
Add / (Deduct)	113,357	1,439	1,331	(2,334)	(2,744)	(2,990)	108,060		
Interest on Revenue Balances	(200)	0	0	0	0	0	(200)		
Loan Charges	10,034	0	0	0	0	0	10,034		
Contribution to Bad Debt Provision	100	0	0	0	0	0	100		
Contribution to spend to save fund	500	0	0	0	0	0	500		
	123,791	1,439	1,331	(2,334)	(2,744)	(2,990)	118,494		

Sources of funding								
General Fund Revenue	(94,886)	0	0	0	0	0	0	(94,886)
Council Tax	(21,473)	0	0	0	0	0	0	(21,473)
Change Fund	(400)	0	0	0	0	0	0	(400)
Single Status - contribution from Reserves	(543)	0	0	0	0	0	0	(543)
PPP - Contribution from reserves	(1,192)	0	0	0	0	0	0	(1,192)
	(118,494)	0	0	0	0	0	0	(118,494)

Projected (Surplus) / Shortfall	5,297	1,439	1,331	(2,334)	(2,744)	(2,990)	(0)
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Appendix B - Budget Savings 2011/12

Appendix B1- Budget Savings Table 2011-12 & 2012-13

<u>Suggestion</u>		<u>2011/12</u>	<u>2012/13</u>
<u>Joint Boards</u>			
90	Reduce contributions to Joint Boards	£655,000.00	
		£655,000.00	
<u>Education</u>			
108	Re-provision of Service to families with children aged 0-5 years	£350,000.00	£45,000.00
827	Review Pre-5 Education Provision	£167,500.00	£167,500.00
1031	Review School Transport	£80,000.00	
1001	Class sizes in P1 to18 where possible	£90,000.00	
		£688,000.00	£213,000.00
<u>Charging</u>			
265	Introduce Charging for (MECS) Elderly Support	£125,000.00	
960	Introduce Charging for Blue Badge Applications	£15,000.00	
		£140,000.00	
<u>Strategy and Customer Services</u>			
820	Review Funding - Partnership	£600,000.00	
		£600,000.00	
<u>Community and Regulatory</u>			
539	Change provision of Homelessness accommodations reducing B&B costs.	£35,000.00	£150,000.00
115	Alloa Tower Subsidy	£10,000.00	£50,000.00
		£45,000.00	£200,000.00
<u>Facilities Management</u>			
826	Redesign Service - Glenochil Nursery / Horticultural Procurement	£40,000.00	£40,000.00
828	Property Rationalisation - Leisure - Close Alva Pool	£109,000.00	£108,500.00
839	Property Rationalisation - Facilities - Tillicoultry	£13,000.00	£13,000.00
		£162,000.00	£162,000.00
<u>Terms and Conditions</u>			
795	Alterations to Terms and Conditions - Staff and Elected Members	£500,000.00	£1,000,000.00
1032	Alterations to Terms and Conditions - Teachers	£200,000.00	£400,000.00
		£700,000.00	£1,600,000.00
TOTAL		£2,990,000.00	£2,175,000.00

The 2011/12 savings are represented in the Budget Summary, Appendix A (rounded to 000's)

Appendix B2 - - Budget Savings Detail 2011/12

90	Reduce contributions to Joint Boards
	The reduction in contributions to Joint Boards. The Joint Boards funding to be reduced in line with the funding reduction to the Council.
108	Re-provision Service to families with children aged 0-5 years
	Re-provision service to families with children aged 0-5 years with the consolidation of family centre provision in the Hillfoots. The proposal will see the services to support vulnerable families delivered from a co-ordinated base in Alloa and Tullibody Family Centres. The services will be delivered Clackmannanshire wide. The proposal will see the service delivering improved Early Co-ordinated Intervention with Vulnerable Families with Children aged 0-5 years. This will ensure that the services identifies families at the earliest point possible and focus and target on sustained improvement in the life chances of these vulnerable families and their children. The early co-ordinated intervention of these services will be a key component of the Council delivery of GIRFEC, The Early Years Framework and will be a core vehicle for improved delivery of the Council SOA priorities. The Council will be asked early 2011/12 to approve the strategy for early years provision in Clackmannanshire.
827	Review Pre-5 Education Provision
	Review Pre-5 Education Provision. The proposal will maximise the physical capacities in nursery schools/classes, maximise the use of staff to child ratio's and see core statutory pre-school education delivered within school/class provision. The service will amend the working with, partner and private nurseries. This will enhance the quality of the pre-school education provision provided.
1031	Review School Transport
	Use of Council vehicles and renegotiated contracts with Taxi firms to improve School transport provision.
1001	Class sizes in P1 to 18 where possible
	A review of class sizes for Primary 1 to achieve savings for those schools with a low occupancy level. The suggestion would be implemented in compliance with the concordat to reduce to the national average to class sizes of 18 pupils in P1.
265	Introduce Charging for (MECS) Elderly Support
	The introduction of charging for the MECS Service at £2.50 per week. The price would be set at a rate that would be deemed acceptable and fair and not restrictive in terms of provision. The charging introduced would be comparable with other local authorities. Stirling currently charge at £1.50 per week but are reviewing charges as part of their budget process.
960	Introduce Charging for Blue Badge Applications
	The introduction of charging for the provision of a Blue Badge. The charging introduced would be comparable with other local authorities.
820	Review Funding - Partnership
	Partnership Funding; A reduction in the "uncommitted funds", i.e. those funds as part of the overall Council budget provided to partner or external organisations, e.g. previous Fairer Scotland fund.
539	Change provision of Homelessness accommodation reducing B&B costs.
	The development of Council property to be used for homeless accommodation / assessment centre on client presentation. The development of Council property will reduce the high dependency on Bed & Breakfast and private temporary accommodation.
115	Alloa Tower Subsidy
	Reduce subsidy to Alloa Tower.
826	Redesign Service - Glenochil Nursery / Horticultural Procurement
	Horticultural procurement
828	Property Rationalisation - Leisure - Close Alva Pool
	Property Rationalisation - Leisure - Close Alva Pool. The facility requires substantial capital investment and has significant operational overheads. The recommendation will be carried forward under the property asset management plan. Established Library/CAP retained and upgraded.

839	Property Rationalisation - Facilities - Tillicoultry
	Options for Property Rationalisation - Facilities in Tillicoultry.
795	Alterations to Terms and Conditions
	Absence Management. Reduction in Salary equivalent to 1 hour per week - Staff, Chief Officers and Elected Members. Reduction in Overtime through Terms and Conditions. Reduction in period of Conserved Salaries through changes in duties. Review of annual increment to incorporate a contribution based increment scheme.
1032	Alterations to Terms and Conditions - Teachers
	Based on changes to the national agreement on teachers Terms and Conditions.

