

Department of Corporate and Community Services

Deputy Chief Executive: Caroline Innes BSc (Hons)

Council Headquarters, Eastwood Park, Giffnock, East Renfrewshire, G46 6UG

Phone: 0141 577 3000 Fax: 0141 577 3834

website: www.eastrenfrewshire.gov.uk

Date: 22 February 2019

When calling please ask for: Eamonn Daly (0141-577-3023)

e-mail: eamonn.daly@eastrenfrewshire.gov.uk

TO: Provost Fletcher; Depute Provost Cunningham; and Councillors Aitken, Bamforth, Buchanan, Convery, Devlin, Gilbert, Grant, Ireland, Lafferty, Macdonald, McLean, Merrick, Miller, O'Kane, Swift and Wallace.

EAST RENFREWSHIRE COUNCIL

A meeting of the East Renfrewshire Council will be held within the Council Chamber, Council Headquarters, Eastwood Park, Giffnock, on **Thursday 28 February 2019 at 10.00 am.**

The agenda of business is as listed below.

Yours faithfully

Caroline Innes

C INNES
DEPUTY CHIEF EXECUTIVE

Prior to the commencement of the meeting the Provost will make a statement that the meeting will be webcast live and recorded for later publicly accessible archive viewing.

PROGRAMME OF BUSINESS

1. Report apologies for absence.
2. Declarations of Interest.
3. Submit for approval as a correct record and signature the Minute of meeting of the Council held on 19 December 2018.
4. Submit for approval as a correct record the Minutes of meetings for the period 20 December 2018 to 27 February 2019.

5. **Item Remitted to the Council:- Treasury Management Strategy Report for 2019/20 – Report by Head of Accountancy (Chief Financial Officer) (copy attached, pages 3 - 56)(Audit & Scrutiny Committee – 21 February 2019).**

Audit & Scrutiny Committee Recommendation

Chair to report.

6. **Statements by Conveners/Representatives on Joint Boards/Committees.**
7. **Provost's Engagements – Report by Deputy Chief Executive (copy attached, pages 57 - 60).**
8. **Financial Planning 2019-2025 - Report by Head of Accountancy (Chief Financial Officer)(copy attached, pages 61 - 80).**
9. **East Renfrewshire Council Revenue Estimates 2019/20 – Report by Head of Accountancy (Chief Financial Officer) (copy attached, pages 81 - 216).**
10. **Capital Investment Strategy – Report by Report by Head of Accountancy (Chief Financial Officer) (copy attached, pages 217 - 300).**
11. **General Fund Capital Plan 2019/20 to 2026/27 – Report by Head of Accountancy (Chief Financial Officer) (copy attached, pages 301 - 324).**
12. **HRA Budget 2019/20 – Report by Director of Environment (copy attached, pages 325 - 332).**
13. **Housing Capital Programme 2019/20 to 2023/24 – Report by Director of Environment (copy attached, pages 333 - 340).**
14. **Scheme for Members' Remuneration and Expenses 2019/2020 – Report by Deputy Chief Executive (copy attached, pages 341 - 358).**

This document can be explained to you in other languages and can be provided in alternative formats such as large print and Braille. For further information, please contact Customer First on 0141 577 3001 or email customerservices@eastrenfrewshire.gov.uk

EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

21 February 2019

Report by Head of Accountancy (Chief Financial Officer)

Treasury Management Strategy Report for 2019/20

PURPOSE OF REPORT

1. To advise the Audit and Scrutiny Committee on the treasury management strategy for the financial year 2019/20.

RECOMMENDATIONS

2. It is recommended that Members:-
 - (a) consider the content of the Treasury Management Strategy Report for 2019/20; and
 - (b) recommend to the Council that the Treasury Management Strategy for 2019/20 be approved, including the amended list of organisations for investment of surplus funds (Annex F); and.
 - (c) recommend to the Council that they approve the policy on the repayment of loans fund advances, see section 3.4

BACKGROUND

3. In line with the CIPFA Treasury Management Code of Practice 2011, the Audit and Scrutiny Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies.
4. The attached Treasury Management Strategy Report for the financial year 2019/20 is submitted in accordance with this requirement.

TREASURY MANAGEMENT STRATEGY FOR 2019/20 (TMS)

5. The TMS for 2019/20 is attached (see Appendix 1).

EQUALITY IMPACT

6. A screening exercise has revealed that the Treasury Management Strategy has no direct relevance to the Council's equality duties

Report Author

Head of Accountancy (Chief Financial Officer):	Margaret McCrossan
Chief Accountant:	Barbara Clark
Telephone Number:	0141 577 3068

E-mail: barbara.clark@eastrenfrewshire.gov.uk

Report Date: February 2019

Key Words

Treasury Management, Interest Rates, Treasury Strategy, investment, debt rescheduling, Prudential Indicators

APPENDIX 1

EAST RENFREWSHIRE COUNCIL

**TREASURY MANAGEMENT STRATEGY
2019/20**

BLANK PAGE

CONTENTS

Section		Page
1.	Background	5
2.	Reporting Requirements	5
3.	The Capital Prudential Indicators 2019/20 – 2023/24	7
4.	Borrowing	11
5.	Investment Strategy 2019/20	17
6.	Performance Indicators	23
7.	Monitoring and Reporting	24
8.	Member and Officer Training	24
	ANNEXES	
Annex A	Summary of Prudential and Treasury Indicators	29
Annex B	Interest Rate Forecast 2019-2022	30
Annex C	Economic Background	31
Annex D	Objectives of the Permitted Investment Instruments	38
Annex E	Credit and Counterparty Risk Management – Permitted Investments, Associated Controls and Limits	42
Annex F	Council’s Counterparty list	46
	Glossary of Terms	48

BLANK PAGE

1 Background

The Council is required to operate a balanced budget, which broadly means that cash received during the year will meet cash expenditure. A major aspect of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, ensuring adequate liquidity before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, being essentially longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

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

Revised reporting is required for the 2019/20 reporting cycle due to revisions of the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity if that is going to be undertaken. The capital strategy is being reported separately.

2 Reporting Requirements

2.1 The Council is required to receive and approve, as a minimum, three main reports on treasury activity each year, which incorporate a variety of policies, estimated and actual figures. These reports are as follows:-

a) **Treasury Management Strategy 2019/20** (this report).

This report is the most important of the three reports and covers:

- The capital plans of the Council (including prudential indicators);
- A policy for the statutory repayment of debt (how residual capital expenditure is charged to revenue over time);

- The Treasury Management Strategy (how the investments and borrowings are organised) including treasury indicators, and
 - A permitted investment strategy (the parameters on how investments are to be managed).
- b) **Mid-Year Treasury Management Report** – This is primarily a progress report and will update members on the progress of the capital position, amending prudential indicators as necessary and whether any policies require revision.
- c) **Annual Treasury Report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimate within the strategy.

2.2 Scrutiny

These reports are required to be adequately scrutinised by committee before being recommended to the Council. This role is undertaken by the Audit and Scrutiny Committee.

2.3 Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019-20, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

- A high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

2.4 Treasury Management Strategy for 2019/20

The treasury management issues covered by this report are:

Capital Issues

- The capital expenditure plans and associated prudential indicators
- The loans fund repayment policy

Treasury management issues

- The current treasury position
- Treasury indicators which will limit the treasury risk and activities of the Council
- Prospects for interest rates
- The borrowing strategy
- Policy on borrowing in advance of need
- Debt rescheduling
- The investment strategy and

- Credit Worthiness Policy

These elements cover the requirements of the Local Government in Scotland Act 2003, the CIPFA Prudential Code (the Prudential Code), the CIPFA Treasury Management Code and Scottish Government Investment Regulations.

2.5 Treasury Management Consultants

The Council uses Link Asset Services Treasury Solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that it does not rely solely upon information and advice from its treasury advisors.

It also recognises however that there is value in employing external providers of treasury management services in order to gain access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2.6 Council and Subsidiary Organisations

The Treasury Management Strategy covers the treasury management activities for the Council (including any subsidiary organisations i.e. East Renfrewshire Culture & Leisure Trust).

3 The Capital Prudential Indicators 2019/20 – 2023/24

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members to overview and confirm them.

A summary of the indicators can be found in Annex A

3.1 Capital Expenditure (Prudential Indicator PI-1)

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously and those forming part of this budget cycle. The indicator also includes expenditure financed by PFI and leasing type arrangements which, for the purposes of financial planning and reporting, must be treated as capital expenditure.

The following capital expenditure forecasts are in line with the general fund capital plan for 2019/20-2026/27 and housing capital plan 2019/20- 2023/24 which will be submitted to Council on 28 February 2019 together with the additional expenditure outlined above:

Capital Expenditure (PI-1) £'000	2017/18 Actual	2018/19 Probable	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
General Fund – Capital Programme	24,047	36,987	48,017	58,460	52,540	19,586	11,497
– Other Relevant Expenditure	22,307	-	-	-	-	-	-
General Fund Subtotal	46,354	36,987	48,017	58,460	52,540	19,586	11,497
Housing	5,496	9,539	10,969	10,320	13,693	12,167	4,874
Total	51,850	46,526	58,986	68,780	66,233	31,753	16,371

3.2 Capital Financing Assumptions

The table below summarises the capital expenditure plans for the general fund and how these plans are being financed. Any shortfall of resources results in a funding borrowing need.

General Fund £'000	2017/18 Actual	2018/19 Probable	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Capital Expenditure	24,047	36,987	48,017	58,460	52,540	19,586	11,497
Other Relevant Expenditure	22,307	-	-	-	-	-	-
Total	46,354	36,987	48,017	58,460	52,540	19,586	11,497
Financed by:							
Capital Receipts	194	1,810	3,450	1,350	600	-	-
Capital Reserve Developer Contributions	11,500	8,466	1,200	-	-	-	-
Govt. General Capital Grant	453	611	1,644	3,806	-	-	-
Govt. Specific Capital Grants	7,459	6,866	7,929	6,634	6,634	6,634	6,634
Other Grants & Contributions	23,467	7,577	6,883	4,779	12,600	1,440	-
Repairs & Renewals	296	235	75	75	75	75	75
Fund/CFCR	878	125	64	-	-	-	-
Net Borrowing Requirement for the year	2,107	11,297	26,772	41,816	32,631	11,437	4,788

As part of the long term capital planning process, the 2018/19 probable capital outturn has been reduced by £270,000 below the level reported to Cabinet on 6 December 2018. In addition the level and timing of capital receipts has increased by £2,415,000 due mainly to the receipt of additional grant during 2018/19, this therefore has impacted on the amount of borrowing required which has reduced by £2,685,000. These revisions will be incorporated within the 2018/19 monitoring report submitted to Cabinet during March 2019.

The table below summarises the capital expenditure plans for housing and how these plans are being financed. Any shortfall of resources results in a borrowing requirement.

Housing £'000	2017/18 Actual	2018/19 Probable	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Capital Expenditure	5,496	9,539	10,969	10,320	13,693	12,167	4,874
Financed by:							
Capital Receipts – Right to Buy	1,504	196	-	-	-	-	-
Capital Receipts – Land Disposal	-	-	-	500	500	500	500
Recharges to Owners	377	401	615	409	424	467	482
Govt. Specific Capital Grants	319	2,518	2,100	955	3,533	2,991	100
Commuted Sums	52	417	32	437	291	245	-
CFCR	500	-	-	-	-	-	-
Net Borrowing Requirement for the year	2,744	6,007	8,222	8,019	8,945	7,964	3,792

The table below summarises the borrowing requirement resulting from both the general fund (including PFI and leasing type arrangements) and housing capital plans.

Borrowing Requirement £'000	2017/18 Actual	2018/19 Probable	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
General Fund	2,107	11,297	26,772	41,816	32,631	11,437	4,788
Housing	2,744	6,007	8,222	8,019	8,945	7,964	3,792
Net Borrowing Requirement for the year	4,851	17,304	34,994	49,835	41,576	19,401	8,580

3.3 The Council's Borrowing Requirement (the Capital Financing Requirement – Prudential Indicator PI-2)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure identified above, which has not immediately been paid for (e.g. via grants), will increase the CFR.

The CFR does not increase indefinitely, as prudent annual repayments from revenue need to be made which reflect the useful life of capital assets financed by borrowing. From 1 April 2016 authorities may choose whether to use scheduled debt amortisation (loans pool charges) or another suitable method of calculation in order to repay borrowing.

The CFR includes any other long term liabilities (e.g. PPP schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council has liabilities of £94.789m relating to such schemes as at 31 March 2018.

The Council is asked to approve the CFR projections below:

Capital Financing Requirement (PI-2) £'000	2017/18 Actual	2018/19 Probable	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
General Fund Housing	166,648 26,587	166,923 29,585	182,043 34,590	212,456 39,110	231,813 44,649	227,551 49,040	215,635 49,097
Total CFR (PI-2)*	193,235	196,508	216,633	251,566	276,462	276,591	264,732

Net borrowing requirement for the year (above)		17,304	34,994	49,835	41,576	19,401	8,580
Less scheduled debt amortisation and other financing movements		(14,031)	(14,869)	(14,902)	(16,680)	(19,272)	(20,439)
Movement in CFR		3,273	20,125	34,933	24,896	129	(11,859)

*The CFR for this calculation includes capital expenditure to 31 March of each financial year.

3.4 Statutory Repayment of Loans Fund Advances

The Council is required to set out its policy for the statutory repayment of loans fund advances prior to the start of the financial year. The repayment of loans fund advances ensures that the Council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years.

A variety of options are provided to Councils so long as a prudent provision is made each year. The Council is recommended to approve the following policy on the repayment of loans fund advances:-

- For loans fund advances made before 1 April 2016, the policy will be to maintain the practice of previous years and apply the Statutory Method (in line with Schedule 3 of the Local Government (Scotland) Act 1975), with all loans fund advances being repaid by the annuity method in line with the repayment profile determined in previous years.
- Loans fund advances relating to City Deal projects which will be supported in later years by Government funding will be repaid in accordance with the funding/income profile method. This links the repayments to the project income stream.
- For loans fund advances made after 1 April 2016, excluding the above, the Council will continue to calculate loan charge repayments in line with Schedule 3 of the Local Government (Scotland) Act 1975, using an annuity rate of 4%. This rate is in keeping with the estimated loans fund rate for 2018/19 to 2021/22. The Council is permitted to use this option for new borrowing taken out over a transitional period of five years until 31 March 2021. Thereafter a new policy approach based on depreciation, asset life periods or funding/income profile must be adopted for any further new borrowing.

However, the Scottish Government are currently reviewing legislation which will allow Council's to vary loans fund repayments for advances made before 1 April 2016. Changes to repayments must be based on prudent principles. Once details of this new flexibility are available, Accountancy services will review the Council's loans fund and report to Council any planned changes to the repayment's schedule.

The Non-HRA loans fund balances are expected to be, with year 1 being 2018/19:

£'000	Year 1	Years 2-5	Years 5-10	Years 10-15	Years 15-20	Years 20+
opening balance	71,861	76,445	155,861	113,848	63,078	35,805
advances	11,297	101,219	18,504	-	-	-
repayments	6,713	21,803	60,517	50,770	27,273	35,805
closing balance	76,445	155,861	113,848	63,078	35,805	-

The HRA loans fund balances are expected to be, with year 1 being 2018/19:

£'000	Year 1	Years 2-5	Years 5-10	Years 10-15	Years 15-20	Years 20+
opening balance	26,587	29,585	44,649	38,685	26,903	15,888
advances	6,007	25,186	11,756	-	-	-
repayments	3,009	10,122	17,720	11,782	11,015	15,888
closing balance	29,585	44,649	38,685	26,903	15,888	-

4 Borrowing

Section 3 provides a summary of the capital expenditure plans. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional Codes, so that sufficient cash is available to meet service activity and the Council's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

4.1 Current Portfolio Position

The Council's actual and projected debt portfolio is summarised below. The table compares the actual and projected external debt against the Council's estimated borrowing need (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

£'000 as at 31 March	2017/18 Actual	2018/19 Probable	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Borrowing	81,754	89,146	136,993	166,442	166,069	165,252	164,887
Other Long Term Liabilities	94,789	90,480	85,747	80,960	75,954	70,830	65,548
Total Gross Debt (Prudential Indicator PI-3)	176,543	179,626	222,740	247,402	242,023	236,082	230,435
CFR – the borrowing need	193,235	196,508	216,633	251,566	276,462	276,591	264,732
(Under) / Over Borrowing (Prudential Indicator PI-6)	(16,692)	(16,882)	6,107	(4,164)	(34,439)	(40,509)	(34,297)

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these (PI-3) is that the Council needs to ensure that its gross debt figure (shown above) does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

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

4.2 Treasury Indicators: Limits to Borrowing Activity

a) The Operational Boundary (Prudential Indicator PI-4)

This indicator takes account of capital expenditure and financing requirements and projects the expected level of external debt for operational purposes. Temporary breaches of the operational boundary may occur as a result of unexpected cash movements. The Head of Accountancy (Chief Financial Officer) has delegated authority to manage the movement between borrowing and other long term liabilities such as finance leases in accordance with option appraisal and value for money considerations if it is considered appropriate. Any such movement will be reported to Council following the change.

Operational boundary for external debt (PI-4) £'000	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Borrowing	139,146	166,993	166,442	166,069	165,252
Other Long Term Liabilities	90,480	85,747	80,960	75,954	70,830
Total	229,626	252,740	247,402	242,023	236,082

b) The Authorised Limit for External Debt (Prudential indicator PI-5)

This is a key prudential indicator and represents a control on the maximum level of borrowing. It is similar to the operational boundary but includes further headroom to accommodate adverse cash flow movements and opportunities for advance borrowing. It represents a legal limit which external debt is prohibited to exceed and reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. In circumstances where a breach takes place the reasons shall be reported to the next meeting of the Council and the limit revised if appropriate.

This is the statutory limit (Affordable Capital Expenditure Limit) determined under section 35(1) of the Local Government in Scotland Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The proposed Authorised Limit for the Council is as follows:

Authorised limit for external debt (PI-5) £'000	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Borrowing	160,018	192,042	191,408	190,979	190,040
Other Long Term Liabilities	90,480	85,747	80,960	75,954	70,830
Total	250,498	277,789	272,368	266,933	260,870

c) Leasing – International Financial Reporting Standard (IFRS) 16

From 1 April 2020, leases which were previously off balance sheet will now be included. As leases form part of the other long term liability figures which make up the Prudential Indicators above, it is possible that the Indicators currently suggested will be exceeded. Once the detailed data gathering has been substantially completed, later in the 2020/21 financial year, an updated report may be required to inform the members of the detailed impact of IFRS 16 with amended Prudential Indicators for approval.

4.3 Prospects for Interest Rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. **Annex B** draws together a number of current city forecasts for short term (Base Rate) and longer fixed interest rates and the following table and commentary below gives the central view of Link Asset Services.

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

The flow of generally positive economic statistics after the quarter ended 30 June 2018 meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter. At their November Quarterly Inflation Report meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We, therefore, saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Fed was being too aggressive in raising interest rates and was going to cause a recession.

Equity prices have been very volatile on alternating good and bad news during this period.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- Borrowing interest rates have been volatile so far in 2018-19 and while they were on a rising trend during the first half of the year they have backtracked since then until early January. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

Annex C contains a more comprehensive Economic Background narrative from Link Asset Services.

4.4 Borrowing Strategy

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Head of Accountancy (Chief Financial Officer) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *If it was felt that there was a significant risk of a sharp **FALL** in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *If it was felt that there was a significant risk of a much sharper **RISE** in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to Members at the next available opportunity.

4.5 Treasury Management Limits on Activity

There are three debt related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs / improve performance. The indicators are:

(i) Upper limits on fixed interest rate exposure (Treasury Indicator TI-1)

This covers a maximum limit for borrowing exposure to fixed interest rates, based on the debt position and is set at 100%.

(ii) Upper limits on variable interest rate exposure (Treasury Indicator TI-2)

This identified a maximum limit for borrowing exposure to variable interest rates based upon the debt position and is set at 30%.

(iii) Maturity structure of borrowing (Treasury Indicator TI-3)

Gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing. The Council has set the limit of debt maturing in any one year to 15% at the time of borrowing.

4.6 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

The Head of Accountancy (Chief Financial Officer) has the authority to borrow in advance of need under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. The Head of Accountancy (Chief Financial Officer) will adopt a cautious approach to any such borrowing and a business case to support the decision making process must consider:

- The benefits of borrowing in advance,
- The risks created by additional levels of borrowing and investment, and
- How far in advance it is reasonable to borrow considering the risks identified

Any such advance borrowing should be reported through the mid-year or annual Treasury Management reporting mechanism.

4.7 Debt Rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will

need to be considered in light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- The generation of cash savings and/or discounted cash flow savings
- Helping to fulfil the treasury strategy
- Enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

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

All rescheduling will be reported to Council at the earliest meeting following its action.

4.8 Municipal Bond Agency

It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. The Agency hopes that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority may make use of this new source of borrowing as and when appropriate.

5 Investment Strategy

5.1 Investment Objectives and Policy

The Council's investment policy implements the requirements of the Local Government Investments (Scotland) Regulations 2010 (and accompanying Finance Circular 5/2010) and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code").

The above regulations and guidance place a high priority on the management of risk. The Council's investment priorities will be security first, liquidity second and then return. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "**credit default swaps**" and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4. This authority has defined the list of **types of investment instruments** that are permitted investments authorised for use in Annex D. Annex E expands on the risks involved in each type of investment and the mitigating controls.

5. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the information gathered (see points 1-3 above)

6. This authority has engaged **external consultants**, (see paragraph 2.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

7. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 5.6c).

8. The Council has determined that it will only use approved counterparties from within the United Kingdom.

9. As a result of the change in accounting standards for 2018/19 under **IFRS 9**, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 5.7). Regular monitoring of investment performance will be carried out during the year.

5.2 Creditworthiness Policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security as set out in the investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Head of Accountancy (Chief Financial Officer) will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary (see **Annex F**). These criteria provide an overall pool of classes of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Link Asset Services our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list, with the exception of the Council's own banker. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applied to a counterparty that is already at the minimum Council criteria will be suspended from use, with all other counterparties being reviewed in light of market conditions.

The criteria for providing a pool of high quality investment counterparties are:

- Banks 1 - good credit quality – the Council will only use UK banks which have, as a minimum, the following Fitch (or equivalent) ratings (where rated):
 - i. Short Term – F1
 - ii. Long Term – A-
- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland ring-fenced operations*. This bank can be included if it continues to be part nationalised or it meets the ratings in Banks 1 above.
- Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.
- Bank subsidiary and treasury operation - The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Building societies - The Council will use societies which meet the ratings for banks outlined above;
- Money Market Funds
- Ultra-Short Dated Bond Funds
- UK Government (including gilts and the DMADF)
- Local authorities, including Police & Fire

Use of additional information other than credit ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

Hub Schemes. The Council also invests in hub projects, which are based on robust business cases and a cashflow from public sector organisations (i.e low risk). As additional assurance we restrict such investments to hub schemes where the Council is a significant participant.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council's counterparty list are as stated in **Annex F**.

UK banks – *ring fencing

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

5.3 Country and Council's Banker

a) Country Limits

The Council has determined that it will only use approved counterparties from within the United Kingdom.

b) Council's Own Banker

The Council's own banker (The Clydesdale bank) will be maintained on the Council's counterparty list in situations where rating changes mean this is below the above criteria. This is to allow the Council to continue to operate normal current account banking facilities overnight and short-term investment facilities.

5.4 The Monitoring of Investment Counterparties

All credit ratings will be monitored on a weekly basis. The Council is alerted to changes to ratings of all three agencies through its use of the creditworthiness service of Link Asset Services.

- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- Additional market information (for example Credit Swaps and negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

If the Council has funds invested in an institution which is downgraded to below the acceptable rating criteria, the Council will enter discussions with the counterparty to establish if the funds can be returned early. This however will be subject to an appropriate cost versus risk assessment of the specific situation.

The criteria for choosing counterparties set out above provide a sound approach to investment in “normal” market circumstances. Under exceptional market conditions, the Head of Accountancy (Chief Financial Officer) may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out in this Strategy. These restrictions will remain in place until the Head of Accountancy (Chief Financial Officer) is of an opinion that the banking system has returned to ‘normal’. Similarly a restriction may be placed on the duration of investments.

5.5 Types of Investments

For institutions on the approved counterparty list, investments will be restricted to safer instruments (as listed in **Annex E**). Currently this involves the use of money market funds, the Debt Management Agency Deposit Facility (DMADF) and institutions with higher credit ratings than the minimum permissible rating outlines in the investment strategy, as well as the Council’s own bank.

Where appropriate, investments will be made through approved brokers. The current list of approved brokers comprises:

- Sterling International Brokers Limited
- Tradition (UK) Limited
- Martins Brokers
- King and Shaxson Capital Limited

5.6 Investment Strategy and bank rate projections

a) In-house funds

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

b) Bank Rate

On the assumption that the UK agree a Brexit deal in Spring 2019, then the Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by Quarter 1 2022. Bank Rate forecasts for financial year-ends (March) as at December 2018 are:

2018/19	0.75%
2019/20	1.25%
2020/21	1.50%
2021/22	2.00%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

	Now
2018/19	0.75%
2019/20	1.00%
2020/21	1.50%
2021/22	1.75%
2022/23	1.75%
2023/24	2.00%
Later Years	2.50%

The overall balance of risk to these forecasts is currently skewed to the upside and are dependent on how strong GDP growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.

**c) Investment Treasury Indicator And Limit (Treasury Indicator TI-4)
Total Principal Funds Invested for Greater Than 365 days**

These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The treasury indicator and limit proposed is:

Maximum principal sums invested > 365 days (TI-4)			
	2019/20	2020/21	2021/22
Principal sums invested > 365 days	5%	5%	5%

For positive cash balances and in order to maintain liquidity, the Council will seek to use overnight investment accounts, short term (< 1 month) notice accounts, money market funds and short-dated deposits (overnight to six months).

5.7 Risk Benchmarking

These benchmarks are simple guides to minimise risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmarks is that officers will monitor the current and trend position and amend the operational strategy to manage risk as

conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or annual report.

a) Security

The Council's **maximum** security risk benchmark for the current portfolio, when compared to historic default tables, is:

0.06% historic risk of default when compared to the whole portfolio for 1 year.

b) Liquidity

In respect of this area the Council seeks to maintain:

- Bank Overdraft: £100,000

c) Yield

Local Measures of yield benchmarks are:

Investments – Internal returns above the 7 day LIBID rate

d) Activity

At the end of the financial year, the Head of Accountancy (Chief Financial Officer) will report on its investment activity as part of the annual treasury report.

6 Performance Indicators

6.1 The CIPFA Code requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking.

6.2 Debt Performance Indicators

- (i) Average "Pool Rate" charged by the Loans Fund compared to Scottish Local Authority average Pool Rate

Target is to be at or below the Scottish Average for 2018/19

- (ii) Average borrowing rate movement year on year

Target is to maintain or reduce the average borrowing rate for the Council versus 2018/19.

6.3 Loan Charges

Loan Charges for 2019/20 are expected to be at or below the Revenue Budget estimate contained in the Council's Financial Plans to be approved in February 2019, which are estimated as follows:

£m	2019/20 Estimate	2020/21 Estimate
Capital Repayments	6.919	6.617
Interest on Borrowing	3.479	4.098
Expenses	0.147	0.150
Total Loan Charges*	10.545	10.865

**The Loan Charges exclude the capital element of PPP repayments*

7 Monitoring and Reporting

In line with the CIPFA Code the following formal reporting arrangements will be adopted:

Requirement	Purpose	Responsible Body	Frequency
Scrutiny of Treasury Management Strategy	Detailed scrutiny prior to annual approval by Council	Audit & Scrutiny Committee	Annually
Treasury Management Strategy	Reporting on Annual Strategy	Council	Annually prior to start of new financial year
Scrutiny of Treasury Management Mid-Year Report	Detailed scrutiny prior to approval by Council	Audit & Scrutiny Committee	Annually in October/November of the current year
Treasury Management Mid-Year Report	Mid-Year Performance Report	Council	Annually after reported to the Audit & Scrutiny Committee
Scrutiny of Treasury Management Annual Report	Detailed scrutiny prior to approval by Council	Audit & Scrutiny Committee	Annually in September/ October of the financial year
Treasury Management Annual Report	Annual Performance report for previous financial year	Council	Annually after reported to the Audit & Scrutiny Committee
Treasury Management Practices		Council	As appropriate
Treasury Management Policy Statement	Reviews and Revisions	Council	As required

8 Member and Officer Training

The increased Member consideration of treasury management matters and the need to ensure that officers dealing with treasury management are trained and kept up to date requires a suitable training process for Members and officers. This Council will address this important issue by:

a) Elected Members

- Working with members to identify their training needs
- Working with Link Asset Services to identify appropriate training provision for elected members

b) Officers dealing with treasury management matters will have the option of various levels of training including:

- Treasury courses run by the Council's advisers
- Attendance at CIPFA treasury management training events
- Attendance at the CIPFA Scottish Treasury Management Forum and information exchanged via the Treasury Management Forum network
- Training identified as part of the Council's Performance Review & Development system in line with the approved Treasury Management Practices (TMPs).

BLANK PAGE

ANNEXES

BLANK PAGE

ANNEX A

SUMMARY OF PRUDENTIAL AND TREASURY INDICATORS

Indicator Reference	Indicator	Page Ref.	2019/20	2020/21	2021/22	2022/23	2023/24	
PRUDENTIAL INDICATORS								
Capital Expenditure Indicator								
PI-1	Capital Expenditure Limits		£'000	£'000	£'000	£'000	£'000	
	General Fund		48,017	58,460	52,540	19,586	11,497	
	Housing		10,969	10,320	13,693	12,167	4,874	
	Total		58,986	68,780	66,233	31,753	16,371	
PI-2	Capital Financing Requirement		£'000	£'000	£'000	£'000	£'000	
	General Fund		182,043	212,456	231,813	227,551	215,635	
	Housing		34,590	39,110	44,649	49,040	49,097	
	Total		216,633	251,566	276,462	276,591	264,732	
Affordability Indicator								
External Debt Indicators								
PI-3	Gross Debt Borrowing		£'000	£'000	£'000	£'000	£'000	
	Other Long Term Liabilities		136,993	166,442	166,069	165,252	164,887	
	Total		85,747	80,960	75,954	70,830	65,548	
			222,740	247,402	242,023	236,082	230,435	
PI-4	Operational Boundary for External Debt Borrowing		£'000	£'000	£'000	£'000	£'000	
	Other Long Term Liabilities		139,146	166,993	166,442	166,069	165,252	
	Total		90,480	85,747	80,960	75,954	70,830	
			229,626	252,740	247,402	242,023	236,082	
PI-5	Authorised Limit for External Debt Borrowing		£'000	£'000	£'000	£'000	£'000	
	Other Long Term Liabilities		160,018	192,042	191,408	190,979	190,040	
	Total		90,480	85,747	80,960	75,954	70,830	
			250,498	277,789	272,368	266,933	260,870	
Indicators of Prudence								
PI-6	(Under)/Over Gross Borrowing against the CFR		£'000	£'000	£'000	£'000	£'000	
			6,107	(4,164)	(34,439)	(40,509)	(34,297)	
TREASURY INDICATORS								
TI-1	Upper Limit to Fixed Interest Rates based on Net Debt		100% of debt position					
TI-2	Upper Limit to Variable Interest Rates based on Net Debt		30% of debt position					
TI-3	Maturity Structure of Fixed Interest Rate Borrowing		15% maturing in any one year					
TI-4	Maximum Principal Sum invested greater than 365 days		5%	5%	5%	5%	5%	

BLANK PAGE

ANNEX B: INTEREST RATE FORECASTS 2019 – 2022

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1 November 2012.

	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%
Bank Rate													
Link Asset Services	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
Capital Economics	0.75%	1.00%	1.25%	1.50%	1.70%	1.75%	2.00%	2.00%	-	-	-	-	-
5yr PWLB Rate													
Link Asset Services	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
Capital Economics	2.03%	2.15%	2.40%	2.65%	2.70%	2.75%	2.80%	2.85%	-	-	-	-	-
10yr PWLB Rate													
Link Asset Services	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
Capital Economics	2.43%	2.55%	2.80%	3.05%	3.05%	3.05%	3.05%	3.05%	-	-	-	-	-
25yr PWLB Rate													
Link Asset Services	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
Capital Economics	2.96%	3.08%	3.33%	3.58%	3.53%	3.48%	3.43%	3.38%	-	-	-	-	-
50yr PWLB Rate													
Link Asset Services	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%
Capital Economics	2.78%	2.90%	3.15%	3.40%	3.40%	3.40%	3.40%	3.40%	-	-	-	-	-

BLANK PAGE

ANNEX C

Link Asset Services Economic Background

GLOBAL OUTLOOK. World growth has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China and the eurozone, overall world growth is likely to weaken.

Inflation has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to an acceleration of wage inflation. The US Fed has therefore increased rates nine times and the Bank of England twice. However, the ECB is unlikely to start raising rates until late in 2019 at the earliest.

KEY RISKS - central bank monetary policy measures

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as quantitative easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that period of stimulating economic recovery and warding off the threat of deflation, is coming towards its close. A new period is well advanced in the US, and started more recently in the UK, of reversing those measures i.e. by raising central rates and, (for the US), reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of a reduction in spare capacity in the economy and of unemployment falling to such low levels, that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This meant that both asset categories were exposed to the risk of a sharp downward correction and we have indeed seen a sharp fall in equity values in the last quarter of 2018. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery, by taking too rapid and too strong action, or, conversely, let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.** At the time of writing, (early January 2019), financial markets are very concerned that the Fed is being too aggressive with its policy for raising interest rates and is likely to cause a recession in the US economy.

The world economy also needs to adjust to a sharp change in **liquidity creation** over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its holdings of debt, (currently about \$50bn per month). In addition, the European Central Bank ended its QE purchases in December 2018.

UK. The flow of positive economic statistics since the end of the first quarter of 2018 has shown that pessimism was overdone about the poor growth in quarter 1 when adverse

weather caused a temporary downward blip. Quarter 1 at 0.1% growth in GDP was followed by a return to 0.4% in quarter 2 and by a strong performance in quarter 3 of +0.6%. However, growth in quarter 4 is expected to weaken significantly.

At their November quarterly Inflation Report meeting, the MPC repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years time, but declined to give a medium term forecast. However, with so much uncertainty around Brexit, they warned that the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also raise Bank Rate in the same scenario if there was a boost to inflation from a devaluation of sterling, increases in import prices and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could potentially provide fiscal stimulus to support economic growth, though at the cost of increasing the budget deficit above currently projected levels.

It is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. Getting parliamentary approval for a Brexit agreement on both sides of the Channel will take well into spring 2019. However, in view of the hawkish stance of the MPC at their November meeting, the next increase in Bank Rate is now forecast to be in May 2019, (on the assumption that a Brexit deal is agreed by both the UK and the EU). The following increases are then forecast to be in February and November 2020 before ending up at 2.0% in February 2022.

Inflation. The Consumer Price Index (CPI) measure of inflation has been falling from a peak of 3.1% in November 2017 to 2.1% in December. In the November Bank of England quarterly Inflation Report, inflation was forecast to still be marginally above its 2% inflation target two years ahead, (at about 2.1%), given a scenario of minimal increases in Bank Rate.

As for the **labour market** figures in October, unemployment at 4.1% was marginally above a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 3.3%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 1.2%, the highest level since 2009. This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC was right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

In the **political arena**, the Brexit deal put forward by the Conservative Minority Government was defeated on 15 January. It is unclear, at the time of writing, how this situation will move forward. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to reaching an orderly Brexit though the risks are increasing that it may not be possible to get full agreement by the UK and EU before 29 March 2019, in which this withdrawal date is likely to be pushed back to a new date. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary and fiscal policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

USA. President Trump's massive easing of fiscal policy is fuelling a, (temporary), boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2 and 3.5%, (3.0% y/y), in quarter 3, but also an upturn in inflationary pressures. The strong growth in employment numbers and the reduction in the unemployment rate to 3.9% near to a recent 49 year low, has fed through to an upturn in wage inflation which hit 3.2% in November. However, CPI inflation overall fell to 2.2% in November and looks to be on a falling trend to drop below the Fed's target of 2% during 2019. The Fed has continued on its series of increases in interest rates with another 0.25% increase in December to between 2.25% and 2.50%, this being the fifth increase in 2018 and the ninth in this cycle. However, they did also reduce their forecast for further increases from three to two. This latest increase compounded investor fears that the Fed is over doing the speed and level of increases in rates and that is going to cause a US recession as a result. There is also much evidence in previous monetary policy cycles of the Fed's series of increases doing exactly that. Consequently, we have seen stock markets around the world falling under the weight of fears around the Fed's actions, the trade war between the US and China and an expectation that world growth will slow.

The tariff war between the US and China has been generating a lot of heat during 2018, but it is not expected that the current level of actual action would have much in the way of a significant effect on US or world growth. However, there is a risk of escalation if an agreement is not reached soon between the US and China. The results of the mid-term elections are not expected to have a material effect on the economy.

Eurozone. Growth was 0.4% in quarters 1 and 2 but fell back to 0.2% in quarter 3, though this was probably just a temporary dip. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of its manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of nearly 2% for 2018, the horizon is less clear than it seemed just a short while ago. Having halved its quantitative easing purchases of debt in October 2018 to €15bn per month, the European Central Bank ended all further purchases in December 2018. The ECB is forecasting inflation to be a little below its 2% top limit through the next three years so it may find it difficult to warrant a start on raising rates by the end of 2019 if the growth rate of the EU economy is on a weakening trend.

China. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. Progress has been made in reducing the rate of credit creation, particularly from the shadow banking sector, which is feeding through into lower economic growth. There are concerns that official economic statistics are inflating the published rate of growth.

Japan - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. It is likely that loose monetary policy will endure for some years yet to try to stimulate growth and modest inflation.

Emerging countries. Argentina and Turkey are currently experiencing major headwinds and are facing challenges in external financing requirements well in excess of their reserves of foreign exchange. However, these countries are small in terms of the overall world economy, (around 1% each), so the fallout from the expected recessions in these countries will be minimal.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 4.3 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU**. On this basis, while GDP growth is likely to be subdued in 2019 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement is likely to lead to a boost to the rate of growth in 2020 which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there was a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

However, there would appear to be a majority consensus in the Commons against any form of non-agreement exit so the chance of this occurring has now substantially diminished.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for ten years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England monetary policy** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **eurozone sovereign debt crisis**, possibly in **Italy**, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March of a government which has made a lot of anti-austerity noise. The EU rejected the initial proposed Italian budget and demanded cuts in government spending which the Italian government initially refused. However, a fudge was subsequently agreed but only by delaying the planned increases in expenditure to a later year. This has therefore only been kicked down the road to a later time. The rating agencies have started on downgrading Italian debt to one notch above junk level. If Italian debt were to fall below

investment grade, many investors would be unable to hold it. Unsurprisingly, investors are becoming increasingly concerned by the words and actions of the Italian government and consequently, Italian bond yields have risen at a time when the government faces having to refinance large amounts of debt maturing in 2019.

- Weak capitalisation of some **European banks**. Italian banks are particularly vulnerable; one factor is that they hold a high level of Italian government debt - debt which is falling in value. This is therefore undermining their capital ratios and raises the question of whether they will need to raise fresh capital to plug the gap.
- **German minority government**. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD is reviewing whether it can continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018, (a new party leader has now been elected). However, this makes little practical difference as she is still expected to aim to continue for now as the Chancellor. However, there are five more state elections coming up in 2019 and EU parliamentary elections in May/June; these could result in a further loss of electoral support for both the CDU and SPD which could also undermine her leadership.
- **Other minority eurozone governments**. Spain, Portugal, Ireland, the Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile. Sweden is also struggling to form a government due to the anti-immigration party holding the balance of power, and which no other party is willing to form a coalition with. The Belgian coalition collapsed in December 2018 but a minority caretaker government has been appointed until the May EU wide general elections.
- **Austria, the Czech Republic and Hungary** now form a strongly anti-immigration bloc within the EU while **Italy**, this year, has also elected a strongly anti-immigration government. Elections to the EU parliament are due in May/June 2019.
- Further increases in interest rates in the US could spark a **sudden flight of investment funds** from more risky assets e.g. shares, into bonds yielding a much improved yield. Throughout the last quarter of 2018, we saw a sharp fall in equity markets but this has been limited, as yet. Emerging countries which have borrowed heavily in dollar denominated debt, could be particularly exposed to this risk of an investor flight to safe havens e.g. UK gilts.
- There are concerns around the level of **US corporate debt** which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is now rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.
- **Geopolitical risks**, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if both sides were to agree by 29 March a compromise that quickly removed all threats of economic and political disruption and so led to an early boost to UK economic growth.

- **The Fed causing a sudden shock in financial markets** through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

Brexit timetable and process

- March 2017: UK government notified the European Council of its intention to leave under the Treaty on European Union Article 50 on 29 March 2019.
 - 25.11.18 EU27 leaders endorsed the withdrawal agreement
 - Dec 2018 vote in UK Parliament on the agreement postponed
 - 21.12.18 – 8.1.19 UK Parliamentary recess
 - 15.1.19 Brexit deal defeated in Commons by a large margin
 - Up to 29.3.19 second vote (?) in UK parliament
 - By 29.3.19 if the UK Parliament approves a deal, then ratification by EU Parliament requires a simple majority
 - By 29.3.19 if UK and EU parliaments agree the deal, EU Council needs to approve the deal; 20 countries representing 65% of the EU population must agree
 - 29.3.19 Either the UK leaves the EU or asks the EU for agreement to an extension of the Article 50 period if UK Parliament has been unable to agree on a Brexit deal
-
- 29.3.19: if an agreement is reached with the EU on the terms of Brexit, then this will be followed by a proposed **transitional period ending around December 2020**.
 - UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy may leave the single market and tariff free trade at different times during the transitional period.
 - The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
 - The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
 - If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
 - On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.

BLANK PAGE

ANNEX D

Objectives of each type of Permitted Investment instrument

1. DEPOSITS

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

- a) **Debt Management Agency Deposit Facility.** This offers the lowest risk form of investment available to local authorities as it is effectively an investment placed with the Government. It is also easy to use as it is a deposit account and avoids the complications of buying and holding Government issued treasury bills or gilts. As it is low risk it also earns low rates of interest. However, it is very useful for authorities whose overriding priority is the avoidance of risk. The longest period for a term deposit with the DMADF is 6 months.
- b) **Term deposits with high credit worthiness banks and building societies.** This is the most widely used form of investing used by local authorities. It offers a much higher rate of return than the DMADF (dependent on term). The authority will ensure diversification of its portfolio of deposits ensuring that an approved maximum can be placed with any one institution or group. In addition, longer term deposits offer an opportunity to increase investment returns by locking in high rates ahead of an expected fall in the level of interest rates. At other times, longer term rates can offer good value when the markets incorrectly assess the speed and timing of interest rate increases. This form of investing therefore, offers a lot of flexibility and higher earnings than the DMADF. Where it is restricted is that once a longer term investment is made, that cash is locked in until the maturity date.
- c) **Call accounts with high credit worthiness banks and building societies.** The objectives are as for 1b. but there is instant access to recalling cash deposited. This generally means accepting a lower rate of interest than that which could be earned from the same institution by making a term deposit. Some use of call accounts is highly desirable to ensure that the authority has ready access to cash when needed to pay bills.

2. DEPOSITS WITH COUNTERPARTIES CURRENTLY IN RECEIPT OF GOVERNMENT SUPPORT / OWNERSHIP

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

- a) **Term deposits with high credit worthiness banks which are fully or semi nationalised.** As for 1b. but Government full, (or substantial partial), ownership, implies that the Government stands behind this bank and will be deeply committed to providing whatever support that may be required to ensure the continuity of that bank. This authority considers that this indicates a low and acceptable level of residual risk.

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

- a) **Government liquidity funds.** These are the same as money market funds (see below) but only invest in government debt issuance with highly rated governments. Due to the higher quality of underlying investments, they offer a lower rate of return than MMFs. However, their net return is typically on a par with the DMADF, but with instant access.
- b) **Money Market Funds (MMFs).** By definition, MMFs are AAA rated and are widely diversified, using many forms of money market securities including types which this authority does not currently have the expertise or capabilities to hold directly. However, due to the high level of expertise of the fund managers and the huge amounts of money invested in MMFs, and the fact that the weighted average maturity (WAM) cannot exceed 60 days, MMFs offer a combination of high security, instant access to funds, high diversification and good rates of return compared to equivalent instant access facilities. They are particularly advantageous in falling interest rate environments as their 60 day WAM means they have locked in investments earning higher rates of interest than are currently available in the market. MMFs also help an authority to diversify its own portfolio as e.g. a £2m investment placed directly with HSBC is a 100% risk exposure to HSBC whereas £2m invested in a MMF may end up with say £10,000 being invested with HSBC through the MMF. For authorities particularly concerned with risk exposure to banks, MMFs offer an effective way of minimising risk exposure while still getting much better rates of return than available through the DMADF.
- c) **Ultra-short dated bond funds.** These funds are similar to MMFs, can still be AAA rated but have variable net asset values (VNAV) as opposed to a traditional MMF which has a Constant Net Asset Value (CNAV). They aim to achieve a higher yield and to do this either take more credit risk or invest out for longer periods of time, which means they are more volatile. These funds can have WAM's and Weighted Average Life (WAL's) of 90 – 365 days or even longer. Their primary objective is yield and capital preservation is second. They therefore are a higher risk than MMFs and correspondingly have the potential to earn higher returns than MMFs.

4. SECURITIES ISSUED OR GUARANTEED BY GOVERNMENTS

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

- a) **Treasury bills.** These are short term bills (up to 12 months, although none have ever been issued for this maturity) issued by the Government and so are backed by the sovereign rating of the UK. The yield is higher than the rate of interest paid by the DMADF and another advantage compared to a time deposit in the DMADF is that they can be sold if there is a need for access to cash at any point in time. However, there is a spread between purchase and sale prices so early sales could incur a net cost during the period of ownership.

- b) **Gilts.** These are longer term debt issuance by the UK Government and are backed by the sovereign rating of the UK. The yield is higher than the rate of interest paid by the DMADF and another advantage compared to a time deposit in the DMADF is that they can be sold if there is a need for access to cash at any point in time. However, there is a spread between purchase and sale prices so early sales may incur a net cost. Market movements that occur between purchase and sale may also have an adverse impact on proceeds. The advantage over Treasury bills is that they generally offer higher yields the longer it is to maturity (for most periods) if the yield curve is positive.

5. SECURITIES ISSUED BY CORPORATE ORGANISATIONS

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

- a) **Certificates of deposit (CDs).** These are shorter term securities issued by deposit taking institutions (mainly financial institutions). They are negotiable instruments, so can be sold ahead of maturity and also purchased after they have been issued. However, that liquidity can come at a price, where the yield could be marginally less than placing a deposit with the same bank as the issuing bank.
- b) **Corporate bonds.** These are (long term) bonds (usually bearing a fixed rate of interest) issued by a financial institution, company or other non-government issuer in order to raise capital for the institution as an alternative to issuing shares or borrowing from banks. They are generally seen to be of a lower creditworthiness than government issued debt and so usually offer higher rates of yield.
- c) **Floating rate notes.** These are bonds on which the rate of interest is established periodically with reference to short-term interest rates.

6. OTHER

- a. **Investment Properties fund.** This is a collective investment fund specialising in property. Rather than owning a single property with all the risk exposure that means to one property in one location rising or falling in value, maintenance costs, tenants actually paying their rent / lease etc, a collective fund offers the advantage of diversified investment over a wide portfolio of different properties. This can be attractive for authorities who want exposure to the potential for the property sector to rise in value. However, timing is critical to entering or leaving this sector at the optimum times of the property cycle of rising and falling values. Typically, the minimum investment time horizon for considering such funds is at least 3-5 years.
- b. **Loans to 3rd parties.** These are loans provided to third parties at either market rates of interest or below market rates. Each application is supported by the service rationale

behind the loan and requires member approval. These loans are highly illiquid and may exhibit credit risk.

- c. **Loans to a Local Authority Company/ Partnership or Charity.** These loans have to be supported by the service rationale /business case and requires member approval. In general these loans will involve some form of security or clear cash flow that is available to service the debt. These loans are highly illiquid and may exhibit credit risk.
- d. **Shares in Hub schemes.** These are shares in projects that have both Council and the Scottish Government as participants. As such the Council are well placed to influence and ensure the successful completion of the projects, which are based on robust business cases with a cash flow from the public sector organisations. These investments are highly illiquid with a low credit risk.

ANNEX E**Credit and Counterparty Risk Management****Permitted Investments, Associated Controls and Limits for East Renfrewshire Council and East Renfrewshire Culture & Leisure Trust**

Type of Investment	Treasury Risks	Mitigating Controls	Limits
a. Deposits with the Debt Management Account Facility (UK Government) (Very low risk)	This is a deposit with the UK Government and, as such, counterparty and liquidity risk is very low, and there is no risk to value. Deposits can be between overnight and 6 months	Little mitigating controls required. As this is a UK Government investment, the monetary limit is £5,000,000	£5m, maximum 6 months.
b. Deposits with other local authorities or public bodies (Very low risk)	These are considered quasi UK Government debt and, as such counterparty risk is very low, and there is no risk to value. Liquidity may present a problem as deposits can only be broken with the agreement of the counterparty, and penalties can apply.	Little mitigating controls required for local authority deposits, as this is a quasi UK Government investment.	£5m (per body), maximum 6 months
c. Money Market Funds (MMFs) Low Volatility Net Asset Value (LVNAV) or Variable Net Asset Value (VNAV) (Very low risk)	Pooled cash investment vehicle which provides very low counterparty, liquidity and market risk. These will primarily be used as liquidity instruments.	Funds will only be used where the MMFs has a “AAA” rated status from either Fitch, Moody’s or Standard & Pools.	£5m per fund/£35m overall
d. Ultra-Short Dated Bond Funds (Low risk)	Pooled cash investment vehicle which provides very low counterparty, liquidity and market risk. These will primarily be used as liquidity instruments.	Funds will only be used where they have a “AAA” rated status from either Fitch, Moody’s or Standard and Poor’s.	£10m overall, part of category c.

<p>e. Call account deposit accounts with financial institutions (banks and building societies) (Low risk depending on credit rating)</p>	<p>These tend to be low risk investments, but will exhibit higher risks than categories (a), (b) and (c) above. These type of investments have no risk to value, liquidity is high and investment can be returned at short notice</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poor's. Day to day investment dealing with the criteria will be further strengthened by use of additional market intelligence.</p>	<p>As shown in the counterparty listing (Annex F)</p>
<p>f. Term deposits with financial institutions (banks and building societies) (Low to medium risk depending on period & credit rating)</p>	<p>These tend to be low risk investments, but will exhibit higher risks than categories (a), (b) and (c) above. Whilst there is no risk to value with these types of investments, liquidity is low and term deposits can only be broken with the agreement of the counterparty, and penalties may apply.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Pooors. Day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.</p>	<p>As shown in the counterparty listing (Annex F)</p>
<p>g. UK Government Gilts and Treasury Bills (Very low risk)</p>	<p>These are marketable securities issued by the UK Government and, as such, counterparty and liquidity risk is very low, although there is potential risk to value arising from an adverse movement in interest rates (no loss if these are held to maturity).</p>	<p>Little counterparty mitigating controls are required, as this is a UK Government investment. The potential for capital loss will be reduced by limiting the maximum monetary and time exposures.</p>	<p>£5m, maximum 6 months</p>
<p>h. Certificates of Deposit with Financial Institutions (Banks & Building Societies) (Low risk)</p>	<p>These are short dated marketable securities issued by financial institutions and as such counterparty risk is low, but will exhibit higher risks than categories (a), (b) and (c) above. There is risk to value of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates (no loss if these are held to maturity). Liquidity risk will normally be low.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poor's. Day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.</p>	<p>Dependent on institution as listed in counterparty listing in annex F</p>

<p>i. Corporate Bonds (Medium to high risk depending on period and credit rating)</p>	<p>These are marketable securities issued by financial and corporate institutions. Counterparty risk will vary and there is risk to value of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates. Liquidity risk will be low.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poor's. Fixed bonds will be restricted to those meeting the base criteria. Corporate Bonds will be restricted to those meeting the base criteria.</p> <p>Day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.</p>	<p>Dependent on institution as listed in counterparty listing in annex F</p>
<p>j. Floating Rate Note (Medium to high risk depending on period and credit rating)</p>	<p>This is a money market instrument with a floating /variable rate of interest, which re-fixes over a reference rate, for example LIBOR.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poor's. The Floating Rate Note will be restricted to those meeting the base criteria. Day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.</p>	<p>Dependent on institution as listed in counterparty listing in annex F</p>
<p>k. Investment properties (Medium Risk)</p>	<p>These are non-service properties which are being held pending disposal or for a longer-term rental income stream. These are highly illiquid assets with high risk to value (the potential for property prices to fall or for rental voids)</p>	<p>In larger investment portfolios, some small allocation of property based investment may counterbalance/compliment the wider cash portfolio. Property holding will be re-valued regularly and reported annually with gross and net rental streams.</p>	<p>No limit</p>
<p>l. Loans to third parties, including soft loans (Low to Medium Risk depending on Credit Risk)</p>	<p>These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.</p>	<p>Each third party loan requires Member approval and each application is supported by the service rationale behind the loan and the likelihood of partial or full default.</p>	<p>£0.5m</p>

<p>m. Loans to a local authority company/ partnership or charity</p> <p>(Low Risk)</p>	<p>These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid</p>	<p>Each loan to a local authority company/LLP requires Member approval and each application is supported by the service rationale/business case behind the loan and the likelihood of partial or full default. In general these loans will involve some form of security or clear cash flow that is available to service the debt.</p>	<p>£1m</p>
<p>n. Shares in Hub Schemes</p> <p>(Very Low Risk)</p>	<p>These are investments that are exposed to the success or failure of individual projects and are highly illiquid.</p>	<p>The Council and Scottish Government (via the SFT) are participants in and party to the governance and controls within the project structure. As such they are well placed to influence and ensure the successful completion of the project's term.</p> <p>These projects are based on robust business cases with a cash flow from public sector organisations (i.e. low credit risk)</p>	<p>Investment limited to HUB schemes where the Council is a major participant</p>

The Monitoring of Investment Counterparties

The status of counterparties will be monitored regularly. The Council receives credit rating and market information from Link Asset Services, including when ratings change, and counterparties are checked promptly. On occasion rating may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately (with the exception of the Council's Bank) and if required new counterparties which meet the criteria will be added to the list with written permission of the Head of Accountancy (Chief Financial Officer).

Annex F

EAST RENFREWSHIRE COUNCIL

ORGANISATIONS APPROVED FOR THE INVESTMENT OF SURPLUS FUNDS

Banking Group	Individual Counterparty	Limits Deposit	Transaction
Bank of England	Debt Management Office	£5m	£5m
	UK Treasury Bills	£5m	£5m
Barclays Banking Group	Barclays Bank	£5m	£5m
Goldman Sachs International Bank		£5m	£5m
Lloyds Banking Group:	Bank of Scotland	} £10m	£10m
	Lloyds Bank		
Royal Bank of Scotland Group:	Royal Bank of Scotland	} £5m	£5m
	National Westminster Bank		
Santander Group	Santander UK PLC	£5m	£5m
Standard Chartered Bank		£5m	£5m
Clydesdale Bank		£0	£0
Building Societies			
Nationwide		£5m	£5m
Local Authorities			
All Local Authorities including Police & Fire		£5m	£5m
Money Market Funds and Ultra-Short Dated Bond Funds			
Maximum limit of £5m per fund, exception being Federated with a maximum of £10m		£35m	£5m

Credit Ratings

	Fitch		Moody's		S&P	
	LT	ST	LT	ST	LT	ST
Minimum Criteria	A-	F1	A3	P-1/P-2	A	A-1/A-2

(Unless Government backed)

(please note credit ratings are not the sole method of selecting counterparty)

Limit

Investment of surplus funds is permitted in each of the above organisations, with the limits set on an individual basis by the Head of Accountancy (Chief Financial Officer).