Appendix C - Management Actions 2011/12

Restructuring		2011/12	2012/13
		£1,077,000.00	£1,077,000.00
Facilities Management		£148,000.00	£148,000.00
920	Maintenance Team		
948	Burial Team		
953	Street care		
980	Fleet		
946	Lands Maintenance		
Regulatory		£279,000.00	£279,000.00
921	Housing		
905	Economic Development		
922	Housing Strategy		
937	Housing and Building Standards		
1011	Environmental Health		
939	Environmental Health & Community Safety		
941	Community Warden		
965	Roads and Transportation		
904	Regulatory - Team Leaders		
907	Land Services		
Social Policy		£167,000.00	£167,000.00
424	Adult Day Services		
425	Elderly Provision		
436	Mental Health		
430	Child Care		
Education		£192,000.00	£192,000.00
1000	Nursery Teaching		
1007	Support and Inclusion		
1008	Attendance and Welfare		
Support Services		£155,000.00	£155,000.00
1027	Accountancy Service		
1026	IT		
1028	Human Resources		
50	Revenues and Payments		
Strategy and Customer Services		£136,000.00	£136,000.00
1030	Strategy and Performance		
977	Customer Services		

<u>Social Policy</u>		2011/12	2012/13
		£495,908.00	£146,408.00
Elderly Provision			
427	Redesign of care home provision.		
997	Individual Care Plans to Group Care Plans		
861	Renegotiate Supporting People Contracts		
Child Care			
126	Redesign of provision at Residential Schools		
431	Fostering and Adoption across Forth Valley		
Adult Care			
434	Reprovision Homelessness Service at Broad Street		
General			
1010	Reduction in Grants to Voluntary Organisations - Social Policy		
Mental Health			
439	Renegotiate SAMH Contract		

<u>Education</u>		2011/12	2012/13
		£362,100.00	£275,000.00
830	Redesign of Youth Service Provision		
999	Re timetabling of Expressive Arts team		
588	Review School Crossing		
1002	Attain ESF Funding		
1004	Reconfigure Support Roles in Primary and Secondary		
1003	Redesign Inclusion Service		
1015	Reduction in Grants to Voluntary Organisations - Education		
1005	Redesign role of Class and Support Assistants		
1006	Combine Support and Inclusion Roles		

<u>Support Services</u>		2011/12	2012/13
		£13,500.00	£500.00
1029	Reduction in external Audit fees		
834	Use of Electronic payslips - Saving on Stationery		

<u>Charging</u>		2011/12	2012/13
		£37,300.00	£0.00
911	Joint Working - reduce payments for Service		
931	Maximise Leisure Income		

<u>Shared Services</u>		2011/12	2012/13
		£272,000.00	£82,000.00
131	Education and Social Policy - Senior Management		
1033	Education and Social Policy - Management		

<u>Strategy and Customer Services</u>		2011/12	2012/13
		£125,987.00	£4,849.00
General			
297	Joint Working - reduce payments for Service		
1009	Reduction in Grants to Voluntary Organisations		
Culture			
541	Terminate contracts for Artists in Residence posts		
Business Support			
284	Review provision of Glassware and Decanters		

<u>Community and Regulatory</u>		2011/12	2012/13
		£275,588.00	£160,008.00
Community & Regulatory			
940	Joint Working - reduce payments for Service		
938	Combine Licensing systems (IT)		
945	Night Noise - Joint provision with Stirling		
995	Renegotiate CCTV Contract		
General			
1013	Reduction in Grants to Voluntary Organisations - Community & Regulatory		
Roads and Transportation			
982	Reduce Contribution to SESTRAN		
Regeneration			
1024	Mediation Service - Re-provision Service to In-house		
1025	Re-provision Homelessness Service - Broad Street		
1023	Renegotiate Contract for Care and Repair		

<u>Facilities Management</u>		2011/12	2012/13
		£583,750.00	£211,750.00
Facilities Management			
Fleet			
916	Rationalisation of Fleet vehicles		
979	Income from Fleet usage - Partner Organisations		
Soft FM			
751	Christmas lights provided by local businesses		
899	School Breakfasts preparation changed		
900	Office canteens provided via Social Enterprise		
926	Performing Rights - Charge for Music Lets		
901	Cleaning restricted to Term Time		
902	Review Cleaning frequency across Council buildings		
897	Review opening hours of Council buildings - Reduce Janitor Cover		
903	Additional Income - Class Cuisine		
FM			
919	Reduce the temperature in offices - Saving on Energy Costs		
896	Consolidate Services to Council Properties - Reduction in Rents		
898	Renegotiate the service levels for PPP Schools		
200	Relocate Psychological Services from Mar Street		
947	Review Play Area Equipment maintenance		
Waste			
949	Use of Statutory powers to reduce landfill costs		
951	Renegotiate Garden waste treatment agreements		
952	Redesign trade waste collection		

	2011/12	2012/13
SUB TOTAL	£3,243,133.00	£1,957,515.00
Reduction in Vacancy Management	(£500,000.00)	
TOTAL	£2,743,133.00	£1,957,515.00

The 2011/12 savings are represented in the Budget Summary, Appendix A (rounded to 000's)

APPENDIX D - Budget Savings 2012/13

Appendix D1- Budget Savings Table 2012/13

Education

734,993	Staff Costs - Review of School Estate
983	Review School Transport - subject to Safe Routes

Shared Services

733	Forth Valley Contact Centre (Out of Hours initially)
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Community and Regulatory

92, 991, 838, 958	Transport Subsidies - General
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Facilities Management

842, 928	Transfer Leisure Facilities to a Community Trust - Rates
978.992	Review Primary School Costs - Estate

Appendix D2 - Budget Savings Detail - Subject to Option Appraisal

734,993, 978,992	Staff Costs - Review of School Estate Review Primary School Estate - Property
	The reduction in the Primary School estate. The implementation will be subject to the appropriate public consultation and legislative requirements associated with the provision of education. The proposals cover Claremont and St. John's specifically and a review of the whole Primary school estate. Claremont and St. Johns; A public consultation exercise is about to begin to consider the proposal to merge these two schools in one building. The opportunity to do this was made possible by the government making funding available for a new build school. These two schools were identified for the programme because of the poor physical state of their existing buildings. St Johns in particular is in a very poor state and is not fit for purpose with very small classrooms and limited outside space. The consultation will follow government procedures in terms of timescales and involvement of all stakeholders. The ultimate aim is to provide a building that has the capacity, the physical space and flexibility to ensure the delivery of Curriculum for Excellence.
733	Forth Valley Contact Centre (Out of Hours initially)
	Provision of a Forth Valley Contact Centre across public sector bodies; The initial implementation would be for the Out of Hours Service. Potential TUPE considerations need to be explored fully before the full saving can be identified. A full options appraisal will be completed.
836,958, 92, 991	Transport Subsidies - General
	Review of all established transport related subsidies - detailed option appraisal to be completed
842, 928	Transfer Leisure Facilities to a Community Trust - Rates
	Transfer Leisure facilities to a Community Trust. The potential savings on Rates and also better community engagement and ownership of the provision of Leisure services.
983	Review School Transport - subject to Safe Routes
	Review of School transport provision - detailed option appraisal to be completed.

APPENDIX E - Unavoidable Growth Summary 2011/12

	Unavoidable Growth 11/12 £'000	Comments
<u>Support Services</u>		
Local elections - preparation and delivery	10	Local government election costs for 2012 preparation / publicity / implementation
HR	30	Management Support
Revenues	29	Increased IT costs
	69	
<u>Corporate</u>		
Corporate	30	Increased Disclosure costs
Corporate	60	Appointment of independent Chair of Job Evaluation Panel
	90	
<u>Customer & Strategy</u>		
Libraries	5	To offset the loss of income from stopping selling books in Alloa Library (Gates).
Registrars	4	Registrars - weekend/out of hours payment to undertake ceremonies
Business Support - Maintenance costs for franking machine and postal scales	1	One-off increase to realign budget
Business Support - Children's panel costs	10	Children's panel expenses and training have increased due to the growing caseload and numbers of panel members.
	20	
<u>Education</u>		
SQA fees	35	Budget realignment plus increase in rate
Increase due to changes in Maternity Leave entitlement	67	Change in teachers maternity benefit. Ability to carry forward full year holiday entitlement
Project management costs	50	Budget Realignment
	152	

Social Policy

Free Personal Care	150	Demographic pressure
Care to Specific Client Groups	250	Mental health and learning disability care groups demographic pressure.
Through & After Care Services	70	Increased Demand pressure
	470	

Facilities Management

Performing Rights Music Royalties	7	Budget realignment
Repairs	26	Demand Pressure
Design	222	Reduction in charges to capital plan
Waste	40	Demographics
	295	

Community & Regulatory

Street Lighting - electrical & structural column testing	40	Health and Safety Requirement
Roads - winter maint steel structures	4	Specialist winter maintenance treatments
Roads - winter maintenance	105	Increased provision for winter maintenance costs
	149	

<u>Non Distributable costs</u>	194	Additional pension strain payments and annual charges
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TOTAL	1439	
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Report to Special Council

Date of Meeting: 10 February 2011

Subject: General Services Capital Programme 2011/12

Report by: Director of Finance and Corporate Services

1.0 Purpose

- 1.1 This paper sets out a revised General Services capital programme and associated budget in respect of financial year 2011/12. This reflects the single year settlement allocation proposed by the Scottish Government for this period.
- 1.2 The proposed programme is based on two key drivers:
- the Council's approved Investment Strategy to ensure that the programme is affordable and complies with the objective of reducing the Council's overall levels of borrowing
 - implementation of the capital investment priorities set out in asset management strategies.
- 1.3 The programme is based on the five year programme approved last year. It takes account of commitments expected to fall into 2011/12 from the 2010/11 programme, and refocuses other project spend in line with Council commitments and to support asset management plans.
- 1.4 The programme and associated budget does not anticipate any potential capital receipts. The Council aims to sustain its existing strategy of prudence in that any receipts realised are used to reduce the level of existing council borrowing.

2.0 Recommendations

The Council is invited to:

- 2.1. approve the revised General Services Capital Programme for 2011/12.
- 2.2. approve the financing limit placed on capital investment for 2011/12 in implementing the Council's approved Investment Strategy.
- 2.3. approve the deletion of the current project commitment in respect of the Development of Community Facilities in Alva.

- 2.4. note the rephrasing of the 2011/12 Council contribution to Ochil Hills Partnership (£124,000) and note the future year's implications if this is not reinstated.
- 2.5. note the steps being taken to maximise access to alternative sources of external funding.

3.0 Considerations

Investment Strategy

- 3.1 The current General Services Capital Programme 2010/11 to 2014/15 was developed within a financial strategy of minimising new borrowing. This strategy has been reinforced by the approval of the Council's Investment Strategy during the current financial year (2010/2011).
- 3.2 The Council's overall level of long-term borrowing (including Housing) stood at £126 million as at March 2010. Comparing this level of debt with our tax revenues of £128 million for 2009/10 (ie Council Tax, Housing rents and General Revenue grant) demonstrates the proportion of income that would be required to pay off all our debt. Our strategy over the coming years will be to take steps to reduce this ratio closer to the Scottish average.
- 3.3 This will be achieved through incremental reductions in the level of budgeted new borrowing each year. In addition whilst the current economic climate makes the quantification and timing of capital receipts difficult to estimate at present, any capital receipts from the sale of assets will be earmarked to reduce historic debt thereby assisting the overall strategy of debt reduction. Additional work is in hand, to undertake a more targeted and proactive approach to the realisation of capital receipts for the coming years.
- 3.4 The Prudential indicators paper sets out the effect of this strategy in more detail. In terms of the General Services capital programme it is recommended that new borrowing is restricted to between £3 million to £4 million in 2011/12. With annual repayments of debt budgeted at c£5 million this will contribute to a net reduction in long term debt of at least £1million in 2011/12. Not only will this strategy reduce levels of debt, but will also realise revenue savings in capital financing costs of c£100k.

Asset management strategy

- 3.5 Capital investment priorities are determined through a range of asset management strategies. These strategies relate to the following categories of assets:
 - Property
 - Roads
 - Land
 - Fleet, and
 - Information Technology.

These asset classifications are used to categorise planned expenditure contained within the 2011/12 Capital Programme, distinguishing between those projects which form part of the current planned activity and those projects which are new. The proposed programme is set out at Appendix A.

- 3.6 Council housing investment is considered separately as part of the Housing Capital Programme 2011/12. This forms a separate agenda item for this Special Council meeting.

General Services Capital Programme 2011/12

- 3.7 The general capital grant allocated to Clackmannanshire Council in 2011/12 is £4.877 million. Restricting new borrowing in line with the strategy set out in paragraph 3.4 results in a recommended budget of £8.256 million in 2011/12. Whether this level of capital grant will be maintained in future years is unclear given the context of the one year settlement.