The limit may only be exceeded or another organisation approved with the written permission of the Head of Accountancy (Chief Financial Officer).

Deposit Periods

The maximum period for any deposit is currently set at 6 months, based on the Link Assets Services suggested Duration Matrix, with the exception of the Bank of Scotland which is set at 365 days. These limits can only be exceeded with the written permission of the Head of Accountancy (Chief Financial Officer).

Hub scheme deposit periods are dependent on the lifetime of the associated scheme.

GLOSSARY OF TERMS

CIPFA	Chartered Institute of Public Finance and Accountancy
CIPFA Code	Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes
CFR	Capital Financing Requirement is the estimated level of borrowing or financing needed to fund capital expenditure.
Consent to Borrow	Para 1 (1) of Schedule 3 of the Local Government (Scotland) Act 1975 (the 1975 Act) effectively restricts local authorities to borrowing only for capital expenditure. Under the legislation Scottish Ministers may provide consent for local authorities to borrow for expenditure not covered by this paragraph, where they are satisfied that the expenditure should be met by borrowing.
Gilts	A gilt is a UK Government liability in sterling, issued by HM Treasury and listed on the London Stock Exchange. The term “gilt” or “gilt-edged security” is a reference to the primary characteristic of gilts as an investment: their security. This is a reflection of the fact that the British Government has never failed to make interest or principal payments on gilts as they fall due.
LIBID	London Interbank Bid Rate The rate at which banks bid on Eurocurrency Deposits, being the rate at which a bank is willing to borrow from other banks.
MPC	Monetary Policy Committee
NHT	National Housing Trust initiative undertaken in partnership with the Scottish Futures Trust.
Other Long Term Liabilities	Balance sheet items such as Public Private Partnership (PPP), and leasing arrangements which already include borrowing instruments.
PPP	Public-Private Partnership.
Prudential Indicators	The Prudential Code sets out a basket of indicators (the Prudential Indicators) that must be prepared and used in order to demonstrate that local authorities have fulfilled the objectives of the Prudential Code.
QE	Quantitative Easing
Treasury Indicators	These consist of a number of Treasury Management Indicators that local authorities are expected to ‘have regard’ to, to demonstrate compliance with the Treasury Management Code of Practice.

BLANK PAGE

EAST RENFREWSHIRE COUNCIL28 February 2019Report by Deputy Chief ExecutivePROVOST'S ENGAGEMENTS**PURPOSE OF REPORT**

1. To advise the Council of a number of civic engagements attended by and civic duties performed by Provost Fletcher since the last meeting.

RECOMMENDATION

2. That the report be noted.

REPORT

3. Since the last meeting of the Council, the Provost has attended a number of civic engagements on behalf of the Council and carried out a number of civic duties.. Details are as follows:-

19 January – Attended Platinum Wedding Anniversary celebrations of constituents

26 January – Attended at the Holocaust Memorial Service, Newton Mearns Reformed Synagogue

28 January – Co-hosted the National Holocaust Memorial Day Event, Eastwood Theatre/Carmichael Hall

10 February – Attended the Chinese New Year Celebrations in Glasgow City Chambers

15 February – Attended the Launch of Beat the Street, Barrhead Foundry

15 February – Attended a Read Aloud Event, Barrhead Foundry

15 February – Attended the Careday Afternoon Tea, Clarkston Halls

17 February – Attended the Diamond Wedding Anniversary celebrations of constituents

18 February - Attended a Citizenship Ceremony, Council HQ welcoming new people to East Renfrewshire

27 February – Attended Armed Forces Champion Network Event, Glasgow City Chambers

School Events

21 December – Attended Giffnock Primary School Winter Service, Orchardhill Parish Church

7 January - Carolside P7 Debate, Council Chamber debating "This House believes plastic should be banned" assisted by Cllr Lafferty

9 January - St Cadoc's P7 Debate, Council Chamber debating "This House believes that advances in technology across the 21st Century have been wholly beneficial" assisted by Cllr Bamforth

11 January - Carolside P7 Debate, Council Chamber, debating "This House believes school uniforms should be banned" assisted by Cllr Ireland

14 January - St John's P7 Debate, Council Chamber debating "This house believes under-13 year olds should be allowed Instagram" assisted by Cllr Convery

18 January - Crookfur P7 Debate, Council Chamber debating "This house believes that children between the ages of 5 and 12 should have no access to screen time during the week" assisted by Cllr Buchanan

21 January - Carolside P7 Debate, Council Chamber debating "This House believes that homework should be banned" assisted by Cllr Ireland

23 January - St Cadoc's P7 Debate, Council Chamber debating "This House believes that social media should be banned"

25 January - Crookfur P7 Debate, Council Chamber debating "This House believes that children should not be allowed on social media" assisted by Cllr Buchanan

28 January - Carolside P7 Debate, Council Chamber debating "This House believes that animals should not be kept in zoos"

30 January - St Cadoc's P7 Debate, Council Chamber debating "This House believes that children should wear school uniform"

1 February - Carlibar P7 Debate, Council Chamber debating "This House believes that robots make better employees" assisted by Cllr Convery

4 February - Giffnock P7 Debate, Council Chamber debating "This House believes that the future of renewable energy in Scotland should be wind power" assisted by Cllr Merrick

6 February - St Mark's P7 Debate, Council Chamber debating "This House believes Animal Testing should be banned" assisted by Cllr Convery

18 February - Mearns P7 Debate, Council Chamber debating "This House believes that celebrities and sports stars earn too much"

20 February - Cross Arthurlie P7 Debate, Council Chamber debating "This House believes that the use of plastic should be banned"

21 February – Attended a Brass Concert, Carlibar Primary School

22 February - Cross Arthurlie P7 Debate, Council Chamber debating "This House believes that households should only own one car"

25 February - Uplawmoor P7 Debate, Council Chamber debating "This house believes human activity is primarily responsible for global climate change" assisted by Cllr Convery

RECOMMENDATION

4. That the report be noted.

Report Author

Eamonn Daly, Democratic Services Manager 577 3023
eamonn.daly@eastrenfrewshire.gov.uk

Background papers - None

BLANK PAGE

EAST RENFREWSHIRE COUNCIL28 February 2019Report by Chief Financial OfficerFINANCIAL PLANNING 2019-2025**PURPOSE OF REPORT**

1. To submit for approval the updated Outline Revenue Financial Plan for 2019-2025.

RECOMMENDATIONS

2. It is recommended that the Council: -
 - (i) notes the increasing budget pressures anticipated in the next 5 years and the mitigating actions proposed; and
 - (ii) approves the Outline Revenue Financial Plan 2019 – 2025

BACKGROUND

3. East Renfrewshire Council has undertaken long term financial planning for many years. Capital planning is undertaken over a rolling 8 year period reflecting the need to plan infrastructure over an extended period. The detailed revenue budget has been planned over a 3 year time horizon to reflect the budget periods of the Scottish Government. Despite a recent move to annual budgets by the Scottish Government and significant shifts in the overall budget allocated to local government making long term planning challenging, the Council has continued to prepare and publish a 3 year budget updating the budget on an annual basis. The Scottish Government's recent confirmation of a move to multi-year settlements from 2020/21 is to be welcomed.

4. The Council budget, which will be set today, will be year 2 of the present revenue budget. The budget proposals for 2019/20 reflect the terms of the Local Government settlement, announced by the Scottish Government on the 12th of December 2018, and subsequent amendments.

5. The updated indicative budget for 2020/21 will also be published today to assist with longer term financial, workforce and asset planning. As recent settlements for Local Government have been on a single year only basis and have been difficult to predict, work has been undertaken by the Corporate Management Team to plan for a number of financial scenarios.

6. Traditionally the longer term financial outlook and the associated financial plans of the council have been presented at the annual budget meeting. This paper updates the Financial Planning document approved on 2 March 2018 and covers the next six years, 2019/20 to 2024/25.

7. It should be noted that financial planning is extremely difficult in the present economic and political situation, with Brexit uncertainty further complicating matters. Financial markets are uncertain about future economic growth prospects and the impact on the finances available to Scottish local government very difficult to predict. One year budget settlements are making the situation even more difficult. The Council will have to be prepared to continue to analyse a range of scenarios and be ready to undertake detailed budget planning as the most likely scenarios emerge for future years.

FINANCIAL OUTLOOK

8. In May 2018 the Scottish Government published its Medium Term Financial Strategy for the period from 2018/19 to 2022/23, taking account of the new financial powers provided through the Scotland Acts 2012 and 2016.

9. The new powers result in a change from Scottish Government funding being supported mainly from UK Block Grant and Non Domestic Rates to the introduction of a Scottish rate of Income Tax, Scottish Landfill Tax, Land and Buildings Transaction Tax, Scottish Air Passenger Duty and the retention of VAT raised in Scotland. UK Block Grant funding will be correspondingly reduced to take account of these new powers.

10. The Scottish Fiscal Commission will have a key role in forecasting future Scottish tax income but this will be very difficult, given the amount of concurrent change, so the Medium Term Financial Strategy contains only indicative figures and instead sets out a broad approach to managing the Scottish budget.

11. Scottish Government priorities are confirmed as Health, Police, Early Learning and Childcare, Higher Education and Social Security. The proportion of spend on these priority areas is expected to rise from 56% of the Scottish budget in 2019/20 to 64% in 2022/23. This indicates continuing constraints on non-priority areas, including unprotected elements of Council budgets.

12. The Scottish Government has also published a medium term health and social care financial plan which will impact on the Council's forward plans through our contribution to the local IJB.

13. The UK Autumn Budget 2018 again covered only one year and John McLaren of the University of Glasgow has since estimated that the mid-range impact on Councils' total General Revenue Grant would be flat cash until 2020/21, with Non Domestic Rates income rising by 3% per year over the same period. This, together with the prioritisation of some spending areas, confirms expectations of continuing reductions in non-protected services.

14. John McLaren's projections for 2020/21 and beyond could, however, change substantially as a result of the final Brexit outcome and the findings of the UK Spending Review scheduled for 2019 (although this Spending Review may cover only one year, due to Brexit uncertainty). At present, however, he notes that:

- all Brexit scenario outcomes suggest poorer GDP growth than staying within the EU
- whilst the UK economy is still expected to grow under each scenario public funding settlements, via lower revenues, are likely to suffer in line with weaker economic growth
- global economic slowdowns, particularly in the USA and China also contribute to a poorer outlook
- lower public spending settlements may be supported by short term fiscal stimulus efforts to avoid recession, together with longer term tax increases
- the Institute for Fiscal Studies report on the outlook for the 2019 UK Spending Review also expects continuing year on year reductions for unprotected services from 2020/21 onwards, although at a less severe level than in recent years.

15. Office for National Statistics, Bank of England figures published in November 2018 also estimate that, whilst GDP will continue to grow under all Brexit scenarios, growth will be slower than if the UK remained within the EU.

16. The Council's Treasury advisers, Link Consultancy, have recently assessed the overall balance of risk to UK economic growth and interest rates as probably neutral. They expect GDP growth to be subdued in 2019 but to begin to recover thereafter with the potential for a series of gentle increases in interest rates being used to manage inflation as growth picks up.

17. Overall, while the UK Government's fiscal position is now approaching its target balance, potentially allowing for higher settlements, poor economic growth forecasts may result in the 2019 UK Spending review delivering disappointing increases in some Government budgets and ongoing reductions in other non-protected areas.

18. The draft 2019/20 public sector revenue budget plans announced by the Scottish Government in December 2018 reflected an increase of 1.6% in cash terms for Councils, but after adjusting for £373m of new commitments included in the settlements COSLA calculated this to represent a 2% cash reduction in core budgets. Most protection and commitments related to Health and Social Care, to Early Learning and Childcare and to teachers. The Scottish Government assumed general pay increases for civil servants of 3%, slightly above inflation, resulting in Council staff pay claims coming in at or above this level. All of these factors increased pressures on local government, with protection of priority services such as Health, Police and Higher Education producing a smaller proportion of total government resources for unprotected Council services.

19. Scottish Budget plans published related only to 2019/20 and considerable uncertainty exists beyond this due to Brexit, future Scottish tax revenues and the slower than anticipated growth of the UK economy. The Scottish Government has indicated its intention to move to multi-year settlements from 2020/21 and this is to be welcomed as an aid to forward planning.

20. As the Scottish budget has progressed through the parliamentary debate stages £90m of additional grant funding has been announced for local government. This is a similar pattern to previous years.

21. At the same time, additional flexibility has also been announced for local authorities in terms of tax raising powers (e.g. workplace parking levy, transient visitor tax, and increased discretions on NDR empty property relief) and the ability to reprofile loans fund repayments, however more information is required before the potential impact of these options can be assessed. This is also the case in relation to the Scottish Government's commitment to explore a replacement for Council Tax.

22. The Council's grant for 2019/20 is £179.596m and produces a cash increase of £2.531m (1.4%) over the 2018/19 grant figure, however taking account of new burdens to be met, including Early Learning and Childcare commitments, the Carers' Act and other new IJB funding pressures, this represents a like for like 1.6% cash reduction. This is very slightly better than the anticipated level of reduction.

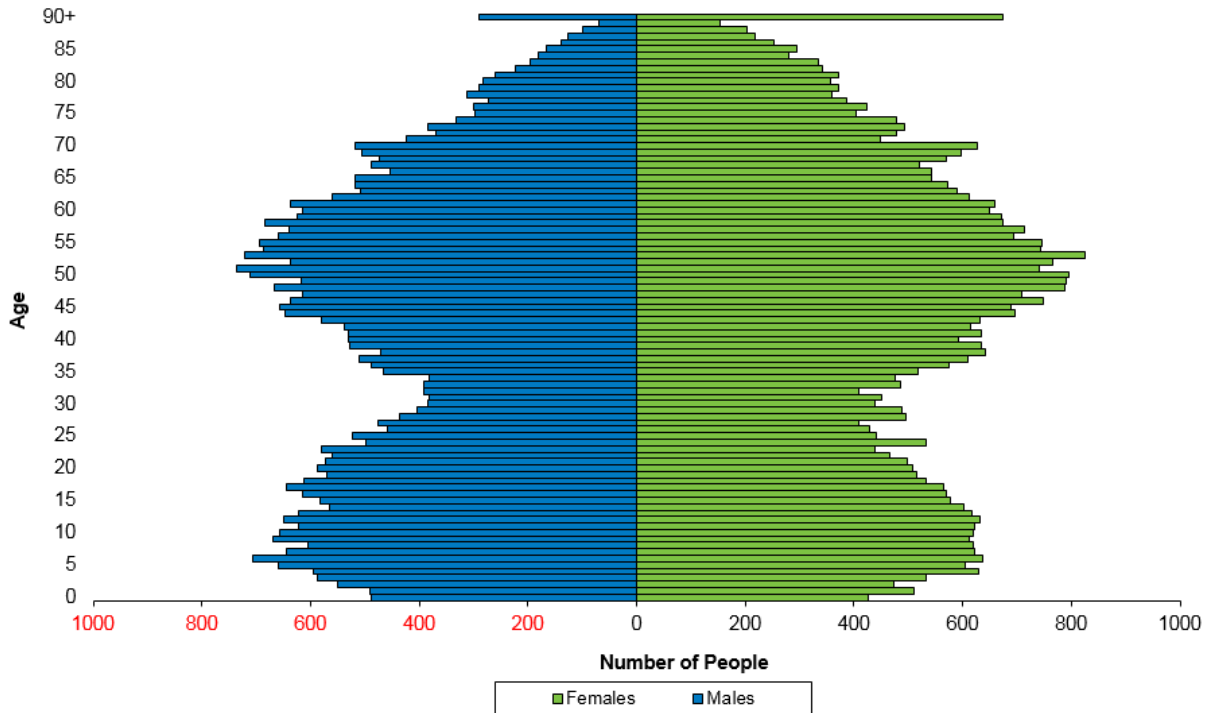
23. The settlement also confirmed that Councils could increase Council Tax by a maximum of 4.79% (3% in real terms), rather than the 3% cash increase previously set.

DEMAND PRESSURES

DEMOGRAPHICS

24. Our Planning for the Future report and Infographic summary provides a comprehensive summary of a detailed analysis of the changing demographics of the East Renfrewshire Area. The report includes trend information from the Census and the use of the NRS mid-year estimates and NRS 2016 population projections. Information which is used to create the Local Development Plan such as service demand, SIMD data and future housing projections and associated infrastructure is also included. The report provides an overview of natural changes in the population such as birth and death rates and incorporates the latest figures released on the significant rise in net migration across the East Renfrewshire area.

25. The population of East Renfrewshire is currently estimated at 94,760. The pyramid below shows the population split by age group and gender. Around 20 per cent of the population is made up of children and young people aged 0-15. The working age population (16-64) accounts for 60 per cent of the population whilst older aged adults (65 and over) make up the remaining 20%.



Source: NRS 2017 Mid-Year Population Estimates

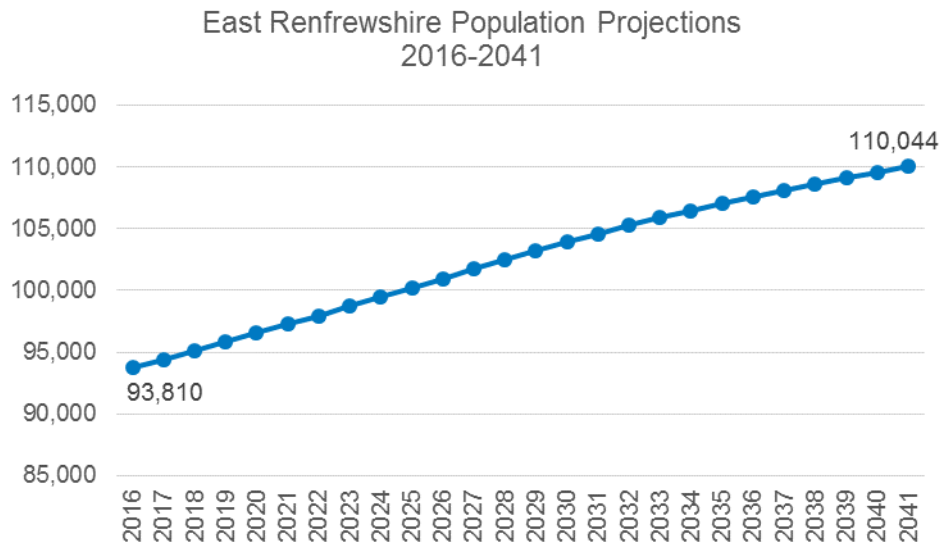
26. By 2041 the population of East Renfrewshire is projected to be 110,044, an increase of 17.3 per cent compared to the population in 2016 (base year for projections). The population of Scotland is projected to increase by 5.3 per cent between 2016 and 2041. Over the 25 year period, the age group that is projected to increase the most in size in East Renfrewshire is the 85+ age group.

27. The growth in the population of children, those of working age and older people is shown in the table below.

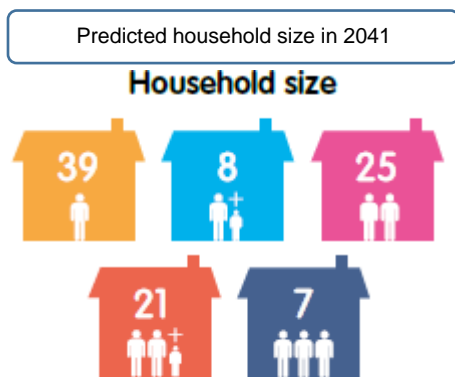
Age group	2016 population (base year for projections)	Predicted 2041 population	Population growth (%)
0-15 years	18,662	21,991	17.8%
Working age (16-64)	56,795	61,598	8.5%
65+ years	18,353	26,455	44.1%
Total population	93,810	110,044	17.3%

Source: NRS 2016-Based Population projections, published March 2018

28. It should be noted that a significant proportion of the growth in the 65+ population is accounted for by those aged 85 and over. This has an impact on our services because the number of people aged 85 and over is expected to grow at a faster rate than the rest of the population. On this basis we can expect the number of people with a need for home care or care home support to steadily increase year on year.



Source: NRS 2016-Based Population projections



Household size



29. The total number of households in East Renfrewshire is predicted to increase from 38,581 in 2016 to 47,649 in 2041.

30. It is predicted that single adult households (all ages) will account for almost 39% of all households in East Renfrewshire by 2041 (compared to 32% in 2016). Over a third of these single adult households will be occupied by someone aged 75 or over. Correspondingly, the average household size is expected to decrease from 2.42 people per household

in 2016 to 2.28 in 2041. (Source: NRS 2016-Based Household projections, published March 2018)

31. While single adult households will increase significantly, the proportion of households with dependent children is predicted to stay around the level of 29%. (Source: NRS 2016-Based Household projections, published March 2018)

32. The average household size is projected to decrease from 2.42 in 2016 to 2.28 in 2041.

33. In East Renfrewshire, from 2016 to 2041, households headed by people aged 75+ are projected to increase in number by 78 per cent as the older population grows.

The next 5 years

34. Over the next 5 years (2019- 2024), a number of changes have the potential to create financial pressure.

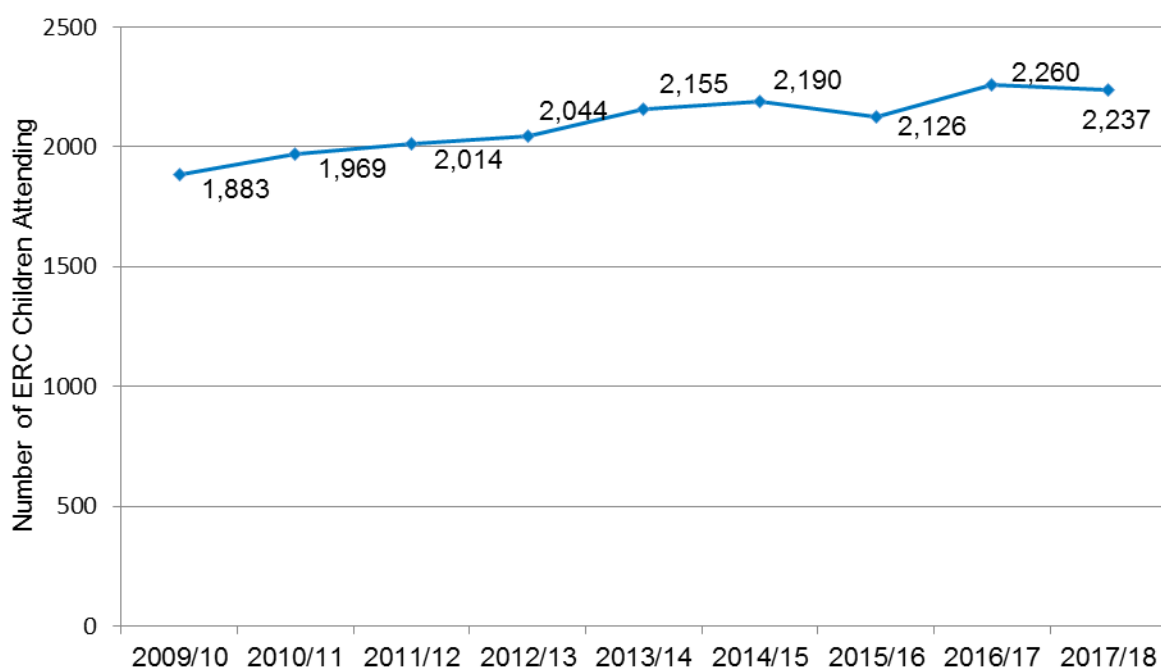
35. The number of households is projected to increase by more than 1,700 which represents a 4.5 per cent increase. This increase in households will create additional demand for the full range of council services especially waste management, road maintenance, parking, money advice, customer services, early learning, childcare and education, employability, schools, health and social care, leisure and transport.

36. The pattern of more people entering East Renfrewshire than leaving is expected to continue. The largest proportion of entrants mostly tends to come from the Glasgow City Council area each year.

37. In East Renfrewshire there has been a rise in population of children under 15 years old. From 2011 to 2017, the number of children under the age of 5 increased by 8.2 per cent and the number of 5 to 9 year olds increased by 16.3 per cent. The number of young people aged 10 to 14 increased by 2.4% during this period. The proportion of 5 to 14 year olds as a percentage of the total East Renfrewshire population is the highest across Scotland. This suggests that those moving into the area do so with young families.

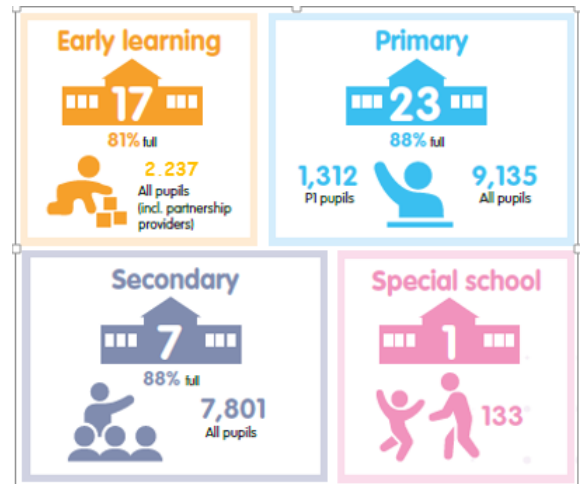
38. Projections also show the children and young people cohort continues to grow over the next 25 years, which produces increasing demand for early learning and childcare, primary and secondary school places.

39. The chart below shows that increasing trend in the number of 3 and 4 year olds in East Renfrewshire attending Council and partnership providers early learning and childcare facilities over the past 9 years, an increase of 19 per cent.



Source: Education Management Information Service (East Renfrewshire) March 2018

40. The annual school census figures of the actual number of pupils in our schools shows that the total number of primary pupils has steadily increased by over 12% between 2011 and 2017. In particular, the number of East Renfrewshire resident children in the primary sector has increased over this period by 15%. This will impact on secondary school pupil numbers in subsequent years as these pupils move through the year stages. In recent years, the school census shows an increase in the number of East Renfrewshire resident young people coming through our secondary schools.



41. As at February 2018, the Council's early learning and childcare provision was 81 per cent occupied. Variations in demand for early learning and childcare places do exist across the Council area. Overall the occupancy rates in the primary and secondary school sector are at 88% of available planning places. There are varying rates across schools, but there are several establishments with very high occupancy levels.

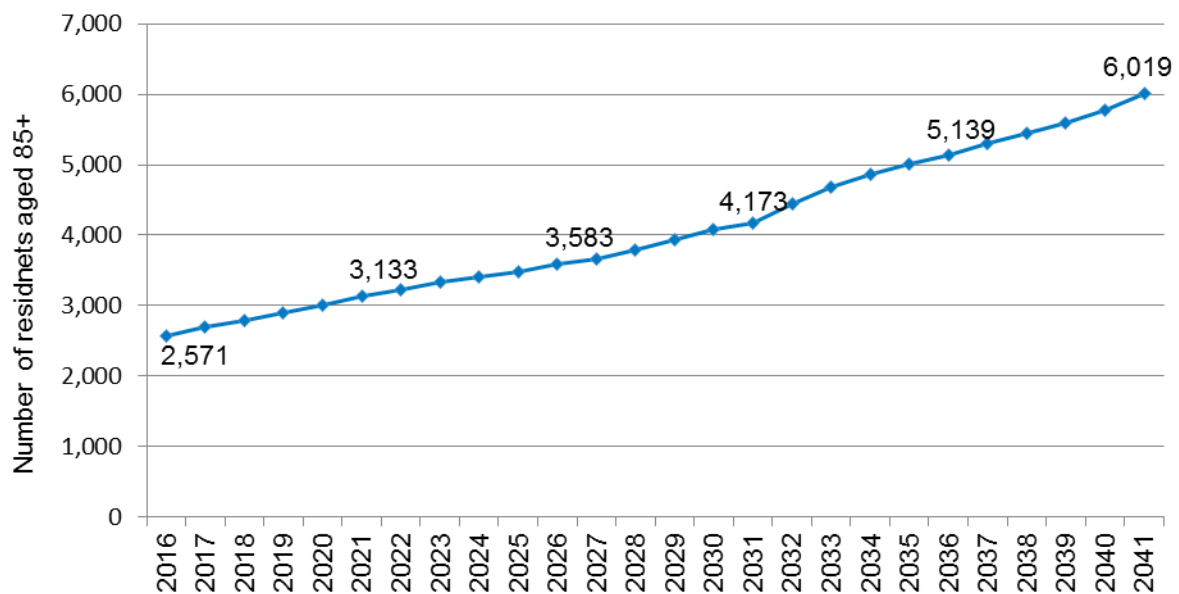
42. Further new education places will be required as a consequence of ongoing and planned new residential development. In addition there is the need to increase places from the private, voluntary and independent sectors and childminders to provide additionality in early years' provision as a consequence of a new statutory duty as noted later in the report on the increased entitlement to 1140 hours of free ELC for 3 and 4 year olds and eligible 2 year olds.