Current programme

- 3.8 The Council's approved capital budget for 2010/11 was £11.624 million of which £2.952 million is carried forward to 2011/12. This takes account of the deletion of one project and the rephrasing of contributions for a further project. This is discussed in more detail in paragraphs 3.10 and 3.11 below.
- 3.9 Exhibit 1 below summarises each of the main asset categories with their associated current and new commitments. Further detail is provided at Appendix A:

Exhibit 1

Property assets	
These projects are directly related to the Property Asset Management Plan approved by Council on 23 September 2010.	
Major current commitments	New commitments
3-12 School Development (Primary and Nursery)	St Johns School or St Johns/Claremont (subject to consultation)
Alva Community Facilities Redevelopment	Kilncraigs
Speirs Centre	Housing with Care
Alloa Town Hall / Cochrane Centre	
IT asset management projects	
Major Current Commitments	New commitments
Cyclical replacement of essential of IT	None

hardware and software	
Roads assets	
These projects are directly related to the Roads Asset Management Plan	
Major current commitments	New commitments
Flood mitigation measures Roads footways and transportation improvements.	None
Vehicle fleet assets	
Major current commitments	New commitments
Fleet replacement	None
Land assets	
Major current commitments	New commitments
Ochil Hills Partnership (see 3.11) Woodland Burial Cemetery- Alva Parks, play areas & open spaces	None

- 3.10 Following the review of the current programme and the constraints on new borrowing highlighted above, it has also been necessary to consider whether any previously approved projects should be deleted. On this basis the Council is asked to approve the deletion of the Development of Community Facilities in Alva project activity scheduled for 2011/12. It is recommended by officers that this project is deleted in view of the current economic pressures and expected annual ongoing revenue costs of c£500k that will be associated with this project.
- 3.11 Council is also asked to note the rephasing of £124,000 of match funding for 2011/12 in respect of the Ochil Hills Partnership as planned commitments are already fully met by existing contributions. However, if the Council's contribution is not reinstated from 2012/13 it should be noted that it will not be possible to draw down £35,000 of Heritage Lottery Fund funding. This will increase the current funding gap for the £2.260 million project from £680,000 to £839,000 and will require alternative external funding to be secured or the

scheme reduced. This position will be reviewed in line with all other Council priorities in time for agreement of the 2012/13 capital programme.

- 3.12 Current committed projects for 2011/12 total £4.955million in addition to new projects totalling £350,000. After taking account of the £2.952 million 2010/11 carry forward, this results in a total capital budget for 2011/12 of £8.256 million.
- 3.13 The existing programme for the following years will be re-profiled to accommodate changes in the 2011/12 proposals and once greater clarity is obtained from the Scottish Government about the likely level of future year's capital grant allocations.
- 3.14 It is imperative that the Council endeavours to sustain the level of investment in Clackmannanshire's infrastructure and this revised programme aims to deliver this. In addition the Council continues to maximise access to new and/or external funding sources which also allow for continued investment in the area's infrastructure. These include:
- Investment in the Kilncraigs project which is a spend to save initiative financed by taking advantage of Business Premises Renovation Allowances (BPRA) which provides tax incentives to bring derelict or unused properties back into use, including for use as office accommodation.
 - maximising access to specific Government funding such as that provided through Scottish Futures Trust in its role of supporting infrastructure investment and development in Scotland i.e. St John's School and by utilising the Hub Partnership to provide a design and build procurement solution.

In order to maximise the Council's ability to identify and access such sources of funding it is important that regular and systematic reviews of current initiatives and incentives are undertaken to ensure that opportunities are identified on a timely basis. Funding streams may be time limited and/ or require the submission of business cases within a relatively short space of time. To this end, we are also currently considering how we can maximise the Council's capacity in this regard.

4.0 Management actions.

- 4.1 This report has of necessity concentrated on the financial year 2011/12 given the one year settlement announced by the Government. As soon as indicative figures on grant support for future years are available, officers will bring forward an updated five year programme for 2011/12 to 2015/16.

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

8.0 Declarations

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

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

The area has a positive image and attracts people and businesses

Our communities are more cohesive and inclusive

People are better skilled, trained and ready for learning and employment

Our communities are safer

Vulnerable people and families are supported

Substance misuse and its effects are reduced

Health is improving and health inequalities are reducing

The environment is protected and enhanced for all

The Council is effective, efficient and recognised for excellence

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

9.0 Equalities Impact

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

Yes No

10.0 Legality

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

11.0 Appendices

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

Appendix A : Capital Programme 2011/12

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

Property Asset Management Plan approved by Council on 23 September 2010

5 Year Capital Plan approved by Council on 11 February 2010

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Martin Dunsmore	Accountancy Manager	2041
Nikki Bridle	Director of Finance and Corporate Services	2373

Approved by

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Director of Finance and Corporate Services	
Angela Leitch	Chief Executive	

Capital Programme 2011/12

Appendix A

		Current committed projects		New Projects		TOTAL		Remarks
		10/11c/cf	11/12	11/12	11/12			
Property Asset Management Plan								
3-12 School Development (Primary & Nursery)	25,000	750,000				775,000	Various toilet upgrades, lift and roof upgrades	
Development of Community Facilities in Alva		40,000				40,000	Refurbishment of CAP/Library and meeting rooms	
Car parking and Running Track - Lornshill	46,000					46,000	Retentions	
White Board for new schools	6,500					6,500	Retentions	
Dumyat Centre, Menstrie	4,183					4,183	Retentions	
Cochrane Hall, Alva Refurbishment & Upgrading	344,000					344,000	Retender on revised specification to meet budget - on site 2011/12	
Forthbank Waste Recycling Project & Accommodation Rationalisation		200,000				200,000	Completion of project early 2011/12	
Alloa Town Centre Regeneration: Spelis Centre	1,731,500	1,185,000				2,916,500	Design development and construction costs. Commence on site in 2011/12	
DDA - various properties	10,000	10,000				20,000	Allowance for DDA improvements over estate	
St Johns replacement school			300,000			300,000	Allowance for possible fees after public consultation	
Town Hall		200,000				200,000	Year 2 upgrading of Town hall over a 4 year period	
Asbestos Removal		25,000				25,000	Allowance for asbestos removal when found	
Telecare	210,000	0				210,000	Installation of equipment to houses within strategy	
Using with Care			50,000			50,000	Project aimed at offering more sustainable solutions for the care and support of people with particular needs	
	2,377,183	2,410,000				350,000	5,137,183	
Roads Asset Management Plan								
Bridge Strengthening	100,000	105,000				205,000	Scour protection of various bridges and C101 Menstrie Bridge removal and road upgrade	
Flood Prevention	59,377	125,000				184,377	Eilstoun Drive, Tillicoultry plus general flood mitigation measures	
Roads Footways and Transportation Improvements	35,143	745,000				780,143	Road surfacing improvements, traffic management and accident prevention schemes	
Street Lighting		225,000				225,000	Ongoing replacement of columns and lamps	
	194,520	1,200,000				1,394,520		
Land Asset Management Plan								
Black Devon Landfill Gas Collection & Treatment Project	260,000	52,000				312,000	Testing currently showing likely need for expenditure - tendered early 2011/12	
Contaminated Land		53,000				53,000	Allowance for testing and remediation	
Cemeteries Strategy		80,000				80,000	Development of woodland burial site in Alva subject to obtaining planning permission	
Parks, Play Areas & Open Spaces		50,000				50,000	Replacement of play equipment and minor parks upgrades	
	260,000	235,000				495,000		
Fleet Asset Management Plan								
Wheeled Bins		30,000				30,000	Replacement of equipment	
Vehicle Replacement Programme		695,700				695,700	Replacement of essential vehicles at the end of their useful life	
		725,700				725,700		

IT Asset Management Plan									
IT Services	60,000	227,000						287,000	Cyclical replacement and upgrade of hardware and software including school IT
Finance Services	60,000						60,000	Improvements to General ledger and acquisition of Fixed Asset register	
	120,000	227,000					347,000		
Capital Contribution to Police Board		157,000					157,000	Approved allocation of General Government grant to support capital investment in Police	
TOTAL	2,951,703	4,954,700				350,000	8,256,403		

Funded by:

General Government Grant

	4,877,000		4,877,000
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NET BORROWING REQUIREMENT

2,951,703	77,700	350,000	3,379,403
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Report to Special Council

Date of Meeting: 10 February 2011

**Subject: Housing Revenue Budget 2011/12 and Capital Programme
2011/12**

Report by: Head of Community & Regulatory Services

1.0 Purpose

- 1.1 This report presents the budget of income and expenditure for the Housing Revenue Account in the financial year 2011/12. It highlights the key factors influencing the budget and outlines the main income and expenditure assumptions of the budget setting.
- 1.2 Recommended rent levels and other charges are set out in Appendix 4. Summary information on the budget income and expenditure is shown in Appendix 1.
- 1.3 The report also considers the main housing priorities that shape the 2011/12 to 2014/15 Housing Capital Programme, and presents in outline the proposed annual capital programme for the coming year, 2011/12, together with draft programmes for the next three years. The programme is outlined in Appendix 2.

2.0 Recommendations

- 2.1 It is recommended that Council:
- 2.2 Approve the summary budget on income and expenditure based on the HRA Business Plan, as set out in the report and Appendix 1.
- 2.3 Approve an increased level for Council house rents of 6.6% for financial year 2011/12.
- 2.4 Approve the same level of increase to be applied to charges for homeless temporary accommodation, lock-ups, garage sites and the Travelling Peoples site.
- 2.5 Approve the proposed Housing (HRA) Capital Programme for 2011/12 as set out in Appendix 2.

3.0 Background

- 3.1 The Council's Housing Revenue Account (HRA) has a statutory requirement to be separately accounted from the General Fund. The HRA records income and

expenditure associated with dwellings provided under the Housing (Scotland) Act 1987.

4.0 Considerations

4.1 Scottish Housing Quality Standard (SHQS)

4.1.1 The Clackmannanshire Standard Delivery Plan (SDP) approved by Communities Scotland has been progressing well with approximately 75% of the stock estimated to be meeting the standard. The aim is that all Council properties meet the SHQS by 2015 and sustain the standard to 2035.

4.1.2 The delivery of this standard supports the Council decision taken in January 2009 to approve the Housing Business Plan for Clackmannanshire Council Housing 2008-13. This demonstrated how the Council would manage its assets ensuring the long term management and maintenance of the housing stock, and the financial assumptions required to underpin this.

4.1.3 The Council's stock condition survey is due to be completed in February 2011. This will independently confirm the current condition of our stock against the national standard (SHQS), and ensure we remain on track with the Delivery Plan.

4.2 Local Clackmannanshire Standard (LCS)

4.2.1 As previously reported to Council, during the consultation on the SHQS delivery plan tenants concluded that their investment priorities exceeded the SHQS standard; with specific recommendations for full external door, kitchen and bathroom replacement programmes.

4.2.2 These recommendations were central to the discussions with tenants on the Housing Business Plan for Clackmannanshire Council Housing 2008-13. The plan sets out the capital and revenue priorities over a 5 year period alongside long-term requirements for sustained, above inflation (RPI) rent increases to ensure financial stability of the HRA. The HRA Business Plan, includes the levels of income generation, the investment cost implications and the priorities and areas for improvements.

4.2.3 The Housing (Scotland) Bill 2010, which will come into force as an act during 2011, requires Ministers to publish a Scottish Social Housing Charter which sets out the standards and outcomes which social landlords should aim to achieve when performing housing activities. The aim of the Charter is to see greater empowerment for tenants, and outcomes of the Government consultation on the Charter so far are recommendations for greater transparency of the Housing Revenue Account and tenant involvement with the assessment of landlord performance. Discussions are already underway with Clackmannanshire Tenants and Residents Federation and there will be wider consultation with all tenants during the year to ensure that tenant priorities will be delivered through the review of the HRA Business Plan. This will ensure that the Council works in partnership with tenants to secure value for money and transparency in the delivery of services.

4.2.4 The 2010/11 Capital Programme has seen further progress in delivery of the Clackmannanshire Standard and the SHQS programme. The changes in the

procurement legislation and the outcome of the kitchen and bathroom contract have resulted in a review of the capital programme procurement strategy. This has led to delays in parts of the programme. The implementation and resourcing of the procurement strategy will be monitored by the Services to Communities senior management team.

4.2.5 It is expected that by the end of this financial year the kitchen programme will have been completed. This means that two of the major commitments to our tenants, the door programme and the kitchen programme, will have been delivered.

4.2.6 On the 23rd September 2010 the Council approved the commencement of the Council's new house building programme. As previously reported and endorsed by the government this will not conflict with our current priorities in terms of overall financial viability of the capital programme. The review of the business plan will aim to further expand the new build programme of Council housing including rent restructuring options to support this.

4.3 Capital Investment Fund and Prudential Borrowing

4.3.1 The increased pressure on borrowing and capital financed from current revenue (CFCR), due to the reduction in capital receipts from house sales, still presents significant challenges between now and 2015 to meet the objectives set out in the HRA Business Plan.

4.3.2 Therefore, to provide continued support for the stock retention strategy the proposed increase of 6.6% is required to support the delivery on priorities agreed by tenants and Council. It will also ensure compliance with one of the main Prudential Code indicators approved at Council in February 2010, which is the ratio of financing costs to gross rental income.

4.4 HRA Revenue Expenditure and Income 2011/12

4.4.1 Total Revenue Expenditure is estimated at £13.299m.

4.5 Repairs and Maintenance

4.5.1 As part of the Council's 'Growing in Excellence' programme, the financial management of the repairs service within Facilities Management, will focus on delivering an efficient and effective service to tenants. This will be achieved by continuing to challenge costs and apportionment of overheads relating to the repairs service.

4.5.2 The review of the costing structure and the efficiency improvements will be reported during the year.

4.5.3 For next year though, the budget has been set to reflect the expenditure pattern during 2010/11 including the severe winter and so the budget is increased by £300K.

4.6 Supervision and Management

4.6.1 The HRA Business Plan, set out the pace of the required reductions in Supervision and Management costs. Steady reductions in line with the Business Plan have

been achieved while still making provision for the outcomes arising from single status job evaluation. For 2011/12 we are reducing the budget by £287K.