43. The number of looked after children has averaged around 160 children per year over the last decade. The majority of children are cared for away from their family home however there is a significant proportion on home supervision and growing numbers in kinship care. The need for residential accommodation continues to remain small in East Renfrewshire as we strive to develop more nurturing and supportive family type placements.

44. Foster care has accounted for over 25% of placements in recent years and demand for this will grow as more young people will need to be supported on their journey into young adulthood. In anticipation of this demand and the increasing complexity of the needs of children we have been actively working to increase our pool of foster carers. These changes are likely to place additional demand on services for children and families. Overall the local implementation of the national PACE (Permanency and Care Excellence) programme has ensured that we have reduced the number of children being in care for lengthy periods of time enabling them to move onto more stable and secure home environments. As such we will continue to see a reduction in numbers of children on supervision although this is forecast to level out as the programme is completed.

45. Between 2016 and 2017 East Renfrewshire experienced a 2.9 per cent increase in the number of births, increasing slightly from 861 in 2016 to 886 in 2017. The number of births across Scotland declined by 3.0 per cent over the same time period. The East Renfrewshire death rate increased by 5.7 per cent between 2016 and 2017. East Renfrewshire has amongst the highest life expectancy rates in Scotland for both men (80.5) and women (83.7).

46. East Renfrewshire already has an increasing ageing population. By 2041, almost one quarter of East Renfrewshire will be aged 65 or over. In recent years, the number of people aged over 85 needing key services has been rising. This has an impact on our services because the number of people aged 85 and over is expected to grow at a faster rate than the rest of the population. On this basis we can expect the number of people with a need for home care or care home support to steadily increase year on year.



Source: NRS 2016-Based Population Projections, National Records of Scotland

47. All of these changes will lead to increased pressures for both the Council and local health services so close partnership working with the IJB will continue to be important.

48. The Council would expect to receive additional income from Council Tax due to an increase in the number of dwellings and increased General Revenue Grant from the Government.

49. The Council's Grant Aided Expenditure (GAE) is the most significant contributor to our overall grant from the Government. Whilst population is an important factor in calculating GAE, the calculation is extremely detailed and takes into account the age profile of the population, the number of schoolchildren and levels of deprivation as well as rurality. GAE is built up from a detailed analysis of the pressures on each service the council delivers.

50. East Renfrewshire Council's share of overall GAE has been steadily increasing as the population has grown with the Council's share of GAE increasing by over £800k in the last year alone. The Council now has a 2% share of the overall GAE, significantly higher than the population share of 1.75%.

51. This high share is as a result of the relatively high number of pupils at our schools in part due to larger than average family unit sizes and in part due to the level of placements at our schools. Our share of Education GAE at 2.3% is well in excess of our population share and, as education GAE is the highest weighted part of GAE at 56%, the effect on the council's budget is significant.

52. In overall terms it is estimated that the high pupil numbers will increase our expenditure by in the region of £30m as compared to an average council of a similar population and this is taken into account by the Government in estimating our budget needs.

53. Our share of social work GAE is slightly below our population share at 1.69% but this too has been steadily growing over recent years primarily as a result of our ageing population with the calculations giving us a high premium for those over 85 years of age who are likely to be in the most need of care at home or a residential place.

54. At times when the overall funding for Councils is declining in cash terms however, and the population of Scotland is increasing overall, the GAE formula may only lead to those councils with above average population growth receiving a slightly lower reduction than councils with average population growth. However it is expected that the Council will take an increasing share of Government grant over the next few years as the population grows at a faster rate than the population of Scotland as a whole and the GAE formula used to distribute Government grant is heavily influenced by population.

CAPITAL INFRASTRUCTURE

55. In terms of the capital infrastructure required to service our population's demands, the council has through its 8 year capital plan and its significant Capital reserve provision, taken steps to provide for the investment required in relation to population growth in the coming years.

56. Provision of new early learning and childcare facilities to deliver the statutory increase in entitlement to 1140 hours per year, additional school facilities to meet demands from new house building, and the need to replace assets nearing the end of their lives, will all require an increase in borrowing with a resultant impact on future years' revenue budgets for loan charge repayments.

57. More details of the Council's plans to address future capital needs are set out in the Capital Investment Strategy report, also on today's agenda.

CITY DEAL

58. Work continues to progress on the Council's £44 million of City Deal investment. In Newton Mearns, this will in the near future lead to opportunities for business startups and networking at the new facility at Greenlaw. At Barrhead North the remediation of the former Nestle site will provide exciting opportunities for retail and business and will create employment opportunities. The City Deal investment also includes significant projects which will improve the transport infrastructure to regenerate areas, link the communities of Barrhead and Eastwood and create access to employment. Proposed projects at this stage include a new railway station at Barrhead South, improvements to Balgraystone Road, improved road links from around junction 5 of the M 77 to Barrhead, the straightening of Aurs Road and the establishment of a Dams to Darnley Country Park visitor centre with appropriate infrastructure.

59. Whilst the majority of the funding of City Deal investment will be provided by both the UK and Scottish Governments, the Council will be required to contribute £6.2m as well as fund the cash flow over an extended period as most of the grant support will not be received until well into the future. This will require an increase in loans charges of £1.6m per annum by 2020/21.

LEGISLATIVE CHANGE

Entitlement to 1140 hours of Early Learning and Childcare provision

60. There is a new statutory duty to increase the entitlement to free early learning and childcare from 600 hours to 1140 hours per year for all 3 and 4 year olds and eligible 2 year olds by 2020. An overview of the capital consequences of this are contained in the separate paper concerning the Capital Investment Strategy at today's Council meeting.

61. To meet anticipated demand and provide flexibility for families the Council has a preferred delivery model which includes building new and extending some existing early years' provision alongside increasing ELC places provided by the private, voluntary and independent sectors and childminders.

62. Expansion to 1140 hours by 2020 requires a transformational increase in the early years workforce, which presents a significant challenge over a short period of time in addition to significant revenue resources to take forward an acceptable model to locally address the principles of quality, flexibility, accessibility and affordability.

63. Whilst additional capital and revenue funding will be available from the Scottish Government towards the costs of this new burden for the 2020 delivery date, this does not fully cover the Council's plans. East Renfrewshire Council nurseries and family centres have always been very popular with parents and at present there is a reasonable level of flexibility and accessibility to full day provision for families within their own geographical community. This level of flexibility and accessibility is at risk if the Council's resources continue to be restricted.

64. The Children and Young People (Scotland) Act 2014 requires local authorities to consult on early learning and childcare every 2 years. This will include seeking to address the changing needs of families with regards flexibility and choice and changes in provider status, reflecting available resources.

Potential changes to school governance and teacher number ratios

65. The governance of Education in Scotland is under a period of change. In June 2018 the Education Reform - Joint Agreement between the Scottish Government and Local Government was published. The Joint Agreement is based on the key principles that schools are empowered to make the decisions that most affect outcomes for their children and young people. We await further details on what is the potential impact for the council budget.

Educational Attainment

66. The 2019/20 provisional settlement included £120m for the Attainment Scotland Fund. This is ring fenced funding to support the delivery of equity and is to be distributed directly to schools on the basis of deprivation with a specific purpose to raise attainment for children and young people living with poverty. East Renfrewshire schools are expected to benefit by £1.386m. This spending must be additional and spend determined by head teachers in consultation with their school community including staff, parents and pupils; accordingly the Council is not at liberty to control any of this funding.

Participatory budgeting

67. In October 2017 COSLA Leaders endorsed the Community Choices Budgeting framework, which commits Councils to a target of 1% of our budget (just over £1.7m) to be subject to participatory budgeting by the end of financial year 2020/21.

68. During 2017/18, the Council linked a successful participatory budgeting (PB) process to the locality planning areas of Auchenback and ADD2 Barrhead. £100,000 was distributed to 33 community organisations delivering a range of projects within both localities. The locality PB process is being further developed in 2018/19. In partnership with the newly formed Linking Communities steering group, PB will extend to two more locality areas, Neilston and Thornliebank. Linking Communities will have responsibility for the allocation of £100,000 across the four localities using a PB approach.

69. A recent mainstream pilot of PB was undertaken by the Environment department, whereby the community of Neilston was allocated the parks budget for Neilston of £80,000 and, through community engagement by the local community council, the monies were invested in parks equipment and upgrades chosen by the community. Over the last few years East Renfrewshire Council and the HSCP have been increasing working with communities and community organisations to prioritise spend including the Balgray Reservoir Boardwalk community design project and the "Your Voice" group of HSCP service users. Building on learning from these projects, we continue to work with national and local partners as we develop our local framework to achieve this target.

Welfare reform

70. The reform of the Welfare System has led to changes in the responsibilities of councils and the levels of financial support available to residents. The Council has allocated a contingency fund to cope with these changes.

WIDER POLITICAL, SOCIETAL AND ECONOMIC CHANGEBrexit

71. The full impact of the decision to leave the European Union is still not known and will require to be monitored carefully as we approach the deadline of 29 March 2019. The most obvious local impact will be the loss of European funds to the council which account for an average annual income of £100,000 over the last few years, although the UK and Scottish Governments may well offer some degree of equivalent funding in future. In the shorter term, however, the nature of the UK's departure (i.e. hard or soft) will also impact upon many aspects of Council activities including procurement, workforce and legislative frameworks. Contingency planning is well advanced for the range of scenarios.

Economic uncertainty

72. Brexit and political changes around the world have led to uncertainty on world markets. Growth projections for GDP remain low and inflation is still above target levels. As previously stated, lower public spending settlements may be supported by short term fiscal stimulus efforts to avoid recession, together with longer term tax increases but longer term impacts will remain more difficult to forecast until the shape of the UK exit plan becomes clearer. Any economic detriment and related poverty would increase the demand on council services.

OUTLINE REVENUE FINANCIAL PLAN

73. The Council's agreed financial policy states that "*The Council will make spending decisions based on an assessment of medium to long-term needs and consequences and will seek to avoid taking a short-term outlook in its policy making, service planning and budget setting decisions.*" Over the last number of years the Council has considered and set multi-year budgets. This has assisted in managing extremely difficult financial circumstances and is a demonstration of the value of adopting a longer term approach to financial planning. It is proposed that the Council continues to adopt this longer term approach.

74. Following publication of the UK Autumn Budget on 29 October 2018, the 2019/20 provisional Scottish Council settlement figures were announced on 12 December 2018 and were subsequently updated during January 2019.

75. The latest local government settlement figures are slightly more favourable than originally forecast with a like for like cash reduction of 1.6% for East Renfrewshire. The position has, however, been exacerbated by increased spending pressures, particularly in relation to pay offers and teachers' superannuation contributions.

76. The impact of the settlement on the Council results in a shortfall for 2019/20 of £1.886m. This is after applying both the detailed savings and the 3% Council Tax increase agreed for 2019/20 following the budget consultation exercise in autumn 2017.

77. Detailed proposals to address this shortfall will be presented to Council later on today's agenda.

78. Looking further ahead and taking account of future expenditure pressures currently foreseen, Table 1 below illustrates how varying grant levels could require savings of £4.788m to £18.924m per year from 2020/21 until 2024/25. From 2020/21 onwards the estimated savings requirements have been calculated on the basis that a 3% Council Tax increase is applied each year. It should also be noted that £7.036m of the 2020/21 savings requirement has already been identified and agreed by Council on 2 March 2018. Assuming annual grant reductions of 1% in cash terms, an average savings gap of £11.407m per year is forecast over the next 5 years. As such, officers must continue to update and develop long term financial plans and options for consideration within our multi-year budgeting approach to ensure that these can be factored into business/service planning, together with workforce and asset plans. The move to multi-year settlements at a national level will assist with this.

Table 1

CASH MOVEMENT 2020/21 ONWARDS					
FORECAST ANNUAL BUDGET GAP	+1%	0% (FLAT CASH)	-1%	-2%	-3%
	£M	£M	£M	£M	£M
2020/21	9.338	11.134	12.930	14.726	16.522
2021/22	12.030	13.807	15.548	17.254	18.924
2022/23	7.395	9.208	10.950	12.622	14.225
2023/24	4.788	6.619	8.344	9.965	11.486
2024/25	5.704	7.553	9.261	10.832	12.274

79. Whilst the outlook for the 5 years beyond 2020/21 is illustrated in Table 1, our planning will also flag up and take account of any other major longer term issues impacting on financial forecasts over an even longer time horizon. Such items might include future expiry of PFI contracts, repayments of major tranches of loan charge debt or significant planned legislative change. This will be updated to take account of any proposed changes to

local government funding arrangements once the alternative to the current Council Tax system is determined.

MITIGATING ACTIONS

80. The Council has always taken a long term approach to financial planning. Whilst the scale of the budget cuts and the time period over which they would be implemented could not have been foreseen in 2008, the principles behind the approach to long term financial planning have stood the test of time. The focus has been on developing a very clear strategy to allow priorities to be identified and a very ambitious long term transformation programme to maximise all possible efficiencies in the Council.

STRATEGY FOR THE FUTURE

81. In light of the changes to community empowerment legislation East Renfrewshire Council and its community planning partners have developed a revised approach to the outcomes in our key strategic plans:

- East Renfrewshire's Community Plan covers our 5 overarching strategic outcomes:-
 - **Early Years & Vulnerable Young People**- All children in East Renfrewshire experience a stable and secure childhood and succeed.
 - **Learning, Life and Work**- East Renfrewshire residents are healthy and active and have the skills for learning, life and work
 - **Environment & Economy** - East Renfrewshire is a thriving, attractive and sustainable place for residents and businesses
 - **Safer, Supportive Communities**- East Renfrewshire residents are safe and live in supportive communities
 - **Older People & People with Long Term Conditions** - Older people and people with long term conditions in East Renfrewshire are valued; their voices are heard and they enjoy full and positive lives.
- Fairer East Ren, our Local Outcomes Improvement Plan, is focused on tackling inequality and closing the gap between communities of place and interest, Fairer East Ren will be the main way in which all our Community Planning partners will work together to reduce the embedded inequalities in East Renfrewshire.
- Additionally we have two Locality Plans which have been co-produced with communities within localities who are experiencing poorer outcomes than Scotland or the rest of East Renfrewshire.

82. Changes to the legislation surrounding Community Planning have required that the Community Planning partners develop Local Outcome Improvement Plans as well as locality plans for areas with high levels of deprivation. Such changes are a natural progression of the way we have been working with partners and these changes have not led to a significant change in direction or the 5 outcomes.

83. Our clearly stated vision is to be a “Modern, Ambitious Council creating a Fairer Future with all”. As part of our strategy, we focus on developing our 5 capabilities. i.e. prevention, empowering communities, data, modernisation of how we work and digital. We aim to be excellent in each of these capabilities and then use them to redesign our services to make them more effective and more efficient

84. These capabilities have formed the basis of our transformation programme over the last 4 years. The many service improvements and savings that the council has achieved have been enabled by the 5 capabilities and these capabilities will continue to drive improvement in the future.

MODERN AMBITIOUS COUNCIL PROGRAMME (MAP)

85. Whilst significant savings have already been achieved, the very difficult financial circumstances facing councils are expected to continue for the foreseeable future so the scale of change will need to be maintained. MAP is working towards creating and implementing the modern, digitally enabled organisation that we want to be, based on an evolving picture of what our future council might look like. It is building on the 5 capabilities, particularly focusing on the areas of digital, data and modernising the way we work, whilst enabling future savings contributions.

86. Under the banner of our MAP programme we are implementing a range of “enabler” projects and service redesigns which will help us achieve significant savings in future years. A total of £9.6m (70%) of the 2018-21 agreed savings (including £4.2m (67%) for 2019/20) arise from efficiencies, through the Council’s MAP programme or as a result of our focus on the Council’s 5 capabilities.

87. Savings plans up to at least 2020/2021 have already been drafted under the leadership of the Corporate Management Team and are currently being reviewed to take account of our latest forecasts. Each department in the Council, through its own change programme to modernise and digitise services, contributes to the delivery of the overall MAP programme. Whilst it is recognised that it will become progressively more difficult to identify efficiencies in future, it is the Council’s aim to identify at least £3m of savings per year through efficiencies or change projects. This target will be reassessed on an annual basis.

88. East Renfrewshire Council has a policy of always taking a prudent approach to the calculation of savings. Savings are only included in formal budgets once we have a high degree of confidence that they can be achieved (and in many cases are already in place through work in previous years).

89. The key principles behind the programme that will lead to budget savings are:

- Continue implementing our ambitious Digital Strategy to become a fully digital Council, with more digital transactional services which are easy for the customer to use and which will reduce administration costs considerably
- More community empowerment and self-directed support in the design of services to provide services which meet the needs of individuals and communities better and potentially at lower costs
- A long term direction to invest in prevention activity to reduce the cost of services in the longer term
- Improving the sharing and management of data across the organisation.

90. There are significant programmes of work underway moving at a considerable pace right across the Council and HSCP and there are cross-cutting programmes for digital and core systems, with a further programme around data now emerging. These are covering some complex and challenging areas which challenge the most fundamental building blocks of how we operate (e.g. our financial systems and core business platforms). These are resource intensive areas of work but, given the right input and commitment, have real opportunity to transform the way we work and deliver efficiencies for the future.

PARTNERSHIP WORKING

91. The Council has already benefitted from joint working with other bodies in providing services and has delivered savings through the early adoption of integrated management of health and social care services in 2006, the establishment of the Integration Joint Board in June 2015 and through initiatives such as sharing Renfrewshire Council's Non Domestic Rates system. We anticipate further savings from this approach in future, e.g. through participation in the Clyde Valley Waste project, and we will continue to seek further opportunities to maximise efficiencies in this way.

SERVICE REDUCTIONS

92. Given the likely continuing constraints in cash terms on the Local Government budget over the foreseeable future and the increase in demand for services, it is very unlikely that the MAP programme will be able to deliver the full scale of budget savings required. It is likely that a reduction in service levels will be required to ensure a balanced budget. The strategy for service reductions will be heavily influenced by the policy and manifesto commitments of the administration of the Council. The present policy can be summarised as follows:

- Service cuts will only be taken once all possible efficiency savings have been taken, with an expectation that officers will deliver an ambitious programme of savings based on the 5 capabilities.

- Services will be maintained at statutory levels
- Any conditions of Scottish Government grant will be met e.g. teacher numbers, IJB funding
- Outcomes for our most vulnerable residents will be protected where possible
- Staff will be treated fairly and compulsory redundancies avoided where possible

93. To date, even where there have been significant changes to service provision the outcomes achieved for residents have, in the main, been protected and key performance measures have continued to increase. However if future budget cuts are as high as predicted, this will not continue and a more radical programme of future service cuts will be required.

INCOME GENERATION

Council Tax

94. In 2019/20 Councils are free to increase Council Tax by up to 4.79% (3% in real terms) without a penalty to the Grant settlement. The Council has already committed to increasing Council Tax by 3% in 2019/20 and 2020/21 in setting out its 3 year budget plans on 2 March 2019. A further increase to 4.79% in 2019/20 would provide additional income of around £0.970m for the Council in that year. A similar increase in 2020/21 would produce a cumulative increase of almost £2m. At present it is unknown whether future grant settlements will continue to impose a cap on increases.

Charging For Services

95. Each year the Council reviews charging for services. In general an inflationary rise is applied but market conditions are also taken into account, especially when there is alternative provision available to residents. During 2015 Sports and Leisure services were transferred to a Culture and Leisure Trust, allowing the management team to take a more commercial approach, to access additional sources of funding whilst still working as a charity for the residents of East Renfrewshire. Other sources of income generation will also be explored by the Council for future years, including new options set out in the 2019/20 settlement.

USE OF RESERVES

96. The Audit Scotland Financial Overview 2017/18 paper noted the level of usable reserves had fallen in more than half of Scottish councils by the end of the year as financial pressures continue to build. Forecast levels of this Council's usable reserves, including graphical illustrations of trends, are considered as part of the Revenue Estimates report later on this agenda.

97. Due to the Council's prudent long term approach to financial planning, a range of reserves have been built up over a number of years to assist with expected and unexpected pressures. Should a budget gap remain after the application of savings measures and income generation the Council may consider the short term measure of drawing down on some of these reserves.

98. The Local Authority Accounting Panel (LAAP) Bulletin 99 on Reserves and Balances provides guidance to Chief Financial Officers in the area of using reserves to fund recurrent expenditure as follows:

“It is not normally prudent for reserves to be deployed to finance recurrent expenditure. CIPFA has commented that Councils should be particularly wary about using one off reserves to deal with shortfalls in current funding. Where such action is taken, this should be made explicit, and an explanation given as to how such expenditure will be funded in the medium to long term. Advice should be given on the adequacy of reserves over the lifetime of the medium term financial plan, and should also take account of the expected need for reserves in the longer term”

99. It is important that members understand that any use of Reserves is a short term, one off measure and is only justifiable to address non-recurring pressures or on the basis that there will be a fundamental review of Council budgets over the next year.

100. As at 31 March 2019 the Council forecasts holding unallocated General Reserves of £9.635m. This represents our stated policy of holding 4% of our revenue budget as a general reserve. Auditors broadly consider reserves of between 2 and 4% to be prudent. Should it be decided to meet any of the gap from reserves in 2019/20, these would have to apply only to one off items or the savings would simply be deferred to future years. Should members wish to utilise reserves to help balance the budget in the short term, it is recommended that this should be kept to a minimum and used as far as possible only to cover one off or short term spending pressures or where recurrent savings are expected to be identified in the near future.

Future Workplan

101. Accountancy staff have been reviewing financial pressures and funding levels for the coming year and finalised budget proposals for 2019/20, together with indicative budgets for 2020/21 are contained later on today's agenda for approval. Work will continue in updating budget scenarios for the period to 2025 with a view to continuing with multi-year budget planning in future.

102. The timescales for submission of the Council's financial plans are listed below:

Plan	Approval
Financial Plan 2019/2025	Council, February 2019
Capital Investment Strategy	Council, February 2019
8 year Capital Plan 2019/2027	Council, February 2019
2 Year Revenue Budget 2019/21	Council, February 2019
Financial Plan 2020/2026	Council, February 2020
Updated Revenue Budget 2020/21	Council, February 2020

CONCLUSIONS

103. In view of the significant financial and demand pressures facing the Council over the current and next five years it is essential that the Council's financial plans are updated regularly for consideration by the Council. This is in line with the Council's agreed financial policy of basing decisions on an assessment of medium to long term needs and consequences.

RECOMMENDATIONS

104. It is recommended that the Council: -

- (i) notes the continuing budget pressures anticipated in the next 5 years and the mitigating actions proposed; and
- (ii) approves the draft Outline Revenue Financial Plan 2019 – 2025

Further information is available from M. McCrossan, Head of Accountancy, telephone 0141 577 3035.

KEY WORDS Revenue Estimates, Council Tax, Reserves and Balances, Financial Planning

EAST RENFREWSHIRE COUNCIL28 February 2019Report by Head of Accountancy (Chief Financial Officer)REVENUE ESTIMATES 2019/20**PURPOSE OF REPORT**

1. To submit for approval revenue estimates of income and expenditure as the basis for the Council Tax declaration for 2019/20.

RECOMMENDATIONS

2. It is recommended that the Council: -

- (i) approves the revenue estimates for 2019/20;
- (ii) approves the indicative revenue estimates for 2020/21;
- (iii) approves the recommended level and utilisation of reserves;
- (iv) determines the Council Tax Band D level for 2019/20 at £1,230.41; and
- (v) notes that management of the Council's finances and service plans will continue to be undertaken on a longer term basis.

REVENUE BUDGET PROCESS

3. In approving the revenue estimates in recent years the Council has recognised that the future financial position was likely to remain very difficult in terms of spending pressures, demand for services and level of government grant. Accordingly, the Council has adopted a long term financial planning policy which assumes a real terms reduction in available budgets. This position remains appropriate with the Scottish Government's Medium Term Financial Strategy, published in May 2018, and the UK Autumn budget in November 2018 forecasting ongoing reductions in non-protected services.

4. Recognising these ongoing financial pressures, the Council has reviewed and updated its long term Financial Plan for 2019-25. Revenue budgets to be considered today will cover the period from 2019/20 to 2020/21 with the 2019/20 budget being agreed and the indicative budget for 2020/21 also being approved. In keeping with our longer term financial approach, modelling of the Council's financial position will also continue internally for the following three year budget period.

5. In summer 2017 savings proposals to address forecast funding shortfalls for the next three financial years were identified. These proposals were subject to extensive consultation and active engagement with the Council's communities, service users, employees and partners in autumn 2017, with consultees being invited to provide their views on the budget savings proposals set out. Feedback from that engagement exercise informed the development of the savings measures proposed by the Council covering the financial years 2018/19 to 2020/21.

6. As a part of the process for constructing the budget proposals for the next financial year, departments compiled detailed budget information on the cost of services to be provided in 2019/20. In practice this represents the cost of maintaining existing service levels and in addition providing for: -

- The impact of inflationary pressures including pay awards
- Scottish and UK Government initiatives
- Cost of Council decisions and legal commitments
- Revenue implications of the Capital Programme
- Increased demand for services from growing population

7. The Chancellor of the Exchequer's UK autumn budget was published in November 2018. The Scottish Government circular announcing the Council's provisional 2019/20 grant figures was issued on 12 December 2018 and subsequently amended on 31 January 2019.

8. The budget process has involved consultation with Trades Unions both at departmental and corporate levels and formally through the Joint Consultative Committee.

SCOTTISH GOVERNMENT GRANT FUNDING 2019/20

9. Aggregate External Finance (AEF) is the mainstream grant support for the Council. It is determined by the Scottish Government and comprises: -

- General Resource Grant
- Specific Grants
- Income from Non Domestic Rates

10. For comparative purposes budgeted grant levels are as follows:-

	REVISED BUDGET 2018/19	CONFIRMED BUDGET 2019/20	ADJUSTED BUDGET 2019/20
	£000	£000	£000
General Revenue Funding	160,741	158,853	161,290
Specific Grants	2,006	5,366	5,366
Non Domestic Rates	<u>14,318</u>	<u>15,377</u>	<u>15,377</u>
	<u>177,065</u>	<u>179,596</u>	<u>182,033</u>

11. The 2018/19 total grant figure reported to Council on 2 March 2018 was £178.897m including £1.832m funding expected to support the building of the new Barrhead High School. The funding was subsequently provided outwith the grant settlement and so the 2018/19 figure has been adjusted in the table above.

12. The 2019/20 general revenue grant funding includes funding for the implementation of the Carers' Act (£0.167m) and additional IJB integration commitments (£1.807m) as well as a small number of new initiatives such as the provision of sanitary products in public places giving a total of new monies of £2.05m.

13. The Scottish Government have also committed to fund a number of teacher related items such as the change in pay scales and 79% of the increase in teachers' superannuation employers' contributions. The quantum of the teachers' items funding is not included in the

settlement figures and will be announced later in the year and therefore an estimated adjustment of £2.437m has been made to the General Revenue Funding figure above to cover anticipated costs.

14. The Specific Grant figure incorporates £1.386m ring fenced funding to support educational attainment. This is a similar level to 2018/19 and must be distributed to head teachers for them to determine utilisation and as such the expenditure cannot be directed by the Council.

15. New specific grant resource of £3.405m to fund the move towards 1140 hours of early learning and childcare is also included in the 2019/20 figure above.