4.7 HRA Revenue Income 2011/12

- 4.7.1 In the 2008-13 approved business plan the rent levels requirements were 2% over the rate of inflation (RPI) until 2015, and by 1% above RPI for the rest of the 30 year plan period. This would provide continued financial stability for the HRA and support the financial health of the plan including the stock retention decision, work towards attainment of the SHQS, the Clackmannanshire Standard as well as delivering service priorities. The financial assumptions were supported by the Working Group of Tenant Representatives, the Tenants Federation and the Independent Tenant Advisor, and was the basis of extensive wider consultation with tenants during 2009.
- 4.7.2 The Retail Price Index (RPI) at September 2010 was 4.6% and reached 4.7% in December 2010. Therefore, in line with the approved Business Plan the rent increase is proposed at 6.6% (4.6% + 2%). The Bank of England (Monetary Policy Committee) has forecast that inflation is likely to remain high throughout 2011. Members should note a 1% adjustment to the rent is the equivalent to approximately £5M over the 30 year plan period. As previously stated in section 4.3.1, the HRA Business Plan is facing financial challenges and any adjustments against the agreed plan will have a cumulative impact over the life of the plan.
- 4.7.3 This increase is also required for HRA charges including those related to the Travelling Peoples site, lock-ups, garage sites and service charges. This is consistent with the Standard Delivery Plan (SDP) and the 30 year HRA Business Plan.
- 4.7.4 The projected base rental charges and other income are estimated at £14.756m.
- 4.7.5 This means a projected balance of £1.457m is budgeted for and will transfer to the Capital Investment Fund for tenant priorities. Appendix 3 shows the HRA Accumulated Account to the end of 2011/12.
- 4.7.6 In 2010/11 the average rent in Clackmannanshire is £56.92 per week (Appendix 4). This is lower than the average Council house rent in Scotland for 2010/11 which was approximately £59.16¹. The average rent in Clackmannanshire in 2011/12 will be £60.68 (based on an increase of 6.6%). Other authorities will also have to give consideration to inflation rates and the Scottish average rent for 2011/12 is likely to increase because of this.

4.8 Capital Programme Plan 2011/15

- 4.8.1 Appendix 2 gives details of programme expenditure. These are shown in the format directed by the SHQS and the Government's reporting requirements. These figures will be subject to review on completion of the stock condition survey.

¹ <http://www.scotland.gov.uk/Topics/Statistics/Browse/Housing-Regeneration/HSfS/HRATables>

- 4.8.2 The programme includes carry forward from 2010/11 of approximately £4.436m which is spread across the four years to 2015.
- 4.8.3 The capital programme proposals continue the Council's progress towards meeting the SHQS as detailed in the Standard Delivery Plan as well as the enhanced Clackmannanshire Standard. It is expected that by the end of 2010/11 the kitchen programme will be completed.
- 4.8.4 Disabled adaptations and conversions, though not part of the SHQS, represent key priorities in enabling people with particular needs to remain in their homes. This expenditure area is constantly reviewed to ensure people's needs are met.
- 4.8.5 The programme also includes the Council's expenditure on the proposed new build as mentioned in paragraph 4.2.6. The review of the Business Plan during 2011/12 will be seeking to support a continuation of the new build programme.
- 4.8.6 The service is seeking an alternative IT system to promote effective and efficient delivery of housing management services including work scheduling for the repairs service. Provision for the capital element of the new Housing Business Management IT system is also included in 2011/12 and 2012/13.
- 4.9 HRA Priorities
- 4.9.1 The Housing (Scotland) Act 2001 requires the Council to consult with tenants on rent levels and must have regard to the views expressed by those consulted.
- 4.9.2 The commitment to comprehensive tenant consultation was a feature of the work of the Stock Options Appraisal and Standard Delivery Plan.
- 4.9.3 The proposed rent increase for 2011/12 is based on the approved Business Plan for Clackmannanshire Council Housing 2008-13 which involved extensive tenant consultation in 2009. This specifically agreed an annual rent increase of RPI plus 2% linked to attainment of the SHQS and Local Clackmannanshire Standard. Discussions have already started with tenants on the review of the current Business Plan to agree on tenants priorities for the next planning period of 2013-18. The consultation will focus on setting a number of clear priorities within the financial business planning context. Consideration will also be given to the rent levels required to deliver on these priorities. The outcome of this consultation including required rent levels and tenant priorities will be reported to Council by December 2011.
- 4.9.4 Tenant participation supported by an Independent Tenant Advisor has continued into the housing rents and business planning discussions. The introduction of the Scottish Social Housing Charter will increase the opportunities for tenants to help shape how services are delivered and in setting standards, outcomes and priorities.
- 4.9.5 The Homelessness Delivery Group is taking forward the Council's priority to reduce the use of B&B and the associated costs and to provide more suitable temporary, interim and supported accommodation to homeless people and families. The review of the Business Plan will seek to support this key priority.

5.0 Sustainability Implications

5.1 The sustainability implications of this report are comprehensively positive in terms of community participation, the local economy, energy efficiency, the environment, asset management and human resources.

6.0 Resource Implications

6.1 Financial

6.1.1 As set out in the report.

6.2 Staffing

6.2.1 As set out in the report.

7.0 Declarations

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

(1) **Our Priorities 2009 - 2011** (Please tick)

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

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

Housing Stock Retention Policy 2006

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

10.0 Appendices

10.1 Appendix 1 - HRA Revenue Budget Summary 2011/12

Appendix 2 - Proposed 5 Year Housing Capital Programme 2010/15

Appendix 3 - Housing Revenue Accumulated Account 2011/12

Appendix 4 - Proposed Average Rent Charges 2011/12

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

The Business Plan for Clackmannanshire Council Housing 2008/13 (January 2009)

Standard Delivery Plan (May 2006)

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
John Gillespie	Head of Community & Regulatory Services	
Nikki Bridle	Director of Finance and Corporate Services	

HRA

APPENDIX 1

	Original Budget 2010/11	Revised (Oct) Budget 2010/11	Projection Dec 2010 2010/11	Draft Budget 2011/12
Repairs & Maintenance (R&M)				
Private Contractors	392,040	392,040	400,057	418,460
Voids	999,780	999,780	987,510	1,032,935
General Maintenance	1,980,010	1,980,010	2,268,272	2,172,613
Cyclical Maintenance	758,080	758,080	730,000	763,580
Gas	345,100	345,100	350,000	366,100
Minor Social Work Repairs	0	0	20,000	20,920
	4,475,010	4,475,010	4,755,839	4,774,608
Supervision & Management (S&M)				
Staff Cost	2,737,450	2,710,130	2,270,064	2,296,429
Premises	22,810	22,810	22,967	26,124
Transport	62,110	62,110	49,647	51,489
Supplies & Services	360,860	360,860	378,783	269,000
3rd Party Supplies	219,950	219,950	216,787	150,000
Support Services	1,173,580	1,173,580	1,374,824	1,478,825
Gross S&M	4,576,760	4,549,440	4,313,072	4,271,867
Income	(186,360)	(186,360)	(130,486)	(168,800)
Net Supervision & Management	4,390,400	4,363,080	4,182,586	4,103,067
Capital Financing				
	3,388,240	3,388,240	3,239,228	3,328,948
Other Expenses				
Insurance	250,000	250,000	192,819	250,000
Stair Lighting	10,000	10,000	10,356	10,615
Void Rent	262,500	262,500	307,272	327,552
Ground Maintenance	62,020	62,020	62,020	62,020
Garden Aid	102,020	102,020	102,020	102,020
Special Uplift	127,590	127,590	127,590	127,590
Pest	12,690	12,690	12,690	12,690
Bad Debt	225,000	225,000	180,000	191,880
Miscellaneous	3,050	3,050	5	5
Council Tax on Voids	3,150	3,150	10,300	7,782
	1,058,020	1,058,020	1,005,072	1,092,154
Gross Expenditure				
	13,311,670	13,284,350	13,182,725	13,298,777
Income				
Rents	(13,912,900)	(13,912,900)	(13,890,828)	(14,680,815)
Other	(44,280)	(44,280)	(43,726)	(40,587)
Interest	(69,740)	(69,740)	(34,781)	(34,781)
	(14,026,920)	(14,026,920)	(13,969,335)	(14,756,183)
Net Expenditure				
	(715,250)	(742,570)	(786,610)	(1,457,406)
Projected y/e balance before CFCR				
	(4,976,926)	(5,004,246)	(5,048,286)	(4,065,708)
After CFCR				
	(2,536,942)	(2,564,262)	(2,608,302)	(1,850,590)