16. After adjusting for new grant funding as set out in paras 12, 13 and 15 above, the 2019/20 settlement equates to a cash reduction of £2.924m (1.6%) on a like for like basis against the current year. In broad terms this figure consists of:

- An increase of £1.0 m to reflect population demands
- A decrease of £1.8m as part of the Councils share of the overall funding to councils
- A decrease of £1.9m to reflect an expected decrease in historical loans support
- An increase of £0.2m to reflect a decreased contribution to the floors arrangement
- A decrease of £0.4m to reflect an assumption of buoyancy in council tax collection

17. The Council's 2019/20 grant settlement therefore does not make provision for any inflationary or local demand pressures faced by the Council, so the pay and price increases and service demand pressures that will be faced are not funded through Scottish Government grant but need to be self-funded by the Council. These represent a total pressure of around £9m to be absorbed by the Council for 2019/20.

18. As a part of the grant settlement for 2019/20, the Scottish Government expects that:

- Nationally Councils will maintain teacher numbers in line with pupil numbers and secure places for all probationers who require one under the teacher induction scheme;
- Councils will limit any Council Tax increases to a maximum of 4.79% (3% in real terms); and
- Councils limit any savings to adult care budgets to 2.2% compared to 2018/19.

19. The budget proposals submitted for Council consideration assume delivery against the above points in 2019/20.

20. The settlement also offered Councils the discretion to introduce a transient visitor levy and workplace parking levy, to vary the level of non-domestic rates empty property relief in the future and to vary loans fund repayment arrangements for advances made before April 2016. Detailed guidance/legislation to enable these to be considered in future is not yet in place.

21. A commitment was also given to publish legislation during the term of the current parliament on options for a replacement to the Council Tax system of funding local government.

22. The Scottish Government has further committed to moving to 3 year settlements from 2020/21. This will greatly assist the Council in its forward financial planning.

“FLOORS” ARRANGEMENT

23. In determining grant distribution the Scottish Government has again put in place a “floors” arrangement to ensure year-on-year stability in grant at individual Council level. The cost of bringing local authorities up to the “floor” is borne by the remaining Councils. Under this arrangement East Renfrewshire will contribute £0.849 million by way of deduction from AEF grants in 2019/20. This contribution has been reflected in the above figures.

NON DOMESTIC RATES INCOME

24. Non-domestic rates income is paid into a central pool which is then distributed as part of AEF. The amount paid to Councils from the pool is fixed for each year with any surplus or shortfall in the overall pool being adjusted in the following year’s rate poundage or AEF settlement. The forecast for NDRI draws on Councils’ estimates of the amounts they will contribute to the pool. Included in the calculation are: gross income; expected losses from appeals; in-year cost of transitional relief; mandatory and other reliefs; write-offs and provisions for bad debts.

FINANCIAL OUTLOOK

25. The Council’s agreed financial policy states that *“The Council will make spending decisions based on an assessment of medium to long-term needs and consequences and will seek to avoid taking a short-term outlook in its policy making, service planning and budget setting decisions.”* Over the last number of years the Council has considered and set multi-year budgets. This has assisted in managing extremely difficult financial circumstances and is a demonstration of the value of adopting a longer term approach to financial planning. Given the ongoing challenging financial outlook it is proposed that the Council continues to adopt this longer term approach and this has been set out in the Council’s Financial Plan for 2019-25.

26. Despite the Council’s grant having only been confirmed for 2019/20, it is proposed to agree budget plans for 2019/20 and an indicative budget for 2020/21 today as part of the Council’s good practice approach to longer term financial planning.

27. Taking account of the 2019/20 settlement announcement and updated expenditure information, a total budget shortfall of £11.824m has been confirmed for the coming year. This is higher than the expected shortfall when the indicative budget for 2019/20 was estimated in March 2018. The main reasons behind this are:-

- A slightly lower than expected reduction in the cash grant from the Scottish Government
- Higher inflationary pressures for salaries than expected
- An increased contribution to teacher superannuation scheme
- Slightly lower inflationary pressure across other budgets

28. Taking account of £9.332m of savings agreed on 2 March 2018 for 2019/20, as set out in Annex A and of the application of £0.606m of the current year underspend carryforward agreed by Council in December 2018 to cover deferred savings, leaves an outstanding 2019/20 budget gap of £1.886m. The total shortfall we expect to be required to close over the period 2018-21 is now £29.584m.

29. As explained in the Financial Planning 2019-25 report, further cash reductions in grant are forecast for the years following 2019/20, producing ongoing shortfalls for the next five years. For 2020/21 a budget shortfall of £12.930m is forecast, against which £7.036m savings have already been identified as set out in Annex A. It is important that the Council continues to manage this scenario in line with its longer term financial management strategy.

COUNCIL TAX

30. The Council may increase Council Tax by up to 4.79% in 2019/20. In the 3 year budget plans prepared after public consultation in February 2018, a 3% council tax increase was included for each of the 3 years. It is proposed that a 3% increase is agreed for 2019/20 and the subsequent year to assist in addressing the financial challenges facing the Council. This will increase income by £1.629m per year. This 3% Council Tax increase has already been assumed in arriving at the above budget shortfall figures.

SAVINGS PROPOSALS

31. Of the budget shortfall of £11.824m for 2019/20, £9.332m of the 2019/20 savings agreed following our three year budget consultation remain available to reduce this shortfall. The original £10.490m savings figure has been adjusted to reflect the restriction on the level of savings that can be applied to IJB budgets and this has reduced the total by £0.332m. Available savings have been further reduced by £0.220m to align the Council's and East Renfrewshire Culture and Leisure Trust's budgets for 2019/20 and to extend an additional £0.200m of support to the Trust for a further year. During the year the Council also agreed to defer implementation of the proposed Pupil Support Assistant savings from April until August 2019. This reduces the 2019/20 available savings figure by a further £0.406m. The £0.200m extension of Trust support and the £0.406m PSA deferral will be covered by an agreed carry forward of 2018/19 underspend and the full year saving will be available to support budget pressures from 2020/21 onwards. The revised savings applicable to each year are set out in Annex A.

31. It is proposed that the £1.886m outstanding savings requirement be deferred on a short term basis by a drawdown from unallocated general reserve funds. This recognises the short timescale available in which to identify and implement new savings prior to 1 April 2019 and will permit time to assess any potential new savings fully and to phase these savings in gradually, reducing the impact on services for as long as possible. This drawdown is in addition to the £1.600m utilisation of unallocated general reserve already agreed for 2019/20 and £1.500m agreed for 2020/21 on 2 March 2018.

32. Budgets are closely monitored throughout the year and all departments have been seeking underspends in the latter half of 2018/19 to assist in replenishing the general reserve so as to better address future pressures. In January 2019 a forecast underspend of £0.455m was reported (after taking account of the carryforward agreed in December 2018) and latest indications are this could increase by at least a further £0.400m by the year end.

33. For 2020/21 indicative savings of £7.036m have been identified towards the overall budget gap of £12.930. This leaves unallocated savings of £5.894m still to be identified for the year, including the £1.886m deferred in 2019/20. The Corporate Management Team will seek to identify savings options in the coming months to ensure that actions to address this gap are in place in advance of 1 April 2020.

34. Although the Council continues to face significant ongoing financial challenges, every effort is made to minimise impact on front line services and it should be noted that, excluding IJB, almost £4.2m (67%) of the Council's current savings proposals for 2019/20 relate to efficiencies or to the Council's Modern Ambitious Programme (MAP) and the focus on the Council's 5 capabilities. Over the next two years such savings account for £6.4m (65%) of the total proposals.

NET EXPENDITURE

35. The resulting revenue estimates for 2019/20 and 2020/21 provide for net expenditure of £242.290 and £239.875 million respectively, made up as follows:-

	BUDGET 2019/20 £m	BUDGET 2020/21 £m
Education	139.067	143.104
Contribution to IJB	49.350	48.525
Environment	26.687	26.565
Community Resources	12.411	12.471
Chief Executive's Non Support	0.015	0.016
Joint Boards	2.258	2.258
Contingency - Welfare	0.200	0.200
Capital Financing Costs	10.545	10.863
Other	1.757	1.767
Savings to be identified		(5.894)
	<u>242.290</u>	<u>239.875</u>

36. Welfare reform continues to impact on council services. As these changes, particularly Universal Credit, are still being rolled out the budget for 2019/20 includes contingency provision to help the Council make the necessary investment to support the changes and to progress measures to mitigate their impact on the public. As the financial impact of the changes is clarified in coming years, the contingency provision will continue to be allocated to appropriate service areas.

COUNCIL TAX COLLECTION

37. On the basis of past performance and reflecting on the current economic situation the Council Tax collection rate for 2019/20 has been assumed at 98%.

RESERVES AND BALANCES

General Fund

38. Setting aside earmarked reserves, the balance on the unallocated General Fund as at 31 March 2018 stood at £10.133 million. During 2018/19 budget £1.355m was used to balance the budget but recognising latest reported projections of in year underspends and interest earned it is projected that the closing balance on the General Fund at 31 March 2019 will be £9.635 million (4.06%). Factoring in planned drawdowns of £1.600 million and £1.886 million in 2019/20 and £1.500 million in 2020/21 would reduce the reserve to £3.823 million (1.61%) at 31 March 2021. This is close to the limit of what is considered prudent by the Chief Financial Officer, however latest forecasts of expenditure in the current year indicate that an increased underspend will be achieved and will result in a higher closing balance at 31 March 2019.

39. The Council's identified aim has been to hold a General Reserve of 4% of net revenue expenditure so as to provide against unforeseen expenditure which may arise and to accommodate the short and medium term financial plans of the Council, such as the annual drawdowns of £1.6m and £1.5m set out in the paragraphs above. A 4% reserve is at the most prudent end of accepted reserve levels and, given Audit Scotland comments in recent years on the levels of reserves held by Councils, it is considered that the proposed drawdown in 2019/21 is reasonable. It should be noted that it is not proposed to use the General Reserve to permanently finance recurrent expenditure.

40. The current and forecast positions of the General Fund and other key Council reserves are set out in graphical form in Annex B.

Modernisation Fund

41. This earmarked funding has been identified to enable the upfront investment required for the Council's transformation activities. It is proposed to incur a total of £1m Spend to Save and Transformation expenditure annually in 2019/21 this being supported by robust business cases. Movements in the reserve are estimated as follows:

		£000
Estimated Balance	1/04/19	6,492
Interest Receivable	2019/20	20
Expenditure	2019/20	(1,000)
		<hr/>
Closing Balance	31/3/20	<u>5,512</u>

Insurance Fund

42. The Fund has been established to provide for insurance voluntary excess costs and there are no plans to use this fund during 2019/20. Movements in the fund are estimated as follows:

		£000
Estimated Balance	1/4/19	1,942
Interest Receivable	2019/20	8
Expenditure	2019/20	-
		<hr/>
Closing Balance	31/3/20	<u>1,950</u>

Equalisation Fund

43. The Fund has been established to equalise future PFI/PPP payments. It is anticipated that in closing this year's accounts no contribution will be made to the reserve. It is not proposed to utilise this Fund during 2019/20. Movements in the fund are estimated to be as follows:

		£000
Estimated Balance	1/4/19	2,568
Interest Receivable	2019/20	10
Expenditure	2019/20	-
		<hr/>
Closing Balance	31/3/20	<u>2,578</u>

Repairs and Renewals Fund

44. The Fund is established to enable a continuing programme of repairs and renewals to roads, properties and other infrastructure. Expenditure proposals for 2019/20 from the Fund include £600,000 for targeted property repairs to education premises; £500,000 for road repairs and £300,000 as a contingency that will be drawn down if next year's winter is more adverse than "average".

		£000
Estimated Balance	1/4/19	6,578
Interest Receivable	2019/20	30
Expenditure	2019/20	(2,062)
		<hr/>
Closing Balance	31/3/20	<u>4,546</u>

Capital Reserve

45. It is anticipated that in closing this year's financial accounts no contribution will be made to the reserve. In the budget for 2019/20 it is not proposed to contribute further to the reserve. This reserve will assist in maintaining capital investment during the current economic challenges and it will be utilised in accordance with the Council's Capital Plan. The closing balance at 31/3/20 is estimated to be £2.042m.

EFFICIENT GOVERNMENT

46. The Council places high reliance on its Modern Ambitious Programme to drive change and savings across all services. Key themes include designing services from the customer's perspective, developing digital services, focusing on solutions and reducing bureaucracy, improving access to information and reducing numbers of buildings and staff.

47. A central register has been established to record efficiencies generated within the Council. This register is maintained on an ongoing basis.

48. As a part of the estimates process for 2018/21 savings measures were identified to assist towards the delivery of a balanced budget. Savings measures are progressed in a managed way with early action being taken where possible to prepare for future financial difficulties. Budget proposals endeavour to maximise efficiencies and protect frontline service. Over £9.6m (70%) of the Council's planned savings (excluding IJB) for the period 2018/21 arise from efficiencies or relate to activities associated with the MAP programme or the Council's 5 capabilities focus.

EQUALITY IMPACT ASSESSMENT

49. Section 149 of the Equality Act 2010 (the public sector general equality duty), requires the Council, in the exercise of its functions, to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Equality Act 2010;
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and
- foster good relations between people who share a protected characteristic and those who do not.

50. The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 requires the Council, when proposing a new policy or practice, or revising an existing one, to:

- assess the impact of applying its proposals or changes against the three needs of the general equality duty, listed above;
- consider relevant evidence relating to different equality groups (including any evidence received from individuals from those groups);
- take account of the results of any assessment in respect of that policy or practice;
- publish, within a reasonable period, the results of any assessment where the Council decides to apply the policy or practice in question; and
- make arrangements to review and where necessary revise any policy or practice that the Council applies in the exercise of its functions.

51. Recognising this statutory duty, the Council has undertaken an equality impact assessment on each of the budget savings measures. Where appropriate, consultation and engagement is undertaken with relevant groups prior to implementing any savings measures assessed as possibly having an impact in equality terms with a view to minimising this impact.

COUNCIL TAX 2019/20

52. The appended revenue estimates are based on a Band D Council Tax level of £1,230.41 being set for 2019/20. This proposed Council Tax level represents a 3% increase when compared to the current year's level.

RECOMMENDATIONS

53. It is recommended that the Council: -

- (i) approves the revenue estimates for 2019/20;
- (ii) approves the indicative revenue estimates for 2020/21;
- (iii) approves the recommended level and utilisation of reserves;
- (iv) determines the Council Tax Band D level for 2019/20 at £1,230.41; and
- (v) notes that management of the Council's finances and service plans will continue to be undertaken on a longer term basis.

Further information is available from M. McCrossan, Head of Accountancy, telephone 0141 577 3035.

BLANK PAGE

SAVINGS PROPOSALS 2019/20 AND 2020/21

	<u>2019/20</u>	<u>2020/21</u>	<u>TOTAL</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>CHANGE & EFFICIENCY</u>			
Review of Accountancy service		115	115
Review of Chief Exec services' admin & support	60		60
Review of Chief Exec services' non staff budgets	87		87
Review of Procurement service		49	49
Review of Business Change & Revenues, Customer 1st, HR, Payroll & ICT	307	266	573
Review of Corp & Comm Services non staff budgets	72		72
Replacement Teaching budget	100		100
ASN external placements	75		75
Education further review of admin/clerical/LG support staff	78	100	178
Further review of Psychological services	44	44	88
Instrumental music redesign	92	46	138
Review of school based technicians	121	61	182
Review of early learning management structures	120		120
Review of early learning & childcare staffing across estate	40		40
Standardised testing saving		36	36
Sure Start saving	49		49
Realign central education budgets	21	8	29
Remove PSA classroom assistants in Prim/Sec	650	406	1,056
Reduce school bilingual support workers	57	35	92
Reduce school behaviour support assistants		100	100
Remove lunchtime supervisory assistant role	39		39
Environment Change Programme	1,733	802	2,535
Review of Environment non staff budgets	60		60
Review of corporate contingency budgets	5		5
	<u>3,810</u>	<u>2,068</u>	<u>5,878</u>

ASSETS

ICT asset refresh/SWAN replacement	172	57	229
Reduction in schools' utilities consumption	107	40	147
	<u>279</u>	<u>97</u>	<u>376</u>

PROCUREMENT

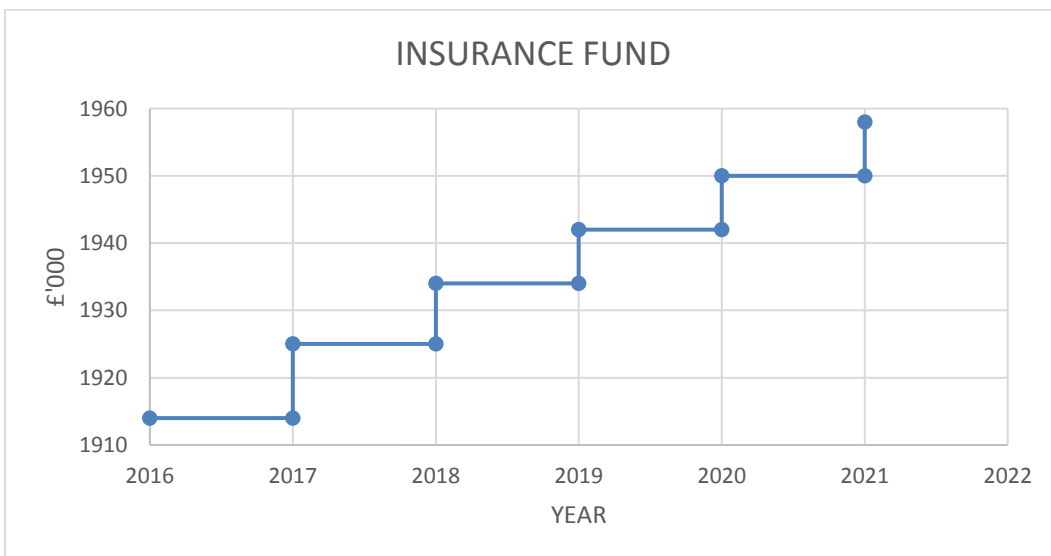
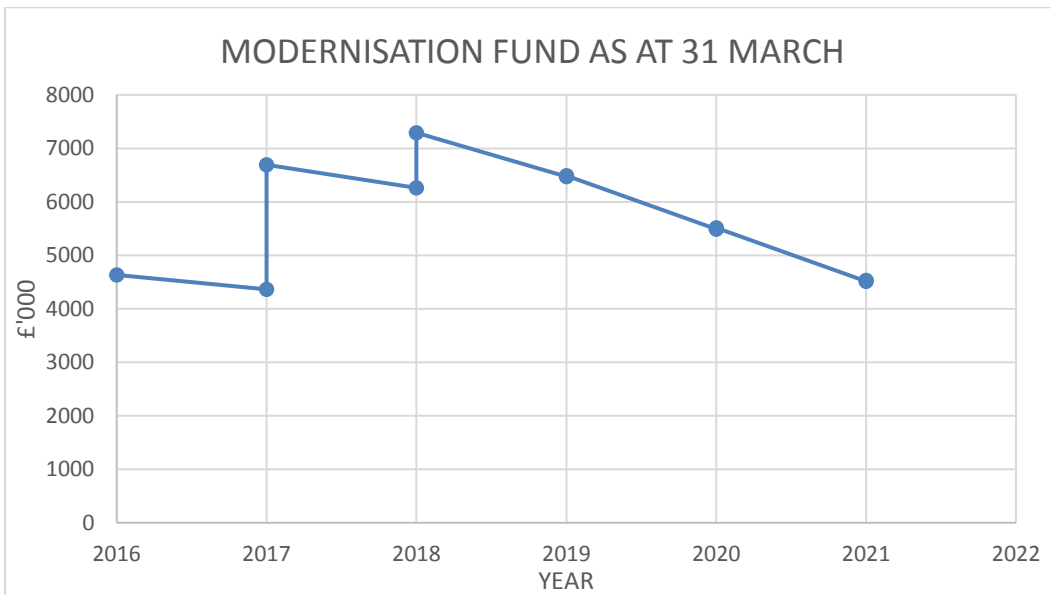
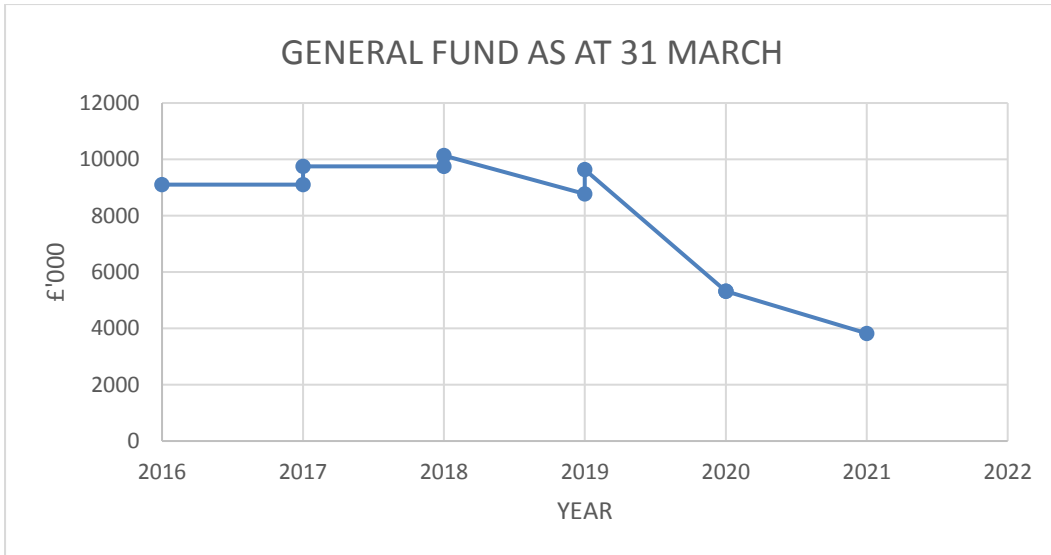
ICT contract rationalisation	100	50	150
Procurement efficiencies	100	50	150

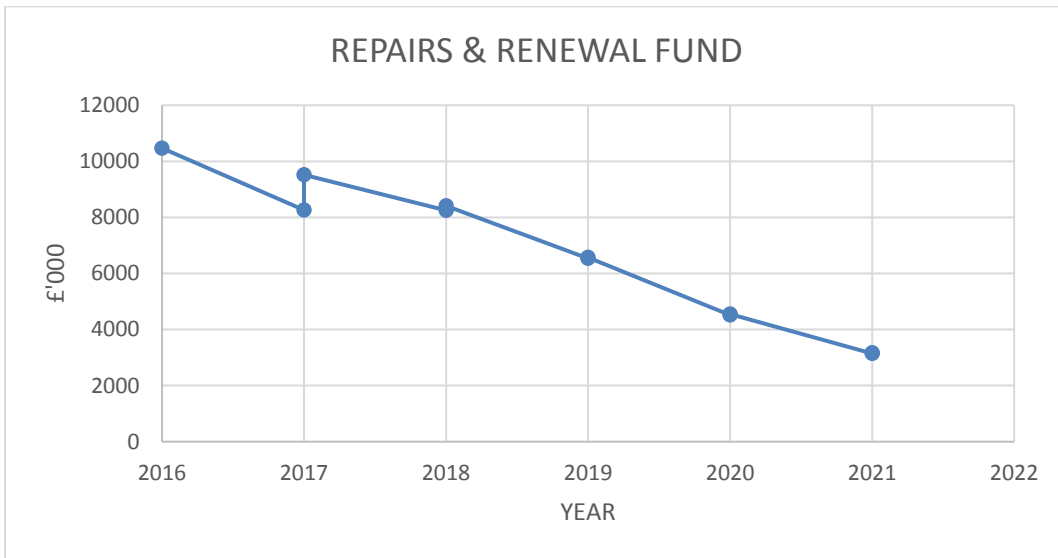
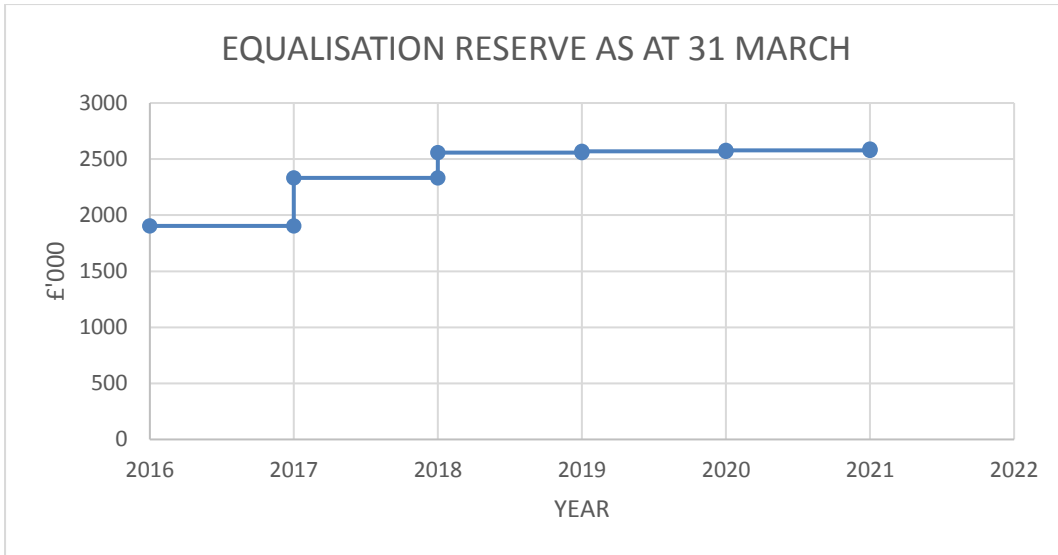
FINANCIAL

Increase in Legal fees		10	10
Debt recovery improvements	45	45	90
School meals price increase		80	80
Environment income generation	90	83	173
	<u>135</u>	<u>218</u>	<u>353</u>

OTHER

Review of Legal services		20	20
Temp scrutiny funding ends		25	25
Temp data analysis funding ends		67	67
Review of CLD/Equalities/Democratic services	118	79	197
Review of Community Safety services	147		147
Review of Communications service		72	72
IJB savings target	3,097	3,429	6,526
Review of Non Landlord Housing services		124	124
Review Connor Rd/Overlee House service	50	150	200
Additional Mixed Tenure funding ends	150		150
Review of Catering services	89	111	200
Review of Cleaning services	55	35	90
Review of Janitorial services	56	26	82
Further Quality Improvement service reduction	38	39	77
Reduce schools minor property works budget	46	24	70
Remove central education health & safety budget		34	34
Further reduction in Vocational Prog funding	25	50	75
Further reduction Determined to Succeed	18	18	36
Education Grants to Vol Orgs	8		8
Remove Curriculum for Excellence budget	58		58
Reduction in Education CPD budget	77		77
Reduction in Devolved School Management budgets	500		500
ERCLT savings target		110	110
Reading Recovery funding ends	62		62
School Toilet Refurb funding ends	125		125
BYOD/early years technology funding ends	250		250
Additional ERCLT support funding ends	39	190	229
	<u>5,008</u>	<u>4,603</u>	<u>9,611</u>
	9,332	7,036	16,368





FINANCIAL ESTIMATES 2019/20

CONTENTS

REVENUE ESTIMATES	Page No.
Calculation of Council Tax	1
Summary	2 - 13
Education	15 - 29
Environment	31 - 55
Corporate & Community - Community Resources	57 - 75
Chief Executive - Non Support Services	77 - 81
Central Support Summary	83
Chief Executive - Support Services	85 - 91
Corporate & Community - Support Services	93 - 103
Environment - Support Services	105 - 108
Health & Social Care Partnership	109 - 119

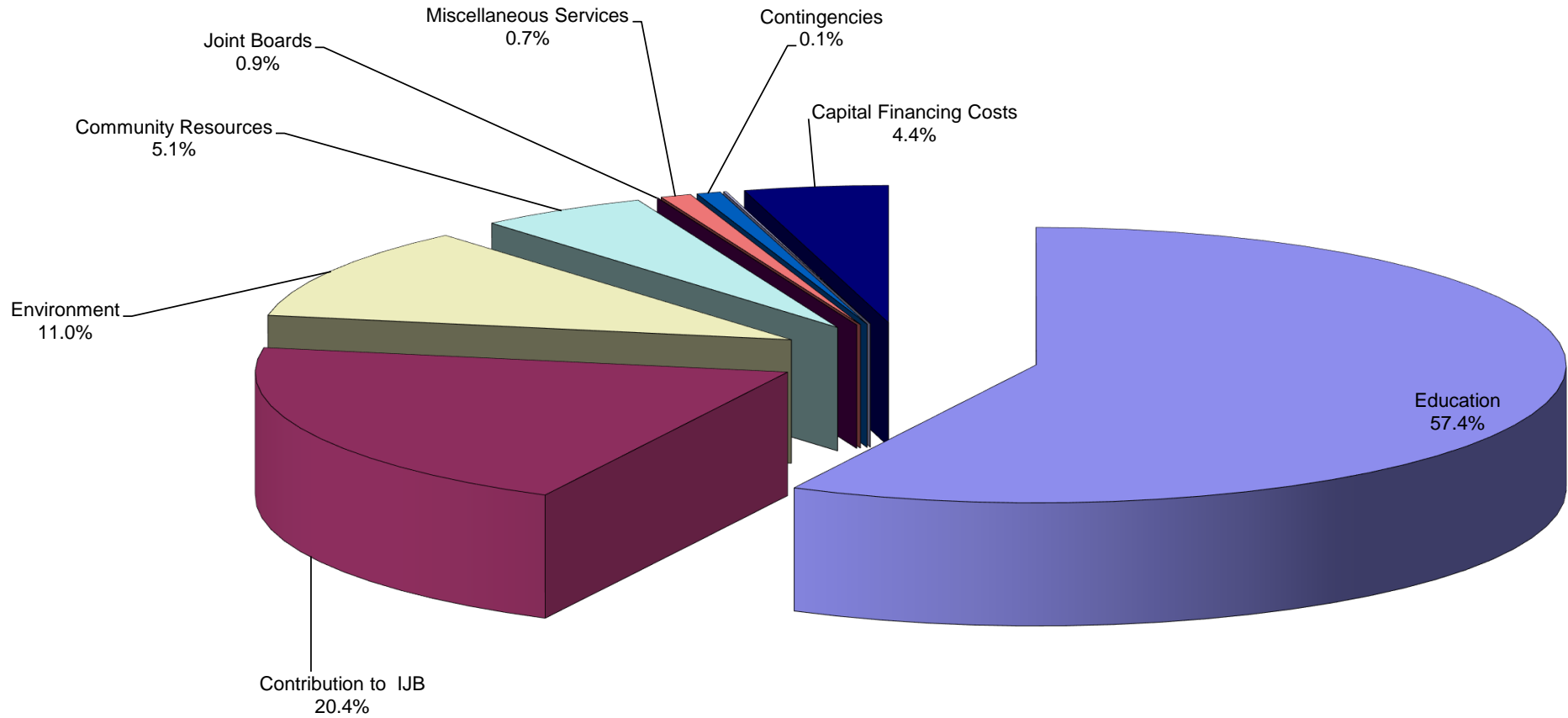
CALCULATION OF COUNCIL TAX BAND 'D'

2018/19 £'000		2019/20 £'000
234,455	Net Expenditure	242,290
-	Contribution to Balances / Special Funds	-
234,455		242,290
(178,897)	Aggregate External Finance	(182,033)
(1,500)	Contribution from Reserves	(4,312)
54,058	Amount to be met from Council Tax	55,945
46,177	Number of Band 'D' Equivalents	46,397
924	Less Provision for Non Payment	928
45,253	Effective Tax Base	45,469
£1,194.57	Council Tax Band D	£1,230.41

COUNCIL TAX CHARGES 2019/20

<u>Valuation Band</u>	<u>Fraction of Band D</u>	<u>Upper Value £</u>	<u>Council Tax £</u>
A	240/360	27,000	820.27
B	280/360	35,000	956.98
C	320/360	45,000	1,093.70
D	1.00	58,000	1,230.41
E	473/360	80,000	1,616.63
F	585/360	106,000	1,999.42
G	705/360	212,000	2,409.55
H	882/360	over 212,000	3,014.50

2019/20 GENERAL FUND REVENUE BUDGET BY SERVICE



REVENUE ESTIMATES SUMMARY 2019/20

NET EXPENDITURE	2018/19	2019/20	2020/21
	Approved Budget	Approved Budget	Indicative Budget
	£'000	£'000	£'000
Education	131,504	139,067	143,104
Contribution to Integration Joint Board (including Ring Fenced Grant)	48,175	49,350	48,525
Environment	27,462	26,687	26,565
Community Resources	12,816	12,411	12,471
Chief Executive's Office - Non Support	27	15	16
Joint Boards	2,229	2,258	2,258
Miscellaneous Services	1,779	1,757	1,767
Contingency - Welfare	200	200	200
Capital Financing Costs	10,263	10,545	10,863
Additional Savings to be identified			(5,894)
	234,455	242,290	239,875
Contribution to Assist in Maintaining Reserves.			
	234,455	242,290	239,875
FINANCED BY:-			
Revenue Support Grant and Non Domestic Rates	176,891	176,667	174,871
Ring Fenced Grants	2,006	5,366	5,366
Contribution from Reserves	1,500	4,312	1,500
Council Tax	54,058	55,945	58,138
	234,455	242,290	239,875

E D U C A T I O N

DEPARTMENTAL SUMMARY

	Budget 2018/19 £'000	Budget 2019/20 £'000
Pre Five Education	8,991	12,696
Schools:- Primary	42,021	44,238
Secondary	55,016	55,421
Other	3,294	3,327
Special Education	6,341	6,680
Psychological Services	836	870
Transport (Excl Special)	944	977
Clothing	181	228
Admin & Supp	7,151	7,339
Cleaning Services	-	-
Catering Services	-	-
School Crossing Patrollers	-	-
Culture and Leisure Services	6,729	7,291
	<u>131,504</u>	<u>139,067</u>

**CONTRIBUTION TO INTEGRATION JOINT BOARD
DEPARTMENTAL SUMMARY**

	Budget 2018/19 £'000	Budget 2019/20 £'000
Ring Fenced Government Grant	578	561
Council Contribution to Integration Joint Board	47,597	48789
	<u>48,175</u>	<u>49,350</u>

ENVIRONMENT

DEPARTMENTAL SUMMARY

	Budget 2018/19 £'000	Budget 2019/20 £'000
Directorate	1,430	1,688
Environment Accommodation	-	-
Energy Management	130	140
Environment - Non Operational Properties	285	319
Planning & Building Control	1,186	1,283
Economic Development	1,248	1,075
Roads	10,173	10,097
Roads Contracting Unit	-	-
Parks Services	1,898	1,503
Prevention Services	1,190	1,162
Waste Management	3,935	3,706
Cleansing	3,924	3,779
Vehicles Services	-	-
Other Housing	2,063	1,935
	<u>27,462</u>	<u>26,687</u>

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

DEPARTMENTAL SUMMARY

	Budget 2018/19 £'000	Budget 2019/20 £'000
Directorate	44	63
Community Safety	1,544	1,435
Elections, Members Expenses and Corporate & Democratic Core	2,157	2,090
Grants	179	172
Money Advice and Rights	935	945
Registrars	272	242
Strategic Insight & Communities Management	148	198
Partnerships & Equalities	477	486
Community Learning and Development	1,188	1,027
Auchenback Resource Centre	31	31
Council Tax & Non Domestic Rates	4,387	4,304
Revenues - Benefits & Discretionary Payments	820	839
Housing Benefits	282	264
Business Support Team	315	282
Communities, Revenues and Change	37	33
	<u>12,816</u>	<u>12,411</u>

CHIEF EXECUTIVE'S - NON SUPPORT SERVICES

DEPARTMENTAL SUMMARY

	Budget 2018/19 £'000	Budget 2019/20 £'000
Accountancy	(10)	53
Civic Licensing	42	(14)
Licensing Board	(5)	(24)
	<u>27</u>	<u>15</u>

JOINT BOARDS

	Budget 2018/19 £'000	Budget 2019/20 £'000
Passenger Transport	1,769	1,771
Valuation	460	487
	<u>2,229</u>	<u>2,258</u>

MISCELLANEOUS SERVICES

	Budget 2018/19 £'000	Budget 2019/20 £'000
Restructuring etc. costs	417	412
Miscellaneous	75	65
Superannuation Additional Allowances	1,027	1,029
Other Operational Costs	260	251
	<u>1,779</u>	<u>1,757</u>

B U D G E T E D P E R S O N N E L 2019/20
A L L S E R V I C E S

	Full Time Equivalent
Education	2,251
Environment	353
Corporate & Community - Community Resources	122
Chief Executive's - Support Services	54
Chief Executive's - Non Support Services	1
Corporate & Community - Support Services	187
Environment - Support	39
Health & Social Care Partnership	552
Non HRA Services	<u><u>3,559</u></u>

EDUCATION

DEPARTMENTAL SUMMARY

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	90,712	97,459
Property Costs	10,915	11,278
Transport Costs	1,795	1,827
Supplies & Services	27,053	29,737
Third Party Payments	7,255	7,582
Transfer Payments	810	849
Support Services	5,007	5,151
Total Expenditure	143,547	153,883
<u>Income</u>		
Ring Fenced Government Grant	1,428	4,805
Other Government Grant	270	2,504
Recharge Income (Internal)	8,652	8,880
Fees Charges etc	2,995	3,080
Other Income	126	352
Total Income	13,471	19,621
NET EXPENDITURE FOR COUNCIL TAX	130,076	134,262
<u>Adjustments</u>		
Ring Fenced Government Grant	1,428	4,805
NET EXPENDITURE	131,504	139,067

Budgeted Personnel 2019/20

	<u>Full-time Equivalent</u>
Chief Officers	4.0
Teachers	1,308.0
APT & C	645.1
Manual	294.0
TOTAL	2,251.1

E D U C A T I O N

P R E F I V E E D U C A T I O N

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	8,082	8,764
Property Costs	316	335
Transport Costs	-	-
Supplies & Services	340	3,687
Third Party Payments	666	666
Transfer Payments	-	-
Support Services	10	11
Total Expenditure	9,414	13,463
<u>Income</u>		
Ring Fenced Government Grant	-	3,405
Other Government Grant	-	-
Recharge Income (Internal)	66	50
Fees Charges etc	357	717
Other Income	-	-
Total Income	423	4,172
Net Expenditure for Council Tax	8,991	9,291
<u>Adjustments</u>		
Ring Fenced Government Grant	-	3,405
NET EXPENDITURE	8,991	12,696

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	32.1
APT & C	208.4
Manual	-
Total	240.5

E D U C A T I O N

PRIMARY EDUCATION

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	31,572	33,942
Property Costs	4,170	4,507
Transport Costs	-	-
Supplies & Services	7,590	7,301
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	74	78
Total Expenditure	43,406	45,828
<u>Income</u>		
Ring Fenced Government Grant	909	892
Other Government Grant	184	336
Recharge Income (Internal)	436	454
Fees Charges etc	765	714
Other Income	-	86
Total Income	2,294	2,482
Net Expenditure for Council Tax	41,112	43,346
<u>Adjustments</u>		
Ring Fenced Government Grant	909	892
NET EXPENDITURE	42,021	44,238

Budgeted Personnel 2019/20

	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	556.4
APT & C	163.8
Manual	1.9
Total	722.1

E D U C A T I O N
S E C O N D A R Y E D U C A T I O N

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	37,083	39,712
Property Costs	4,894	4,844
Transport Costs	17	17
Supplies & Services	13,707	13,552
Third Party Payments	850	850
Transfer Payments	-	-
Support Services	67	70
Total Expenditure	56,618	59,045
<u>Income</u>		
Ring Fenced Government Grant	384	377
Other Government Grant	57	2,114
Recharge Income (Internal)	258	267
Fees Charges etc	1,287	1,203
Other Income	-	40
Total Income	1,986	4,001
Net Expenditure for Council Tax	54,632	55,044
<u>Adjustments</u>		
Ring Fenced Government Grant	384	377
NET EXPENDITURE	55,016	55,421

Budgeted Personnel 2019/20

	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	626.2
APT & C	154.6
Manual	7.2
Total	788.0

EDUCATION

SCHOOLS - OTHER

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	1,304	1,321
Property Costs	162	170
Transport Costs	-	-
Supplies & Services	1,878	1,803
Third Party Payments	3	21
Transfer Payments	607	606
Support Services	1	1
Total Expenditure	3,955	3,922
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	29	29
Recharge Income (Internal)	-	-
Fees Charges etc	506	340
Other Income	126	226
Total Income	661	595
Net Expenditure for Council Tax	3,294	3,327
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
NET EXPENDITURE	3,294	3,327

Budgeted Personnel 2019/20

	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	18.2
APT & C	5.2
Manual	13.0
Total	36.4

E D U C A T I O N

SPECIAL EDUCATION

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	3,943	4,539
Property Costs	199	193
Transport Costs	765	772
Supplies & Services	405	409
Third Party Payments	1,107	836
Transfer Payments	-	-
Support Services	2	2
Total Expenditure	6,421	6,751
<u>Income</u>		
Ring Fenced Government Grant	119	117
Other Government Grant	-	-
Recharge Income (Internal)	38	29
Fees Charges etc	42	42
Other Income	-	-
Total Income	199	188
Net Expenditure for Council Tax	6,222	6,563
<u>Adjustments</u>		
Ring Fenced Government Grant	119	117
NET EXPENDITURE	6,341	6,680

Budgeted Personnel 2019/20

	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	54.9
APT & C	58.7
Manual	3.9
Total	117.5

E D U C A T I O N
P S Y C H O L O G I C A L S E R V I C E S

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	830	864
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	6	6
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	836	870
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc	-	-
Other Income	-	-
Total Income	-	-
Net Expenditure for Council Tax	836	870
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
NET EXPENDITURE	836	870

Budgeted Personnel 2019/20

	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	11.8
APT & C	1.0
Manual	-
Total	12.8

EDUCATION

TRANSPORT (EXCLUDING SPECIAL EDUCATION)

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	-	-
Property Costs	-	-
Transport Costs	982	1,015
Supplies & Services	-	-
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	982	1,015
<u>Income</u>		
Ring Fenced Government Grant	16	14
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc	38	38
Other Income	-	-
Total Income	54	52
Net Expenditure for Council Tax	928	963
<u>Adjustments</u>		
Ring Fenced Government Grant	16	14
NET EXPENDITURE	944	977

Budgeted Personnel 2019/20

	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	-
Manual	-
Total	-

E D U C A T I O N
P R O V I S I O N F O R C L O T H I N G

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	-	-
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	-	-
Third Party Payments	-	-
Transfer Payments	181	228
Support Services	-	-
Total Expenditure	181	228
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc	-	-
Other Income	-	-
Total Income	-	-
Net Expenditure for Council Tax	181	228
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
NET EXPENDITURE	181	228

Budgeted Personnel 2019/20

	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	-
Manual	-
Total	-

EDUCATION

ADMINISTRATION & SUPPORT SERVICES

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	2,725	2,983
Property Costs	86	87
Transport Costs	1	1
Supplies & Services	896	702
Third Party Payments	32	32
Transfer Payments	8	-
Support Services	3,816	3,986
Total Expenditure	<u>7,564</u>	<u>7,791</u>
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	25
Recharge Income (Internal)	413	427
Fees Charges etc	-	-
Other Income	-	-
Total Income	<u>413</u>	<u>452</u>
Net Expenditure for Council Tax	<u>7,151</u>	<u>7,339</u>
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
NET EXPENDITURE	<u><u>7,151</u></u>	<u><u>7,339</u></u>

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	4.0
Teachers	8.4
APT & C	43.9
Manual	-
Total	<u>56.3</u>

E D U C A T I O N
C L E A N I N G S E R V I C E S

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	2,178	2,229
Property Costs	102	114
Transport Costs	9	1
Supplies & Services	145	156
Third Party Payments	-	-
Transfer Payments	3	4
Support Services	40	56
Total Expenditure	2,477	2,560
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	2,477	2,560
Fees Charges etc	-	-
Other Income	-	-
Total Income	2,477	2,560
Net Expenditure for Council Tax	-	-
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
Net Expenditure	-	-

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	-
Manual	115.7
Total	115.7

E D U C A T I O N

CATERING SERVICES

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	2,717	2,817
Property Costs	26	26
Transport Costs	17	17
Supplies & Services	1,793	1,823
Third Party Payments	-	-
Transfer Payments	11	11
Support Services	75	102
Total Expenditure	4,639	4,796
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	4,639	4,770
Fees Charges etc	-	26
Other Income	-	-
Total Income	4,639	4,796
Net Expenditure for Council Tax	-	-
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
Net Expenditure	-	-

<u>Budgeted Personnel 2019/20</u>	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	9.5
Manual	134.1
Total	143.6

EDUCATION

SCHOOL CROSSING PATROLLERS

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	278	288
Property Costs	-	-
Transport Costs	4	4
Supplies & Services	28	29
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	15	2
Total Expenditure	325	323
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	325	323
Fees Charges etc	-	-
Other Income	-	-
Total Income	325	323
Net Expenditure for Council Tax	-	-
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
NET EXPENDITURE	-	-

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	-
Manual	18.2
Total	18.2

E D U C A T I O N
C U L T U R E A N D L E I S U R E S E R V I C E S

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	-	-
Property Costs	960	1,002
Transport Costs	-	-
Supplies & Services	265	269
Third Party Payments	4,597	5,177
Transfer Payments	-	-
Support Services	907	843
Total Expenditure	6,729	7,291
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc.	-	-
Other Income	-	-
Total Income	-	-
Net Expenditure	6,729	7,291

Budgeted Personnel 2019/20

	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	-
Manual	-
Total	-

ENVIRONMENT

DEPARTMENTAL SUMMARY

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	13,969	14,050
Property Costs	2,515	2,483
Transport Costs	3,252	3,221
Supplies & Services	17,209	15,835
Third Party Payments	833	824
Transfer Payments	808	807
Support Services	2,706	2,848
Total Expenditure	41,292	40,068
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	675	675
Recharge Income (Internal)	8,266	7,697
Fees Charges etc.	3,787	3,981
Other Income	1,102	1,028
Total Income	13,830	13,381
Net Expenditure	27,462	26,687

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	2.0
Teachers	-
APT & C	160.7
Manual	190.5
Total	353.2

ENVIRONMENT

DIRECTORATE

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	897	1,124
Property Costs	83	82
Transport Costs	-	-
Supplies & Services	108	155
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	547	618
Total Expenditure	1,635	1,979
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	205	273
Fees Charges etc.	-	-
Other Income	-	18
Total Income	205	291
Net Expenditure	1,430	1,688

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	1.0
Teachers	-
APT & C	15.4
Manual	-
Total	16.4

ENVIRONMENT

ENVIRONMENT ACCOMMODATION

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	-	-
Property Costs	739	755
Transport Costs	-	-
Supplies & Services	12	12
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	751	767
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	751	767
Fees Charges etc.	-	-
Other Income	-	-
Total Income	751	767
Net Expenditure	-	-

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	-
Manual	-
Total	-

ENVIRONMENT

NON-OPERATIONAL PROPERTIES

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	-	-
Property Costs	209	229
Transport Costs	-	-
Supplies & Services	20	20
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	73	87
Total Expenditure	302	336
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc.	17	17
Other Income	-	-
Total Income	17	17
Net Expenditure	285	319

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	-
Manual	-
Total	-

ENVIRONMENT

ENERGY MANAGEMENT

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	51	52
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	1	-
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	78	88
Total Expenditure	130	140
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc.	-	-
Other Income	-	-
Total Income	-	-
Net Expenditure	130	140

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	1.0
Manual	-
Total	1.0

ENVIRONMENT

PLANNING & BUILDING CONTROL
(INCORPORATING OUTDOOR ACCESS, COUNTRY PARK & WHITELEE)

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	1,556	1,864
Property Costs	115	115
Transport Costs	18	18
Supplies & Services	183	123
Third Party Payments	93	94
Transfer Payments	102	102
Support Services	189	229
Total Expenditure	2,256	2,545
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	209	223
Fees Charges etc.	746	920
Other Income	115	119
Total Income	1,070	1,262
Net Expenditure	1,186	1,283

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	40.8
Manual	-
Total	40.8

ENVIRONMENT

PLANNING & BUILDING CONTROL (INCORPORATING OUTDOOR ACCESS, COUNTRY PARK & WHITELEE)

This service comprises:-

	Budget 2018/19 £'000	Budget 2019/20 £'000
Development Planning	566	536
Outdoor Access	49	43
Country Park	38	24
Whiteless	-	-
Development Management	240	174
Building Control	95	110
Business Intelligence	198	396
	1,186	1,283

ENVIRONMENT

ECONOMIC DEVELOPMENT
(INCORPORATING CITY DEAL)

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	964	833
Property Costs	120	116
Transport Costs	-	-
Supplies & Services	541	525
Third Party Payments	8	8
Transfer Payments	191	190
Support Services	266	230
Total Expenditure	2,090	1,902
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	131	131
Recharge Income (Internal)	-	-
Fees Charges etc.	249	249
Other Income	462	447
Total Income	842	827
Net Expenditure	1,248	1,075

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	14.8
Manual	-
Total	14.8

ENVIRONMENT

ROADS

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	1,833	1,539
Property Costs	244	254
Transport Costs	95	88
Supplies & Services	9,012	9,008
Third Party Payments	57	57
Transfer Payments	-	-
Support Services	349	382
Total Expenditure	<u>11,590</u>	<u>11,328</u>
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	129	129
Recharge Income (Internal)	863	730
Fees Charges etc.	311	311
Other Income	114	61
Total Income	<u>1,417</u>	<u>1,231</u>
Net Expenditure	<u><u>10,173</u></u>	<u><u>10,097</u></u>

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	32.8
Manual	-
Total	<u><u>32.8</u></u>

ENVIRONMENT

ROADS

This service comprises:-

	Budget 2018/19 £'000	Budget 2019/20 £'000
Routine Maintenance Roads	1,161	1,145
Routine Maintenance Street Lighting	450	450
Winter Maintenance	900	900
Footway Resurfacing & Patching	398	393
Carriageway Resurfacing & Patching	996	982
School Crossing Patrols	292	322
Street Lighting Electricity	675	675
Flood Prevention	70	70
Administration & Support (Including PFI Costs)	5,231	5,160
	<u>10,173</u>	<u>10,097</u>

ENVIRONMENT

ROADS CONTRACTING UNIT

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	1,015	1,047
Property Costs	49	50
Transport Costs	629	638
Supplies & Services	1,293	631
Third Party Payments	-	-
Transfer Payments	18	18
Support Services	53	45
Total Expenditure	3,057	2,429
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	3,057	2,429
Fees Charges etc.	-	-
Other Income	-	-
Total Income	3,057	2,429
Net Expenditure	-	-

Budgeted Personnel 2019/20

	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	2.0
Manual	29.0
Total	31.0

ENVIRONMENT

PARKS SERVICES

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	1,819	1,810
Property Costs	299	236
Transport Costs	207	210
Supplies & Services	500	357
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	142	144
Total Expenditure	2,967	2,757
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	35	35
Recharge Income (Internal)	289	329
Fees Charges etc.	745	890
Other Income	-	-
Total Income	1,069	1,254
Net Expenditure	1,898	1,503

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	1.1
Manual	55.4
Total	<u>56.5</u>

ENVIRONMENT

PARKS SERVICES

This service comprises:-

	Budget 2018/19 £'000	Budget 2019/20 £'000
Administration	368	311
Parks Operations	1,126	896
Arboriculture	242	204
Cemeteries	(148)	(213)
Park Rangers	194	232
Parks Upkeep	116	73
	<u>1,898</u>	<u>1,503</u>

ENVIRONMENT

PREVENTION SERVICES

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	838	844
Property Costs	19	19
Transport Costs	-	-
Supplies & Services	151	139
Third Party Payments	104	94
Transfer Payments	2	2
Support Services	194	191
Total Expenditure	1,308	1,289
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	6	6
Recharge Income (Internal)	7	7
Fees Charges etc.	38	75
Other Income	67	39
Total Income	118	127
Net Expenditure	1,190	1,162

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	17.0
Manual	-
Total	17.0

ENVIRONMENT
PREVENTION SERVICES

This service comprises:-

	Budget 2018/19 £'000	Budget 2019/20 £'000
Environmental Health	721	734
Trading Standards	451	408
Licensing	18	20
	<u>1,190</u>	<u>1,162</u>

ENVIRONMENT

WASTE MANAGEMENT

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	231	111
Property Costs	67	68
Transport Costs	5	5
Supplies & Services	3,726	3,390
Third Party Payments	22	22
Transfer Payments	-	-
Support Services	185	239
Total Expenditure	4,236	3,835
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	3
Fees Charges etc.	301	126
Other Income	-	-
Total Income	301	129
Net Expenditure	3,935	3,706

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	3.4
Manual	-
Total	3.4

E N V I R O N M E N T
W A S T E M A N A G E M E N T

This service comprises:-

	Budget 2018/19 £'000	Budget 2019/20 £'000
Refuse Disposal	3,411	3,134
Strategic Waste Fund	524	572
	<u>3,935</u>	<u>3,706</u>

ENVIRONMENT

CLEANSING

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	2,908	2,951
Property Costs	134	142
Transport Costs	807	754
Supplies & Services	488	418
Third Party Payments	1	1
Transfer Payments	-	-
Support Services	203	176
Total Expenditure	4,541	4,442
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	92	125
Fees Charges etc.	525	538
Other Income	-	-
Total Income	617	663
Net Expenditure	3,924	3,779

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	1.0
Teachers	-
APT & C	1.4
Manual	85.8
Total	88.2

ENVIRONMENT
CLEANSING

This service comprises:-

	Budget 2018/19 £'000	Budget 2019/20 £'000
Refuse Collection	2,356	2,455
Street Cleaning	862	842
Cleansing Management	507	257
Civic Amenity Sites	152	171
Thornliebank Depot	47	54
	<u>3,924</u>	<u>3,779</u>

ENVIRONMENT

VEHICLES SERVICES

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	749	714
Property Costs	36	36
Transport Costs	1,491	1,508
Supplies & Services	132	190
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	94	72
Total Expenditure	2,502	2,520
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	2,472	2,490
Fees Charges etc.	30	30
Other Income	-	-
Total Income	2,502	2,520
Net Expenditure	-	-

<u>Budgeted Personnel 2019/20</u>	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	0.9
Manual	20.3
Total	21.2

ENVIRONMENT
OTHER HOUSING

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	1,108	1,161
Property Costs	401	381
Transport Costs	-	-
Supplies & Services	1,042	867
Third Party Payments	548	548
Transfer Payments	495	495
Support Services	333	347
Total Expenditure	3,927	3,799
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	374	374
Recharge Income (Internal)	321	321
Fees Charges etc.	825	825
Other Income	344	344
Total Income	1,864	1,864
Net Expenditure	2,063	1,935

Budgeted Personnel 2019/20

	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	30.1
Manual	-
Total	30.1

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

DEPARTMENTAL SUMMARY

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	4,855	4,749
Property Costs	82	79
Transport Costs	65	65
Supplies & Services	1,525	1,476
Third Party Payments	126	166
Transfer Payments	19,889	19,742
Support Services	3,348	3,309
Total Expenditure	29,890	29,586
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	15,525	15,525
Recharge Income (Internal)	772	878
Fees Charges etc.	408	408
Other Income	369	364
Total Income	17,074	17,175
Net Expenditure	12,816	12,411
Adjustments		
Ring Fenced Government Grant	-	-
Net Expenditure	12,816	12,411

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	2.0
Teachers	-
APT & C	120.4
Manual	-
Total	122.4

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

DIRECTORATE

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	166	171
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	7	2
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	37	33
Total Expenditure	210	206
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	166	143
Fees Charges etc.	-	-
Other Income	-	-
Total Income	166	143
Net Expenditure	44	63

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	1.0
Teachers	-
APT & C	0.8
Manual	-
Total	1.8

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

COMMUNITY SAFETY

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	1,253	1,154
Property Costs	40	40
Transport Costs	31	31
Supplies & Services	102	78
Third Party Payments	-	57
Transfer Payments	-	-
Support Services	237	270
Total Expenditure	1,663	1,630
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	35	111
Fees Charges etc.	72	72
Other Income	12	12
Total Income	119	195
Net Expenditure	1,544	1,435