Proposed Housing Capital Programme 2011/15				
	Revised 2011/12	2012/13	2013/14	2014/15
Scottish Housing Quality Standard (SHQS) Elements				
Tackling Serious Disrepair				
Primary Building Elements				
Structural Works	173,000	150,000	85,000	85,000
Secondary Building Elements				
Damp Proof Course & Rot Works	25,000	25,000	21,000	21,000
Roofs/Rainwater/External Walls	427,000	413,000	413,000	505,000
External Doors etc	0	0	0	0
Windows	0	0	71,000	180,000
Energy Efficiency				
Full/ Efficient Central Heating (Including Community Energy Saving Programme)	1,608,600	437,000	437,000	437,000
Modern Facilities & Services				
Kitchen Renewal	1,017,000	154,000	154,000	153,000
Bathroom Renewal	1,076,000	1,167,000	2,945,000	2,796,055
Related Capital Enhancements	0	0	0	0
Healthy Safe & Secure				
Internal Lead Pipework	0	0	0	0
Safe Electrical Systems	557,000	376,000	376,000	376,000
Communal Areas (Environmental)	194,000	90,000	88,000	88,000
Total SHQS Expenditure	5,077,600	2,812,000	4,590,000	4,641,055
NON SHQS ELEMENTS				
<i>Particular Needs Housing (Care In The Community)</i>				
Conversions & Upgrades	49,000	50,000	50,000	50,000
Disabled Adaptions & Conversions	178,000	200,000	200,000	200,000
Area Improvements	0	0	0	0
External Lead Pipe Replacements	52,000	100,000	0	0
Demolitions	297,000	0	0	0
Feasibility Work	105,000	20,000	20,000	20,000
Council House New Build (Transforming Communities)	606,000	1,221,000	50,000	0
Housing Business Management System	263,000	265,000	0	0
Other Costs	0	0	0	0
Total Non SHQS Expenditure	1,550,000	1,856,000	320,000	270,000
Total Programme Expenditure	6,627,600	4,668,000	4,910,000	4,911,055
House Sales	892,032	814,351	798,418	781,418
Funding Requirement (Borrowing/CFCR)	5,735,568	3,853,649	4,111,582	4,129,637

HRA accumulated account

		£000
Actual	2009/10	£4,262
Projected surplus (Dec 2010)	2010/11	£786
Projected CFCR (Dec 2010)	2010/11	(£2,440)
Housing Investment Fund at year-end 2010/11		<u>£2,608</u>
Draft Budget	2011/12	£1,457
Projected accumulated balance 2011/12		<u>£4,065</u>
Less CFCR	2011/12	(£2,215)
Housing Investment Fund at year-end 2011/12		<u>£1,850</u>
to fund tenant capital priorities		

House	2010/11	Increase for 2011/12 6.6%	Revised Charge 2011/12	
1 Apartment	£54.39	£3.59	£57.98	
2 Apartment	£55.70	£3.68	£59.38	
3 Apartment	£57.05	£3.77	£60.82	
4 Apartment	£58.21	£3.84	£62.05	
5 Apartment	£59.66	£3.94	£63.60	
6 Apartment	£61.12	£4.03	£65.15	
Flat				
1 Apartment	£53.40	£3.52	£56.92	
2 Apartment	£54.68	£3.61	£58.29	
3 Apartment	£56.03	£3.70	£59.73	
4 Apartment	£57.24	£3.78	£61.02	
5 Apartment	£58.68	£3.87	£62.55	
Average Rent (48 weeks)	£56.92	£3.76	£60.68	
Average Rent (52 weeks)	£52.54	£3.47	£56.01	
Average Increase		£3.76		
Lock-Up Rent	£5.41	£0.36	£5.77	
Lock-Up with VAT	£6.49	£0.43	£6.92	(£1.15 VAT)
Garage Site Rent	£4.82	£0.32	£5.14	
Garage Site Rent with VAT	£5.78	£0.38	£6.17	(£1.03 VAT)

(VAT increased to 20% on 4th January 2011)

Report to Special Council

Date of Meeting: 10 February 2011

Subject: Prudential Indicators 2011/12 to 2013/14

Report by: Accountancy Manager

1.0 Purpose

- 1.1 The 2011/12 capital budget has been prepared under the self regulating Prudential Code. Local authorities are required by regulation to comply with the Prudential Code in terms of meeting their statutory duty under Section 35(1) of the Local Government in Scotland Act 2003 to *'determine and keep under review the maximum amount which it can afford to allocate to capital expenditure'*
- 1.2 The key objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable, as well as being consistent with local asset management planning. To demonstrate that local authorities have fulfilled these objectives, the Prudential Code set out 8 indicators that must be considered covering 3 distinct areas - capital expenditure, external debt and treasury management; affordability; prudence.
- 1.3 The purpose of this report is to update and revise the indicators approved by Council last year in the context of the Council's latest spending plans over the period 2011/12 to 2013/14. The report describes the purpose of each of the indicators and the implications of the proposed levels, values and parameters for Clackmannanshire Council.
- 1.4 This report is prepared recognising that in the current review of public sector spending there is the risk that the Government at any future point could withdraw the prudential borrowing facility and impose a cap on borrowing. Such a move would have an impact on the capital expenditure plans of all Councils, and we should be mindful that our capital programme and associated borrowing needs to be flexible to adapt to this eventuality should it arise.

2.0 Recommendations

- 2.1 It is recommended that the Council approves the prudential indicators set out in this report for the years 2011/12 to 2013/14 in compliance with the Prudential Code requirements.