Budgeted Personnel 2019/20

	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	30.7
Manual	-
Total	30.7

CORPORATE & COMMUNITY - COMMUNITY RESOURCES**COMMUNITY SAFETY**

This service comprises:-

	Budget 2018/19 £'000	Budget 2019/20 £'000
Management	237	300
CCTV	718	675
Community Wardens	589	460
	<u>1,544</u>	<u>1,435</u>

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

ELECTIONS, MEMBERS EXPENSES AND CORPORATE & DEMOCRATIC CORE

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	3	2
Property Costs	4	3
Transport Costs	-	-
Supplies & Services	736	702
Third Party Payments	-	1
Transfer Payments	-	-
Support Services	1,414	1,382
Total Expenditure	2,157	2,090
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc.	-	-
Other Income	-	-
Total Income	-	-
Net Expenditure	2,157	2,090

<u>Budgeted Personnel 2019/20</u>	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	-
Manual	-
Total	-

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

GRANTS

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	-	-
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	-	1
Third Party Payments	-	-
Transfer Payments	152	152
Support Services	27	19
Total Expenditure	179	172
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc.	-	-
Other Income	-	-
Total Income	-	-
Net Expenditure	179	172

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	-
Manual	-
Total	-

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

MONEY ADVICE AND RIGHTS TEAM

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	694	725
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	19	26
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	222	226
Total Expenditure	935	977
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	32
Fees Charges etc.	-	-
Other Income	-	-
Total Income	-	32
Net Expenditure	935	945

Budgeted Personnel 2019/20

	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	18.9
Manual	-
Total	18.9

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

REGISTRARS

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	220	208
Property Costs	3	3
Transport Costs	-	-
Supplies & Services	7	7
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	174	156
Total Expenditure	<u>404</u>	<u>374</u>
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc.	127	127
Other Income	5	5
Total Income	<u>132</u>	<u>132</u>
Net Expenditure	<u><u>272</u></u>	<u><u>242</u></u>

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	5.0
Manual	-
Total	<u>5.0</u>

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

STRATEGIC INSIGHT & COMMUNITIES MANAGEMENT

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	106	240
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	40	16
Third Party Payments	57	3
Transfer Payments	-	-
Support Services	55	26
Total Expenditure	<u>258</u>	<u>285</u>
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	110	87
Fees Charges etc.	-	-
Other Income	-	-
Total Income	<u>110</u>	<u>87</u>
Net Expenditure	<u><u>148</u></u>	<u><u>198</u></u>

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	3.5
Manual	-
Total	<u><u>3.5</u></u>

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

PARTNERSHIPS & EQUALITIES

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	243	213
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	149	179
Third Party Payments	-	5
Transfer Payments	-	-
Support Services	85	89
Total Expenditure	477	486
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc.	-	-
Other Income	-	-
Total Income	-	-
Net Expenditure	477	486

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	4.4
Manual	-
Total	4.4

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

COMMUNITY LEARNING & DEVELOPMENT

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	938	755
Property Costs	35	33
Transport Costs	13	13
Supplies & Services	101	125
Third Party Payments	9	9
Transfer Payments	-	-
Support Services	92	92
Total Expenditure	1,188	1,027
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc.	-	-
Other Income	-	-
Total Income	-	-
Net Expenditure	1,188	1,027

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	17.0
Manual	-
Total	17.0

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

COMMUNITY LEARNING & DEVELOPMENT

This service comprises:-	Budget 2018/19 £'000	Budget 2019/20 £'000
Young People	825	749
Mearns Youth Facility	12	11
Barrhead Youth Facility	23	22
Administration & Support	328	245
	<u>1,188</u>	<u>1,027</u>

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

AUCHENBACK RESOURCE CENTRE

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	-	-
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	-	-
Third Party Payments	31	31
Transfer Payments		
Support Services		
Total Expenditure	31	31
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc.	-	-
Other Income	-	-
Total Income	-	-
Net Expenditure	31	31

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	-
Manual	-
Total	-

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

COUNCIL TAX & NON DOMESTIC RATES

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	415	416
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	100	70
Third Party Payments	60	60
Transfer Payments	3,854	3,743
Support Services	438	495
Total Expenditure	4,867	4,784
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	12	12
Fees Charges etc.	209	209
Other Income	259	259
Total Income	480	480
Net Expenditure	4,387	4,304

Budgeted Personnel 2019/20

	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	14.0
Manual	-
Total	14.0

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

REVENUES - BENEFITS & DISCRETIONARY PAYMENTS TEAM

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	471	526
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	53	47
Third Party Payments	-	-
Transfer Payments	241	281
Support Services	334	300
Total Expenditure	1,099	1,154
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	186	227
Fees Charges etc.	-	-
Other Income	93	88
Total Income	279	315
Net Expenditure	820	839

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	18.1
Manual	-
Total	18.1

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

REVENUES - HOUSING BENEFIT

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	-	-
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	171	191
Third Party Payments	-	-
Transfer Payments	15,611	15,566
Support Services	95	98
Total Expenditure	<u>15,877</u>	<u>15,855</u>
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	15,525	15,525
Recharge Income (Internal)	70	66
Fees Charges etc.	-	-
Other Income	-	-
Total Income	<u>15,595</u>	<u>15,591</u>
Net Expenditure	<u><u>282</u></u>	<u><u>264</u></u>

Budgeted Personnel 2019/20

	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	-
Manual	-
Total	<u><u>-</u></u>

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

BUSINESS SUPPORT TEAM

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	239	228
Property Costs	-	-
Transport Costs	21	21
Supplies & Services	28	21
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	114	102
Total Expenditure	402	372
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	87	90
Fees Charges etc.	-	-
Other Income	-	-
Total Income	87	90
Net Expenditure	315	282

Budgeted Personnel 2019/20

	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	8.0
Manual	-
Total	8.0

CORPORATE & COMMUNITY - COMMUNITY RESOURCES

COMMUNITIES, REVENUES AND CHANGE

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	107	111
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	12	11
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	24	21
Total Expenditure	143	143
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	106	110
Fees Charges etc.	-	-
Other Income	-	-
Total Income	106	110
Net Expenditure	37	33

Budgeted Personnel 2019/20

	<u>Full Time Equivalent</u>
Chief Officers	1.0
Teachers	-
APT & C	-
Manual	-
Total	1.0

CHIEF EXECUTIVE'S - NONSUPPORT SERVICES

DEPARTMENTAL SUMMARY

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	22	23
Property Costs	-	-
Transport Costs	-	3
Supplies & Services	352	359
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	84	47
Total Expenditure	<u>458</u>	<u>432</u>
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	235	180
Fees Charges etc	196	237
Other Income	-	-
Total Income	<u>431</u>	<u>417</u>
Net Expenditure	<u><u>27</u></u>	<u><u>15</u></u>

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	0.7
Manual	-
Total	<u><u>0.7</u></u>

CHIEF EXECUTIVE'S - NONSUPPORT SERVICES
ACCOUNTANCY

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	-	-
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	225	233
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	225	233
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	235	180
Fees Charges etc	-	-
Other Income	-	-
Total Income	235	180
Net Expenditure	(10)	53

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	-
Manual	-
Total	-

CHIEF EXECUTIVE'S - NONSUPPORT SERVICES

CIVIC LICENSING

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	22	23
Property Costs	-	-
Transport Costs	-	3
Supplies & Services	73	72
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	63	44
Total Expenditure	<u>158</u>	<u>142</u>
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc	116	156
Other Income	-	-
Total Income	<u>116</u>	<u>156</u>
Net Expenditure	<u>42</u>	<u>(14)</u>

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	0.7
Manual	-
Total	<u>0.7</u>

CHIEF EXECUTIVE'S - NONSUPPORT SERVICES
LICENSING BOARD

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	-	-
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	54	54
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	21	3
Total Expenditure	75	57
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc	80	81
Other Income	-	-
Total Income	80	81
Net Expenditure	(5)	(24)

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	-
Manual	-
Total	-

CENTRAL SUPPORT

SUMMARY

	Budget 2018/19 £'000	Budget 2019/20 £'000
Chief Executive's Office	412	431
Accountancy	1,483	1,505
Legal	470	473
Procurement	414	365
Internal Audit	252	260
Policy & Data	262	348
Project Management Office & Core Systems	287	301
Communications & Printing	620	623
Human Resources & Payroll	1,626	1,664
Democratic Services	405	405
Customer First	1,010	1,018
Revenues - General	445	426
Revenues - Creditors	285	306
Digital Services	4,305	4,377
Property & Technical	998	1,153
Accommodation	1,059	1,081
	<u>14,333</u>	<u>14,736</u>

ALLOCATION:-

Education (including ERCLT)	5,007	5,151
Health & Social Care Partnership	2,196	2,331
Community Resources	3,348	3,309
Chief Executives - Non Support	84	47
Environment	2,706	2,848
Other Housing	-	-
Corporate & Democratic	-	-
Council Tax and Rates	-	-
Licensing Board	-	-
Joint Boards	5	8
Miscellaneous	75	65
Housing Revenue Account	912	977
	<u>14,333</u>	<u>14,736</u>

CHIEF EXECUTIVE'S - SUPPORT SERVICES

DEPARTMENTAL SUMMARY

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	2,960	3,056
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	176	133
Third Party Payments	71	72
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	3,207	3,261
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	123	174
Fees Charges etc	45	45
Other Income	8	8
Total Income	176	227
Net Expenditure	3,031	3,034

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	2.0
Teachers	0.0
APT & C	51.6
Manual	0.0
Total	53.6

CHIEF EXECUTIVE'S - SUPPORT SERVICES

CHIEF EXECUTIVE'S OFFICE

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	411	429
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	1	2
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	412	431
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc	-	-
Other Income	-	-
Total Income	-	-
Net Expenditure	412	431

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	1.0
Teachers	-
APT & C	6.5
Manual	-
Total	7.5

CHIEF EXECUTIVE'S - SUPPORT SERVICES
ACCOUNTANCY

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	1,505	1,558
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	81	51
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	1,586	1,609
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	103	104
Fees Charges etc	-	-
Other Income	-	-
Total Income	103	104
Net Expenditure	1,483	1,505

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	1.0
Teachers	-
APT & C	26.6
Manual	-
Total	27.6

CHIEF EXECUTIVE'S - SUPPORT SERVICES

LEGAL SERVICES

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	458	473
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	77	65
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	535	538
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	20	20
Fees Charges etc.	45	45
Other Income	-	-
Total Income	65	65
Net Expenditure	470	473

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	7.8
Manual	-
Total	7.8

CHIEF EXECUTIVE'S - SUPPORT SERVICES

PROCUREMENT

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	338	339
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	13	12
Third Party Payments	71	72
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	422	423
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	-	50
Fees Charges etc	-	-
Other Income	8	8
Total Income	8	58
Net Expenditure	414	365

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	6.0
Manual	-
TOTAL	6.0

CHIEF EXECUTIVE'S - SUPPORT SERVICES

INTERNAL AUDIT

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	248	257
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	4	3
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	252	260
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc	-	-
Other Income	-	-
Total Income	-	-
Net Expenditure	252	260

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	4.7
Manual	-
Total	4.7

CORPORATE & COMMUNITY - SUPPORT SERVICES

DEPARTMENTAL SUMMARY

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	6,963	8,063
Property Costs	3	3
Transport Costs	41	26
Supplies & Services	3,514	3,445
Third Party Payments	20	20
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	10,541	11,557
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	1,244	2,039
Fees Charges etc.	45	46
Other Income	7	4
Total Income	1,296	2,089
Net Expenditure	9,245	9,468

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	2.0
Teachers	-
APT & C	184.9
Manual	-
Total	186.9

CORPORATE & COMMUNITY - SUPPORT SERVICES

POLICY & DATA

	Budget 2018/19 £'000	Budget 2019/20 £'000
Expenditure		
Staff Costs	222	279
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	22	51
Third Party Payments	18	18
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	262	348
Income		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc.	-	-
Other Income	-	-
Total Income	-	-
Net Expenditure	262	348

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	5.2
Manual	-
Total	5.2

CORPORATE & COMMUNITY - SUPPORT SERVICES

PROJECT MANAGEMENT OFFICE & CORE SYSTEMS

	Budget 2018/19 £'000	Budget 2019/20 £'000
Expenditure		
Staff Costs	279	1,163
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	8	11
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	287	1,174
Income		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	873
Fees Charges etc.	-	-
Other Income	-	-
Total Income	-	873
Net Expenditure	287	301

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	21.6
Manual	-
Total	21.6

CORPORATE & COMMUNITY - SUPPORT SERVICES

COMMUNICATIONS & PRINTING

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	516	518
Property Costs	3	3
Transport Costs	13	13
Supplies & Services	170	170
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	702	704
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	80	81
Fees Charges etc.	-	-
Other Income	2	-
Total Income	82	81
Net Expenditure	620	623

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	11.8
Manual	-
Total	11.8

CORPORATE & COMMUNITY - SUPPORT SERVICES

HR & PAYROLL

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	1,540	1,608
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	290	266
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	1,830	1,874
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	193	199
Fees Charges etc.	7	7
Other Income	4	4
Total Income	204	210
Net Expenditure	1,626	1,664

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	1.0
Teachers	-
APT & C	37.6
Manual	-
Total	38.6

CORPORATE & COMMUNITY - SUPPORT SERVICES

DEMOCRATIC SERVICES

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	339	356
Property Costs	-	-
Transport Costs	24	9
Supplies & Services	142	40
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	505	405
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	100	-
Fees Charges etc.	-	-
Other Income	-	-
Total Income	100	-
Net Expenditure	405	405

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	7.5
Manual	-
Total	7.5

CORPORATE & COMMUNITY - SUPPORT SERVICES

CUSTOMER FIRST

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	1,114	1,132
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	58	50
Third Party Payments	2	2
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	1,174	1,184
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	126	127
Fees Charges etc.	38	39
Other Income	-	-
Total Income	164	166
Net Expenditure	1,010	1,018

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	33.9
Manual	-
Total	33.9

CORPORATE & COMMUNITY - SUPPORT SERVICES

REVENUES - GENERAL

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	371	378
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	81	54
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	<u>452</u>	<u>432</u>
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	6	6
Fees Charges etc	-	-
Other Income	1	-
Total Income	<u>7</u>	<u>6</u>
Net Expenditure	<u><u>445</u></u>	<u><u>426</u></u>

<u>Budgeted Personnel 2019/20</u>	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	8.5
Manual	-
Total	<u>8.5</u>

CORPORATE & COMMUNITY - SUPPORT SERVICES

REVENUES - CREDITORS

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	261	269
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	24	37
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	<u>285</u>	<u>306</u>
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc	-	-
Other Income	-	-
Total Income	<u>-</u>	<u>-</u>
Net Expenditure	<u><u>285</u></u>	<u><u>306</u></u>

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	9.5
Manual	-
Total	<u>9.5</u>

CORPORATE & COMMUNITY - SUPPORT SERVICES

DIGITAL SERVICES

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	2,321	2,360
Property Costs	-	-
Transport Costs	4	4
Supplies & Services	2,719	2,766
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	5,044	5,130
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	739	753
Fees Charges etc	-	-
Other Income	-	-
Total Income	739	753
Net Expenditure	4,305	4,377

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	1.0
Teachers	-
APT & C	49.3
Manual	-
Total	50.3

ENVIRONMENT - SUPPORT

DEPARTMENTAL SUMMARY

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	1,853	1,894
Property Costs	1,030	1,015
Transport Costs	-	15
Supplies & Services	119	276
Third Party Payments	63	63
Transfer Payments	-	-
Support Services	-	1
Total Expenditure	3,065	3,264
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	1,002	1,024
Fees Charges etc	-	-
Other Income	6	6
Total Income	1,008	1,030
Net Expenditure	2,057	2,234

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	39.0
Manual	-
Total	39.0

ENVIRONMENT - SUPPORT

PROPERTY & TECHNICAL

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	1,853	1,894
Property Costs	-	-
Transport Costs	-	15
Supplies & Services	90	210
Third Party Payments	63	63
Transfer Payments		
Support Services		1
Total Expenditure	2,006	2,183
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	1,002	1,024
Fees Charges etc	-	-
Other Income	6	6
Total Income	1,008	1,030
Net Expenditure	998	1,153

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	39.0
Manual	-
TOTAL	39.0

ENVIRONMENT - SUPPORT

ACCOMMODATION

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	-	-
Property Costs	1,030	1,015
Transport Costs	-	-
Supplies & Services	29	66
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	<u>1,059</u>	<u>1,081</u>
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	-	-
Fees Charges etc	-	-
Other Income	-	-
Total Income	<u>-</u>	<u>-</u>
Net Expenditure	<u><u>1,059</u></u>	<u><u>1,081</u></u>

<u>Budgeted Personnel 2019/20</u>	
	<u>Full Time Equivalent</u>
Chief Officers	-
Teachers	-
APT & C	-
Manual	-
Total	<u><u>-</u></u>

HEALTH & SOCIAL CARE PARTNERSHIP

DEPARTMENTAL SUMMARY

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	20,890	20,678
Property Costs	1,059	967
Transport Costs	221	224
Supplies & Services	2,238	2,390
Third Party Payments	36,355	37,684
Transfer Payments	39	39
Support Services	2,196	2,331
Total Expenditure	62,998	64,313
<u>Income</u>		
Additional IJB Grant	5,640	6,090
Ring Fenced Government Grant	578	561
Other Government Grant	-	88
Recharge Income (Internal)	-	-
Fees,Charges etc.	888	937
Other Income	8,295	7,848
Total Income	15,401	15,524
Net Expenditure for Council Tax	47,597	48,789
<u>Adjustments</u>		
Ring Fenced Government Grant	578	561
Funding from Integrated Joint Board (Note 1)	48,175	49,350
Net Expenditure	-	-

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers *	3.0
Teachers	-
APT&C	392.6
Manual	156.5
TOTAL	552.1

* This excludes NHS post

Note 1: The HSCP's budget is indicative only and will be directed and amended by the Integrated Joint Board on an ongoing basis

HEALTH & SOCIAL CARE PARTNERSHIP

SERVICE STRATEGY

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	1,299	1,091
Property Costs	1	-
Transport Costs	-	-
Supplies & Services	30	37
Third Party Payments	32	145
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	1,362	1,273
<u>Income</u>		
Additional IJB Grant	29	29
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees,Charges etc.	-	-
Other Income	456	362
Total Income	485	391
Net Expenditure for Council Tax	877	882
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
Net Expenditure	877	882

<u>Budgeted Personnel 2019/20</u>	<u>Full-time Equivalent</u>
Chief Officers *	3.0
Teachers	-
APT&C	16.6
Manual	-
TOTAL	19.6

* This excludes NHS post

HEALTH & SOCIAL CARE PARTNERSHIP

CHILDREN & FAMILIES

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	3,623	3,726
Property Costs	42	41
Transport Costs	30	31
Supplies & Services	436	440
Third Party Payments	4,611	4,688
Transfer Payments	37	37
Support Services	-	-
Total Expenditure	8,779	8,963
<u>Income</u>		
Additional IJB Grant	-	-
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees, Charges etc.	16	20
Other Income	280	281
Total Income	296	301
Net Expenditure for Council Tax	8,483	8,662
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
Net Expenditure	8,483	8,662

<u>Budgeted Personnel 2019/20</u>	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT&C	78.1
Manual	-
TOTAL	78.1

HEALTH & SOCIAL CARE PARTNERSHIP

OLDER PEOPLE

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	9,208	8,871
Property Costs	103	104
Transport Costs	124	125
Supplies & Services	529	649
Third Party Payments	15,675	16,389
Transfer Payments	1	1
Support Services		
Total Expenditure	25,640	26,139
<u>Income</u>		
Additional IJB Grant	3,551	4,001
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees, Charges etc.	825	879
Other Income	1,969	1,625
Total Income	6,345	6,505
Net Expenditure for Council Tax	19,295	19,634
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
Net Expenditure	19,295	19,634

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT&C	122.0
Manual	147.0
TOTAL	269.0

HEALTH & SOCIAL CARE PARTNERSHIP

PHYSICAL/SENSORY DISABILITY

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	1,507	1,421
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	606	606
Third Party Payments	2,820	2,820
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	4,933	4,847
<u>Income</u>		
Additional IJB Grant	360	360
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees, Charges etc.	34	34
Other Income	258	258
Total Income	652	652
Net Expenditure for Council Tax	4,281	4,195
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
Net Expenditure	4,281	4,195

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT&C	34.3
Manual	-
TOTAL	34.3

HEALTH & SOCIAL CARE PARTNERSHIP

LEARNING DISABILITY

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	1,595	1,653
Property Costs	152	152
Transport Costs	59	59
Supplies & Services	74	74
Third Party Payments	11,207	11,560
Transfer Payments	1	1
Support Services	-	-
Total Expenditure	13,088	13,499
<u>Income</u>		
Additional IJB Grant	1,577	1,577
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees, Charges etc.	3	3
Other Income	3,842	3,848
Total Income	5,422	5,428
Net Expenditure for Council Tax	7,666	8,071
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
Net Expenditure	7,666	8,071

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT&C	35.0
Manual	9.5
TOTAL	44.5

HEALTH & SOCIAL CARE PARTNERSHIP

MENTAL HEALTH

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	543	665
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	21	21
Third Party Payments	1,662	1,662
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	<u>2,226</u>	<u>2,348</u>
<u>Income</u>		
Additional IJB Grant	110	110
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees, Charges etc.	-	-
Other Income	711	711
Total Income	<u>821</u>	<u>821</u>
Net Expenditure for Council Tax	<u>1,405</u>	<u>1,527</u>
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
Net Expenditure	<u><u>1,405</u></u>	<u><u>1,527</u></u>

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT&C	12.5
Manual	-
TOTAL	<u><u>12.5</u></u>

HEALTH & SOCIAL CARE PARTNERSHIP

ADDICTIONS/SUBSTANCE ABUSE

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	587	607
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	28	28
Third Party Payments	165	166
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	780	801
<u>Income</u>		
Additional IJB Grant	13	13
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees, Charges etc.	-	-
Other Income	509	509
Total Income	522	522
Net Expenditure for Council Tax	258	279
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
Net Expenditure	258	279

<u>Budgeted Personnel 2019/20</u>	
	Full-time Equivalent
Chief Officers	-
Teachers	-
APT&C	18.6
Manual	-
TOTAL	18.6

HEALTH & SOCIAL CARE PARTNERSHIP

CRIMINAL JUSTICE

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	422	378
Property Costs	17	17
Transport Costs	8	9
Supplies & Services	37	45
Third Party Payments	129	200
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	613	649
<u>Income</u>		
Additional IJB Grant	-	-
Ring Fenced Government Grant	578	561
Other Government Grant	-	88
Recharge Income (Internal)	-	-
Fees, Charges etc.	-	-
Other Income	-	-
Total Income	578	649
Net Expenditure for Council Tax	35	-
<u>Adjustments</u>		
Ring Fenced Government Grant	578	561
Net Expenditure	613	561

<u>Budgeted Personnel 2019/20</u>	
	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT&C	8.5
Manual	-
TOTAL	8.5

HEALTH & SOCIAL CARE PARTNERSHIP

SERVICE SUPPORT & MANAGEMENT

	Budget 2018/19 £'000	Budget 2019/20 £'000
<u>Expenditure</u>		
Staff Costs	2,106	2,266
Property Costs	744	653
Transport Costs	-	-
Supplies & Services	477	490
Third Party Payments	54	54
Transfer Payments	-	-
Support Services	2,196	2,331
Total Expenditure	5,577	5,794
<u>Income</u>		
Additional IJB Grant	-	-
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	-	-
Fees, Charges etc.	10	1
Other Income	270	254
Total Income	280	255
Net Expenditure for Council Tax	5,297	5,539
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
Net Expenditure	5,297	5,539

<u>Budgeted Personnel 2019/20</u>	<u>Full-time Equivalent</u>
Chief Officers	-
Teachers	-
APT&C	67.0
Manual	-
TOTAL	67.0

EAST RENFREWSHIRE COUNCIL28 February 2019Report by Head of Accountancy (Chief Financial Officer)CAPITAL INVESTMENT STRATEGY**PURPOSE OF REPORT**

1. The purpose of this report is to present for consideration the Capital Investment Strategy covering the long term capital ambitions of the Council. This report, together with the Treasury Management Strategy report, provides background information on the scale, objectives, affordability and risks associated with the Council's capital plans.

RECOMMENDATIONS

2. The Council is invited to approve the Council's Capital Investment Strategy.

REPORT

3. All Councils are now required to prepare a Capital Investment Strategy setting out their long term capital ambitions and the associated resource implications and risks. The new Capital Investment Strategy has been compiled with regard to these requirements and is more extensive than the Capital Strategy approved by Council in March 2018, which it replaces.

4. The Capital Investment Strategy has been developed with regard to the Prudential Code 2017 and the Treasury Management Code of Practice 2017.

5. The strategy adopts a corporate approach to long term capital planning, beyond the span of our current capital plans, taking direction from the Council's Outcome Delivery Plan and a range of other key plans and strategies. These objectives, determined by the Council, will be driven forward by the Corporate Management Team, working in conjunction with partner organisations and local communities to ensure that investment is aligned to our strategies and that performance is measured against expected outcomes.

6. Whilst approval of the Capital Plan later on today's agenda will commit to the Council's capital expenditure for 2019/20 only, a long term strategic and financial view is essential for resilience in uncertain times and the Capital Investment Strategy will continue to be updated as new challenges and opportunities arise so that future capital plans can also be adapted.

7. The Council will continue to take a prudent approach to affordability and risk, assessing resource impacts through the prudential indicators and seeking to take a long term view to ensure that funding is in place for the delivery of our capital ambitions. Delivery of projects will also be closely monitored through tailored capital project monitoring at both officer and elected member level.

8. The Council has significant capital investment ambitions across the authority and the Capital Investment Strategy, together with the Treasury Management Strategy, Capital Plan and Revenue Estimates and Financial Planning reports sets out how these will be funded and managed.

CONCLUSION

9. Councils are now required to prepare a Capital Investment Strategy, compiled with regard to the relevant guidance, to assist in the long term planning of their capital ambitions.

RECOMMENDATION

10. The Council is invited to approve the Council's Capital Investment Strategy.

Further information is available from:

M McCrossan, Head of Accountancy Tele No. 0141 577 3035

KEY WORDS

Capital Investment Strategy, Capital Plans, Prudential Code, Treasury Management Code.



Capital Investment Strategy

February 2019

BLANK PAGE

Contents

Capital Investment Strategy Intention	3
Focus on the Long-term Approach.....	4
Summary of Capital Investment Strategy.....	5
Core Influences on Capital Investment.....	8
Capital Investment Ambition by Strategic Outcome	27
8-year Capital Investment Plan.....	30
Risk Management and Risk Assessment	41
Governance and Monitoring	50
Appendix A - Summary of Asset Management Plans	51
Appendix B - Capital Project Appraisal Template	54
Appendix C - List of Counterparties for Treasury Investments	67
Appendix D - Risk Management Process	69
Appendix E - Action Plan	72

BLANK PAGE

Capital Investment Strategy Intention

We have set out a clear and strong direction for the Council in our Outcome Delivery Plan. This sets the scene for our investment ambition, which is intended to contribute significantly towards addressing the challenges that we are facing in continuing to provide excellent services to our communities, businesses and residents. Challenges such as meeting early learning and childcare requirements, achieving housing targets and maintaining school excellence.

Our Capital Investment Strategy considers how we can deal with short to medium term financial uncertainty by taking a longer term view of how our capital investment can be put to best effect to meet the needs of the area, as demonstrated in our strategies and plans, such as the Local Development Plan and Housing Strategy.

It is clear that we cannot achieve our investment ambition on our own, we need to work collaboratively with communities and localities to make sure that we have understood local needs properly and that we can deliver what we promise. This means delivering the commitments in our Community Plan, (including the aims in Fairer East Ren) and making sure that this works on the ground through the delivery of locality plans and other community initiatives.

We are realistic about what we can achieve with our known available resources, which is why we are working with partners to deliver regional economic and infrastructure improvements. By working strongly with partners, we are ensuring that our resources can sit alongside external funding opportunities to optimise the benefits for our area. A key example of this partnership working in action is the progress that we are making with City Deal initiatives.