3.0 Considerations

CAPITAL EXPENDITURE, EXTERNAL DEBT AND TREASURY MANAGEMENT INDICATORS

3.1 CAPITAL EXPENDITURE

Purpose of the Indicator

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

The estimates of gross capital expenditure to be incurred for the current and future years are as follows:

	Capital Expenditure			
	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000
	Projection	Estimate	Estimate	Estimate
General Fund Services	6,631	8,256	7,864	5,508
Housing Revenue Account	4,504	6,628	4,668	4,911
Total	11,135	15,154	12,532	10,419

Implications

The above figures are consistent with capital programme proposals for General Services and Housing (see separate papers on agenda). These capital plans take full account of the requirements of the Prudential Code. The above figures show some movements between years. Reduction in planned spend on some projects in the current year will now be completed in 2011/12. Levels of expenditure in both 2012/13 and 2013/14 show steady reductions in line with our strategy to reduce capital spend and associated borrowing. The planned spending figure of £15.154m for 2011/12 will be kept under review via the capital monitoring process.

3.2 CAPITAL FINANCING REQUIREMENT

Purpose of the Indicator

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

Estimates of the end of year Capital Financing Requirement for the Council for the current and future years are:

	Capital Financing Requirement			
	31/03/11	31/03/12	31/03/13	31/03/14
	£000	£000	£000	£000
	Projection	Estimate	Estimate	Estimate
General Fund	94,861	93,414	91,304	86,838
Housing Revenue Account	33,493	35,639	38,087	38,923
Total	128,354	129,053	129,391	125,761

Implications

The capital financing requirement records an overall reduction of c£2.6m from the level estimated at the end of March 2011. This is in line with our strategy to reduce levels of debt over the current spending period. General Fund services delivers a steady reduction in financing requirement as the capital programme is now benefiting from higher levels of government grant. On the other hand the Housing programme currently requires higher levels of capital finance to maintain delivery of the approved housing business plan against a backdrop of reduced income from sale of assets.

3.3 AUTHORISED LIMIT FOR EXTERNAL DEBT

Purpose of the Indicator

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

	Authorised limit for external debt			
	2010/11	2011/12	2012/13	2013/14
	£000	£000	£000	£000
Borrowing	141,000	143,000	141,000	140,000
Other long term liabilities	2,000	2,000	2,000	2,000
Total	143,000	145,000	143,000	142,000

Implications

The authorised limit set out above is consistent with approved capital investment plans and Treasury management policy and practice but allows sufficient headroom for unanticipated cash movements. The limit will be reviewed on an on-going basis during the year. If the authorised limit is liable to be breached at any time, the Director of Finance and Corporate Services

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

3.4 OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

Purpose of the Indicator

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

Operational Boundary for external debt				
	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000
Borrowing	128,000	129,000	127,000	126,000
Other long term liabilities	1,000	1,000	1,000	1,000
Total	129,000	130,000	128,000	127,000

Implications

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

3.5 TREASURY MANAGEMENT INDICATOR

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

Purpose of the Indicator

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

4.0 Affordability Indicators

4.1 RATIO OF FINANCING COSTS TO NET REVENUE STREAM

Purpose of the Indicator

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

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

government grant and local taxpayers. For the HRA the indicator is the ratio of financing costs to gross rental income.

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

	Ratio of financing costs to net revenue stream			
	2010/11	2011/12	2012/13	2013/14
	Projection	Estimate	Estimate	Estimate
General Fund	7.97%	8.63%	8.69%	8.69%
Housing Revenue Account	23.35%	22.68%	23.06%	23.16%

Implications

The above figures show that for the General Fund the proportion of the budget allocated to loan charges increases to a level of 8.76% over the next three years. There is a marked increase from the current year compared to 2011/12 which reflects the reduction in our revenue stream of c£2.5m. Whilst similar reductions in grant income is forecast for the following years, reductions in capital financing requirement over the same period, allows the ratio to be stabilised at the 8.69% level.

Capital investment in Housing is in accordance with the Business Plan to achieve the Scottish Housing Quality Standard together with our own Clackmannanshire Standard. The present economic downturn has had a major impact on the capital income received from council house sales. Balancing the mix of borrowing and use of reserves to fund the programme is kept under review in the light of changes in interest rates and volume of house sales. The ratio of capital financing costs to rental income stands at a level of around 23% over the next three year. Whilst rental income records a steady increase over this period, the higher level of borrowings as a result of the reduction in capital receipts maintains the ratio at this level.

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

Purpose of the Indicator

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

Incremental impact of capital spending on:	2010/11	2011/12	2012/13	2013/14
Council Tax (Band D)	£nil	£nil	£nil	£nil
Average Weekly House Rents	£nil	£nil	£nil	£nil

Implications

The capital financing cost consequences of the general services capital proposals for the years 2010/11 to 2013/14 have been assessed against the plans approved last year. With levels of borrowing reducing in each of these years compared to our previous plan, these new proposals will be contained within current indicative capital financing costs budgeted over this period, and thus not have an incremental impact on council tax.

The HRA capital investment plans in 2010/11 records slippage in programmed spend. This underspend has been re-profiled over the following three years. Therefore, although there are fluctuations in capital financing requirement in each of the years, the overall impact is unchanged from the programme approved last year and thus this assessment indicates there is no incremental impact on house rents during this period.

5.0 Financial Prudence Indicator

5.1 NET EXTERNAL BORROWING AND THE CAPITAL FINANCING REQUIREMENT

Purpose of the Indicator

This indicator records the extent that net external borrowing (gross external borrowing less investments) is less than the capital financing requirement (indicator 3.2 above). This is a key indicator of prudence and is designed to ensure that, over the medium term, external borrowing is only for a capital purpose. The values are measured at the end of the financial year.

£,000	2010/11 Projection	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Net External Borrowing	123,422	123,316	124,202	122,317
Capital Financing Requirement	128,354	129,053	129,391	125,761
Under Limit by	4,932	5,737	5,189	3,444

Implications

The above figures confirm that for the next three years net external borrowing in Clackmannanshire will be prudently contained within the capital financing requirement.

7.0 Sustainability Implications

7.1 Not applicable to this report

8.0 Resource Implications

8.1 Financial Details

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

8.2 Finance has been consulted and have agreed the financial implications as set out in the report Yes

8.2 Staffing

There are no direct implications to staffing arising from this report

9.0 Exempt Reports

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

10.0 Declarations

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

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

The area has a positive image and attracts people and businesses

Our communities are more cohesive and inclusive

People are better skilled, trained and ready for learning and employment

Our communities are safer

Vulnerable people and families are supported

Substance misuse and its effects are reduced

Health is improving and health inequalities are reducing

The environment is protected and enhanced for all

The Council is effective, efficient and recognised for excellence

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

11.0 Equalities Impact

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

Yes No

12.0 Legality

12.1 In adopting the recommendations contained in this report,
the Council is acting within its legal powers Yes No

13.0 Appendices

No appendices attached to this report

14.0 Background Papers

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

YES (Please list the documents below) NO

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
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