Councillor Tony Buchanan – Leader of the Council

Focus on the Long-term Approach

It is important for us to effectively and realistically plan for the delivery of our intended investment ambition. Our Capital Investment Strategy demonstrates the many influences on our capital investment plan, particularly external and partner influences, such as Scottish Government policies and the Glasgow and Clyde Valley City Deal.

When delivering our commitments, as set out in our Outcome Delivery Plan, we need to invest strongly for longer term benefit but always be mindful that any investment must be undertaken in a prudent, affordable and sustainable manner. Our Capital Investment Strategy takes a whole Council approach, ensuring that the Corporate Management Team is driving the delivery of our capital investment plan, ensuring that it is aligned to our strategy and measuring performance against the expected strategic outcomes.

Our Capital Investment Strategy is more than just a financial document. It has been informed by discussions across Directorates and service teams to produce a Strategy which encompasses all investment activities underway and in the pipeline. It explains why we are undertaking these investment activities in delivering our commitments to our communities, businesses and residents.

Our strategic corporate and financial management processes are essential for achieving financial resilience in uncertain times. We must use our property, land and available resources wisely and ensure that we attract appropriate external funding to our area. Our Capital Investment Strategy will continue to evolve and be updated as strategic influences change over time, as new challenges and opportunities present themselves and as the delivery of our investment ambition is realised.

Lorraine McMillan – Chief Executive

Summary of Capital Investment Strategy

This Capital Investment Strategy aims to set out our ambitions for capital investment across the full range of services provided by the Council for our communities. Whilst our General Fund and Housing Capital Plans cover the next 8 and 5 years respectively, the Capital Investment Strategy considers longer term ambitions and allows them to be reflected in future planning. Not only does this longer term approach ensure that all future resource needs are recognised well in advance, but it also allows any challenges, shortfalls and opportunities for joint development to be identified early and addressed.

The Capital Investment Strategy is closely linked to the Council's medium and long term strategic plans. It is also aligned, however, with a range of national and regional plans and strategies across a number of individual services. This approach is strengthened by working with various partner organisations where appropriate, allowing the Council to benefit from an exchange of best practice and economies of scale.

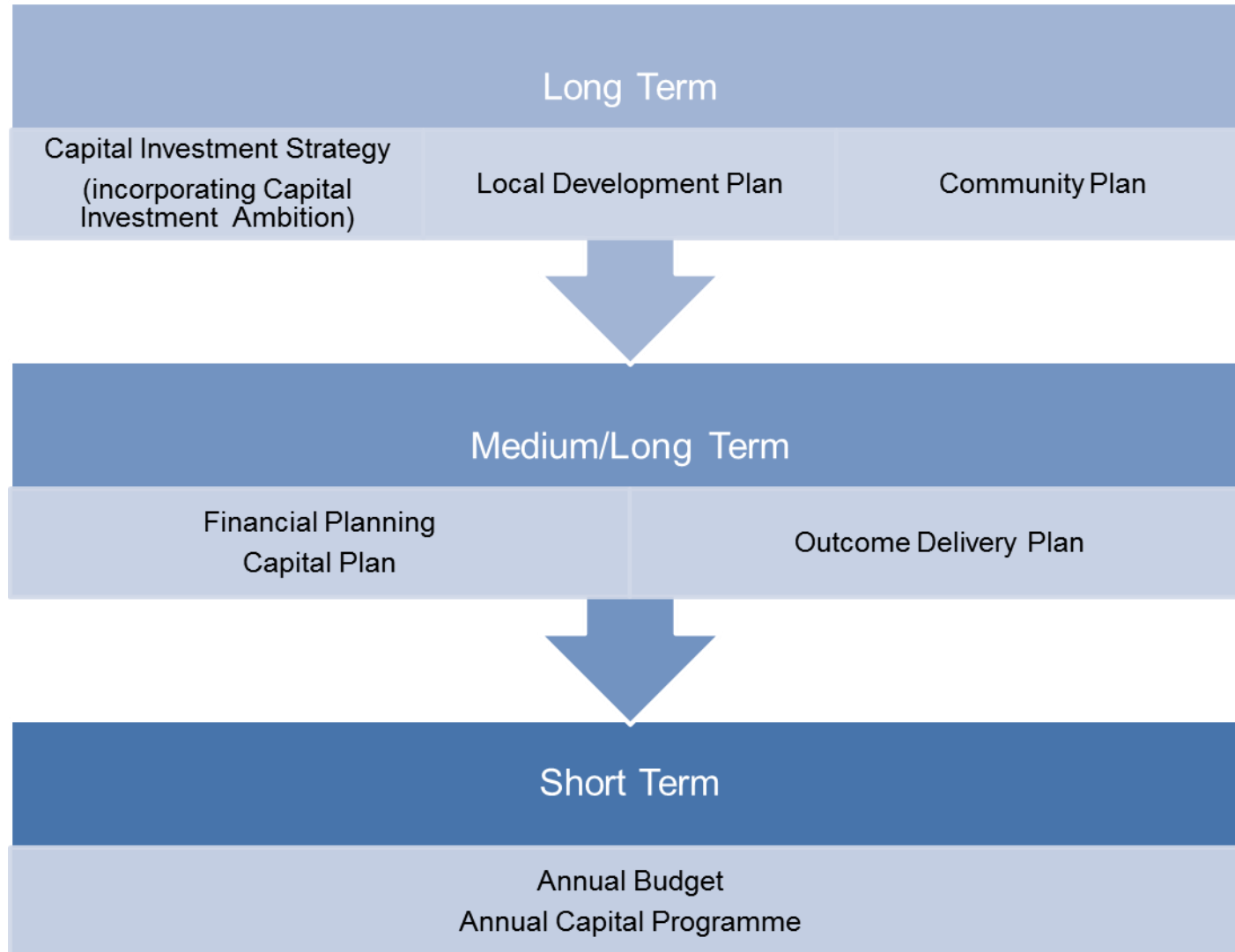
The Council maintains a rolling, detailed 8 year general fund capital plan with new proposals for investment being brought forward annually through a Capital Project Appraisal process to ensure that they align with the Council's strategic objectives and asset management plans, are deliverable, affordable and represent best value. A 5 year rolling capital plan is also maintained for Council housing stock, taking account of both national and local plans. Any revenue impacts associated with these plans, arising from both funding and / or running / maintenance costs are then reflected in the Council's revenue budget planning.

The Council's proposed 8 year General Fund and 5 year Housing capital plans referred to in this document are derived from the Capital Investment Strategy and aim to deliver on the stated priorities of the Council and its partners. In particular, these focus on the demand for more schools to serve the increasing numbers of houses being built in the area, on the need to replace and upgrade existing leisure facilities nearing the end of their useful life, the requirement to significantly improve the condition of local roads and the commitment to deliver new Council housing across the authority.

Progress against the Council's capital plan is monitored by Cabinet, the Corporate Management Team and full Council, with any major issues examined by the Corporate Asset Management Group to ensure that good practice is followed in all projects. Risks are also identified and managed at both corporate and departmental level.

Whilst the Corporate Management Team will ensure that asset management plans and capital ambitions are continuously updated to take account of developing local and national strategies, the Chief Financial Officer will oversee the formal annual update of the Council's Capital Investment Strategy.

Figure 2: Summary of links to other plans and strategies



The above two diagrams show how the Capital Investment Strategy relates to the Council’s overall aims and flows thorough to our multi year capital plans and the capital programmes for the coming year.

Core influences on Capital Investment

Our Capital Investment Strategy is influenced by many different factors. We have named them core influences, as these must be taken into account before establishing the appropriate strategy for contributing to the delivery of our Strategic Outcomes. In addition to the Council's own aspirations, these also reflect the ambitions of our local and regional partners as well as national strategies. More broadly, changing demands and demographic factors as set out in the Council's long term Financial Planning paper and our Planning for the Future statistical document also impact on our capital ambitions.

The following chart illustrates our core influences:

Figure 3: Summary of influences on the Capital Investment Strategy



Our Capital Investment Strategy has taken account of the external, partner and internal influences in shaping our approach. The following sections provide a summary of main points and our strategy and intended actions in each case:

National influences

Housing Beyond 2021

The Capital Investment Strategy will make links to the Scottish Government housing strategies and initiatives, and to the Council's Local Housing Strategy and Strategic Housing Investment Plan, in terms of the contribution that the Council's capital investment ambition is expected to make to the wider expectations for addressing the housing need in Scotland. Ownership and use of land assets will be set out in the Capital Investment Strategy to understand how assets are being best placed within developments to achieve the various strategic priorities.

Supporting information:

[Link to Scottish Government Housing Beyond 2021 briefing paper](#)

On 4 September 2018, the First Minister announced the Programme for Government for the next 12 months and, as part of that, the Scottish Government has committed to beginning work on a vision for how our homes and communities should look and feel in 2040 and the options and choices to get there.

Over the next 12 months, we will be engaging extensively with local government, businesses, the third sector, home owners, tenants and others to do this. As part of that process, Scottish Government will be engaging with housing stakeholders over the autumn to identify some themes and outline options to explore further, as well as seeking views on what might be part of a vision for 2040.

[More Homes Scotland March 2018 update](#)

The existing Government initiative, More Homes Scotland, has put in place a commitment to year-on-year increases in funding for affordable homes to be shared by councils across Scotland. The £1.75 billion investment from 2018-19 to 2020-21 is said to give councils and housing associations the certainty they need to help deliver the ambitious affordable homes target.

Supporting information:

[Link to Scottish Government More Homes Scotland March 2018 update](#)

We're working to increase the number of homes across Scotland so everyone has a good quality home that they can afford and that meets their needs.

Over this Parliament we'll spend more than £3 billion to deliver at least 50,000 affordable homes, of which 35,000 will be for social rent. Two years ago we launched the More Homes Scotland approach to help with this. It involves:

- *investing more public and private money in housing*
- *getting land ready for housing*

- *making sure we plan for new housing effectively*

Homes Fit for the 21st Century: the Scottish Government's strategy and action plan for housing in the next decade 2011-2020

The Scottish Government's Homes Fit for the 21st Century strategy and action plan sets out four housing-related targets to be achieved by 2020. The national policy continues to develop using this 10-year plan as the basis and this is captured within our Local Housing Strategy. As such the Council's Capital Investment Strategy seeks to demonstrate the alignment of the Local Housing Strategy to the national strategy and action plan.

The Council is confident that housing targets can be met over the current 5-year planned period, as set out in the Local Housing Strategy 2017-2022, and discussed in more detail below. We are mindful, however, that emerging new housing policies and initiatives will impact on local plans and the Capital Investment Strategy would have to consider this impact and how it will be delivered and managed over the medium to longer term.

The Council continually monitors Scottish Government housing policy activity and will update the Capital Investment Strategy to address the resulting challenges and opportunities, as outlined below beyond 2020.

Supporting information:

[Link to Homes Fit for the 21st Century: the Scottish Government's strategy and action plan for housing in the next decade 2011-2020](#)

For 2020, our vision is for a housing system which provides an affordable home for all. To achieve this, we will need a strong recovery in the construction sector and a substantial increase in the number of homes of all types, including housing to meet the needs of disabled people and older people for independent living. We also need to see improvements in the quality of our homes, so that everyone has a warm and comfortable home, whether they own it, part own it, rent it privately, or rent from a social landlord.

Over the decade to 2020, we have worked towards achieving the four major housing-related targets set by the Scottish Parliament or the Scottish Government:

- *by December 2012, all unintentionally homeless households will be entitled to settled accommodation;*
- *by April 2015, all social landlords must ensure that all their dwellings pass all elements of the Scottish Housing Quality Standard;*
- *by November 2016, so far as is reasonably practicable, nobody will be living in fuel poverty in Scotland; and*
- *by December 2020, improved design and greater energy efficiency in housing will have made a contribution to Scotland's commitments to reduce our energy consumption by 12% and our greenhouse gas emissions by 42%.*

Beyond 2020:

- *The Energy Efficient Scotland Programme will drive a continuing increase in energy standards that will be required across all housing tenures beyond 2020.*
- *To 2021, a target of 50,000 new homes has been set by the Scottish Government across Scotland, with 30,000 to be affordable homes and investment funding in new homes committed in each local authority area. Future resource planning assumptions beyond 2021 will govern local capacity to deliver new affordable housing.*

The Scottish Government has recently published its plans for eradicating homelessness and ensuring rapid rehousing for those who require it, and each local authority will approve a 5-year plan to address this locally from 2019-2024 (by March 2019). The capital investment strategy will be updated to reflect physical

investment requirements to meet the commitments of this approved 5-year plan.

Scotland's Economic Strategy

Scotland's Economic Strategy sets out four priorities for sustainable growth. The Council's Capital Investment Strategy seeks to demonstrate the alignment of the local economic strategy to the national strategy.

The East Renfrewshire area currently has a relatively modest level of business activity. However, given the population growth expectations and the desirability for the area for families, particularly related to school excellence, there is merit in considering the potential knock on affect to business activity, particularly with regard to retail and leisure provision.

The Council and its partners plan to develop a Regional Economic Strategy which will cover the wider City Deal region. The East Renfrewshire Economic Strategy will link to Scotland's Economic Strategy where this makes sense from a local perspective.

The development of East Renfrewshire Economic Strategy will be informed by the Local Development Plan. Once adopted, the Economic Strategy will inform the Council's capital investment plan, as part of the Capital Investment Strategy,

Supporting information:

Link to Scotland's Economic Strategy

Since 2007, this Government's central purpose has been to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. This remains the Government's ambition to which all our efforts and actions are directed and is at the core of our Economic Strategy.

A strong, vibrant and diverse economy is essential to our national prosperity and in creating the wealth to support high quality public services. Ensuring that growth is shared and sustainable is the key to unlocking all of Scotland's potential and strengthening our greatest asset - the people of Scotland.

Scotland's Economic Strategy sets out an overarching framework for how we aim to achieve a more productive, cohesive and fairer Scotland. It forms the strategic plan for existing and all future Scottish Government policy. It prioritises boosting investment and innovation, supporting inclusive growth and maintaining our focus on increasing internationalisation.

Our purpose of creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth remains at the centre of our approach.

Our approach is therefore based on two key pillars: increasing competitiveness and tackling inequality.

Our approach to delivering Scotland's Economic Strategy is underpinned by four priorities for sustainable growth:

- *Investing in our people and our infrastructure in a sustainable way;*
- *Fostering a culture of innovation and research and development;*
- *Promoting inclusive growth and creating opportunity through a fair and inclusive jobs market and regional cohesion; and*

- *Promoting Scotland on the international stage to boost our trade and investment, influence and networks.*

Scotland's National Transport Strategy

The National Transport Strategy contains five High Level Objectives and three Strategic Outcomes. The Strategy also sets the scene for the Regional Transport Partnerships. In the case of East Renfrewshire the national Strategy influences the Strathclyde Partnership for Transport strategies and plans.

East Renfrewshire is demonstrating its alignment with national and regional transport strategy via the strategic City Deal projects. This is considered in more detail below.

2019 will see the commencement of 2 of the major City Deal roads projects, Balgraystone Rd and Aurs Rd realignment. Good progress is also being made with development of the proposed rail station at Barrhead South. As the position becomes clearer on the City Deal transport project details the Council will consider if there is any further need for transport infrastructure in the area, over and above what will be achieved from the current funding package. Any capital investment ambition that is unmet will form the basis of future discussions with Scottish Government and strategic partners.

When seeking to determine the longer-term strategy for the Council, it is not immediately possible to identify investment in any detail beyond the current City Deal timescale. On this basis, the Council will consider any risks, financial and non-financial, which will inform decision making at a local level.

Supporting information:

[Link to Scotland's National Transport Strategy](#)

Transport Vision

An accessible Scotland with safe, integrated and reliable transport that supports economic growth, provides opportunities for all and is easy to use; a transport system that meets everyone's needs, respects our environment and contributes to health; services recognised internationally for quality, technology and innovation, and for effective and well-maintained networks; a culture where transport providers and planners respond to the changing needs of businesses, communities and users, and where one ticket will get you anywhere.

Five High Level Objectives

- *Promote economic growth by building, enhancing managing and maintaining transport services, infrastructure and networks to maximise their efficiency;*
- *Promote social inclusion by connecting remote and disadvantaged communities and increasing the accessibility of the transport network;*
- *Protect our environment and improve health by building and investing in public transport and other types of efficient and sustainable transport which minimise emissions and consumption of resources and energy;*
- *Improve safety of journeys by reducing accidents and enhancing the personal safety of pedestrians, drivers, passengers and staff; and*
- *Improve integration by making journey planning and ticketing easier and working to ensure smooth connection between different forms of transport.*

Three Key Strategic Outcomes

- *Improved journey times and connections, to tackle congestion and lack of integration and connections in transport*
- *Reduced emissions, to tackle climate change, air quality, health improvement*
- *Improved quality, accessibility and affordability, to give choice of public transport, better quality services and value for money, or alternative to car*

Early Learning and Child Care

From August 2014, all local authorities had a duty to increase provision to 600 hours of free early learning and childcare (ELC) for all 3 and 4 year old children and eligible two year olds; and to introduce some flexibility on how entitlement is provided for parents. This placed demands on the capacity (available places) and resulting occupancy levels of East Renfrewshire ELC facilities.

The Council expanded provision to meet these duties for example the new Cart Mill Family Centre and increase in the nursery classes at Crookfur and Calderwood Lodge primary schools and the extended new build replacement Arthurlie Family Centre. In addition, further early years places for population growth are being taken forward with a new nursery class at St Cadoc's Primary School and at the new non-denominational primary school being established at Maidenhill both for August 2019.

The Scottish Government's A Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland now requires Councils to provide 1140 hours per year for all 3 and 4 year olds and eligible 2 year olds by 2020. This effectively doubles the entitlement to free ELC and requires additional provision and increased workforce to be in place for 2020. Councils' Expansion Plans should be based on having 'neutral' providers, i.e. provision should be neutral to parents and as such include local authority provision and Partnership Providers i.e. private, voluntary and independent sectors and childminders. With more parental choice and the commitments of increased flexibility and accessibility of provision, planning is made more difficult and inevitably occupancy is less efficient.

East Renfrewshire will require to build new facilities and increase places through Partner Providers (including childminders). Geographically land is at a premium in East Renfrewshire with very little Council-owned available land, which presents a challenge moving forward to establish new facilities particularly within timescale and resources. The Council seeks to provide 10 new build /significantly extended early years centres across its four ELC community areas in a phased approach by 2020 to 2024 to account for its growing population and to provide parents a flexible and accessible place for their child(ren) addressing key national themes of the expansion.

It is expected that additional capital and revenue funding will be available from the Scottish Government to meet the costs of this new burden for the 2020 delivery date. Levels of capital and revenue funding have now been confirmed and will contribute in part towards the Council's plans for future provision. East Renfrewshire Council nurseries have always been very popular with parents and at present there is a reasonable level of flexibility and accessibility to full day provision for families within their own geographical community. This level of flexibility and accessibility is at risk if the Council is unable to invest and expand the existing ELC estate.

This evolving requirement will need to be updated in future iterations of the Capital Investment Strategy. It is a relatively high-risk area from a service delivery, asset and financial perspective, which is addressed in the Capital Investment Strategy risk assessment.

Supporting information:

[Link to Early Learning and Child Care](#)

We aim to develop a flexible and high-quality Early Learning and Childcare (ELC) system that is accessible, affordable, and integrated with school and out-of-school care.

This will improve outcomes for all children, especially those who are more vulnerable or disadvantaged, and help to close the attainment gap.

ELC will also support parents to work, train or study, especially those who need help with finding sustainable employment.

Increasing the free entitlement to ELC

The Children and Young People (Scotland) Act 2014 made 600 hours of free ELC available for all three and four-year-olds and eligible two-year-olds in Scotland from August 2014.

By 2020 we will increase the hours of free ELC from 600 to 1,140 hours per year, to further reduce barriers preventing parents from working.

Increasing the entitlement will require a substantially larger workforce, significant investment in infrastructure, and new, innovative models of delivery.

Regional influences

Glasgow and Clyde Valley City Deal

The Glasgow and Clyde Valley City Deal was formally signed in August 2014. The Council achieved a £44 million investment through the City Deal to deliver the infrastructure to support and enhance the place making strategy adopted through the Council's Local Development Plan.

Our £44m investment is focused on five key projects around the M77 Strategic Corridor, designed to provide economic benefits through employment, recreational, tourism, residential and business opportunities:

1. **Levern works** – Crossmill Business Units were completed in 2016 and all 10 units are now occupied. The former Nestle site is prepared for private investment. A planning application has been submitted and the expectation is that substantive development will be completed over the next 5 years. This will produce job outcomes.
2. **Dams to Darnley Country Park enhancements** – exciting plans are in place to transform the Dams to Darnley Country Park into a must visit leisure destination including a visitor centre, wake board park and boardwalk - **planned completion 2021/22**
3. **Enhanced road network** - Improving connections between the communities of Barrhead, Newton Mearns and the M77 – **planned completion by 2021**
4. **New Railway Station** - Improving access to jobs, services and communities – **planned completion 2021**
5. **Greenlaw Business Centre** - meeting a growing demand for flexible business space – **planned completion 2019**

The City Deal is a strong demonstration of the Council's approach to collaboration and partnership working, prioritising projects which will have an impact on the wider region.

The Capital Investment Strategy makes the connection between the ambitions of the City Deal and the delivery of continuing projects at a local level, as demonstrated in the capital investment plan.

The Council will continue discussions with regional partners to identify delivery and funding opportunities, by engaging effectively as an integral part of the City

Deal governance and through its wider partnership networks.

Supporting information:

[Link to Glasgow and Clyde Valley City Deal](#)

Glasgow and Clyde Valley is comprised of eight local authorities: East Dunbartonshire Council; East Renfrewshire Council; Glasgow City Council; Inverclyde Council; North Lanarkshire Council; Renfrewshire Council; South Lanarkshire Council; and West Dunbartonshire Council (hereinafter referred to as “Glasgow and Clyde Valley”).

Over its lifetime local leaders in Glasgow and the Clyde Valley estimate this City Deal will:

- *Support an overall increase in the economy of around 29,000 jobs in the city region.*
- *Work with 19,000 unemployed residents and support over 5,500 back into sustained employment.*
- *Secure £1 billion of Scottish Government and UK Government capital funding to support the proposed infrastructure investment programme for the area. This will be complemented by a minimum of £130 million of investment from Glasgow and Clyde Valley local authorities.*
- *Lever in an estimated £3.3 billion of private sector investment into the proposed infrastructure investment programme.*
- *Spread the benefits of economic growth across Glasgow and Clyde Valley, ensuring deprived areas benefit from this growth.*

Strathclyde Partnership for Transport Strategy: A Catalyst for Change 2008-21

The Regional Transport Strategy (RTS) shared goals and objectives are an important influence on the Council’s Capital Investment Strategy. It is important for the Council to demonstrate the alignment of local and regional transport strategy and to recognise the capital investment made by the Council via the Strathclyde Partnership for Transport (SPT) programme.

The new RTS is planned to be completed by late 2020 / early 2021, with the implementation of the new Strategy from 2021. The current position is covered by the SPT Delivery Plan 2018/19 – 2020/2021.

There are understandably a number of areas to be resolved with regard to the content of the Regional Transport Strategy and more clarity will be needed from the SPT in order to enable the Council to effectively plan for future transport proposals and the impact this will have at a local level.

The Council consider that the RTS (2008-2021) is still relevant but it is recognised that the regional transport situation has changed in the last decade. The Glasgow Region City Deal is a vehicle that will deliver new development and infrastructure and there are trends of increased congestion and car ownership. There is more emphasis on environmental issues, pollution, with sustainable transport and active travel being more prominent today. The Council acknowledge that whilst the RTS is still relevant, its renewal is a priority.

The Council is content with its involvement and engagement in the renewal of the RTS, being both a City Deal partner, along with SPT, being involved in the meetings with SPT to discuss the renewal of the RTS and as a member of the working group that has been set up. The Council is content that it will be able to appropriately influence the outcomes.

The Council do not envisage that the renewal of the RTS will impact on current or proposed capital projects, but this will continue to be assessed via future updates of the Capital Investment Strategy.

Supporting information:

Link to Strathclyde Partnership for Transport Regional Transport Strategy – A Catalyst for Change 2008-21

The Vision

A world class sustainable transport system that acts as a catalyst for an improved quality of life for all.

Shared Goals:

- *Develop the Economy: through improving connectivity for business and freight, making transport more effective and efficient, providing access to employment, education, shopping and leisure, by improving transport integration.*
- *Promote social inclusion and equality: by providing a transport system that is safe, accessible, and affordable to all sections of the community*
- *Improve health and protect the environment by minimising emissions and consumption of resources and energy by promoting active travel, quality public transport and modal shift.*

Strategic Objectives:

- *Safety and Security: To improve safety and personal security on the transport system*
- *Modal Shift: To increase the proportion of trips undertaken by walking, cycling and public transport.*
- *Excellent Transport System: To enhance the attractiveness, reliability and integration of the transport network*
- *Effective and Efficiency: To ensure the provision of effective and efficient transport infrastructure and services to improve connectivity for people and freight*
- *Access for All: To promote and facilitate access that recognises the transport requirements of all*
- *Environment and Health: To improve health and protect the environment by minimising emissions and consumption of resources and energy by the transport system*
- *Economy, Transport and Land-use Planning: To support land-use planning strategies. Regeneration and development by integrating transport provision.*

Local influences

Community Plan

The strategic context for the Council starts with the Community Plan. The Community Plan was updated in 2018, which means that it has a very current and relevant influence on the Council's Capital Investment Strategy. The Community Plan also includes the Fairer East Ren aims which are discussed in more detail below.

The importance of community engagement and consultation in successfully planning for, and delivering, capital investment cannot be underestimated. The Council is very outcome focused, which makes it much easier to get strong messages across to community organisations, communities and residents when it comes to the purpose and expected outcome of capital investment plans.

The capital investment plan will be developed around the Community Plan strategic outcomes.

Supporting information:**Link to Community Plan**

Five Outcomes:

1. **Early Years and vulnerable young people** – all children in East Renfrewshire experience a stable and secure childhood and succeed
2. **Learning, Life and Work** – East Renfrewshire residents are healthy and active and have the skills for learning, life and work
3. **Economy and Environment** – East Renfrewshire is a thriving, attractive and sustainable place for businesses and residents
4. **Safer, Supportive Communities** – East Renfrewshire residents are safe and live in supportive communities
5. **Older People and people with long term conditions** – Older people and people with long term conditions in East Renfrewshire are valued; their voices are heard and they enjoy full and positive lives

Fairer East Ren

The Council's Fairer East Ren Plan is important in setting the scene for strategic financial planning. Reference to this Plan could form part of the contextual material provided in relation to capital proposals and individual proposals could be aligned to the aims within this Plan.

The Fairer East Ren themes are incorporated into the Community Plan and have been mapped to national outcomes. This is important in setting the scene for a partnership approach to capital investment and an open and frank dialogue with local communities.

The Fairer East Ren themes will be mapped to the capital investment plan where relevant, alongside the Community Plan and Outcome Delivery Plan Strategic Outcomes.

The Council considers that the engagement enabled by the Fairer East Ren approach is a very useful way of consulting local communities, via Locality Plans. Engagement to date has progressed so far in the areas of ADD2 Barrhead and Auchenback is underway in Neilston and is now commencing in Thornliebank.

Supporting information:**Link to Fairer East Ren (Local Outcomes Improvement Plan)**

The Fairer East Ren Plan is our local name for the Local Outcomes Improvement Plan. It aims to make our area fairer, with fewer inequalities, and is initially based around four key themes, identified through engagement with our communities:

- *Reducing the impact of Child Poverty – The impact of child poverty is reduced*
- *Improved employability – Residents have the right skills, learning opportunities and confidence to secure and sustain work*
- *Moving around – East Renfrewshire's transport links are accessible, attractive and seamless*
- *Improving mental health and wellbeing – Residents' mental health and wellbeing is improved*
- *Reducing social isolation, loneliness and increasing safety - Residents are safe and are more socially connected within their communities.*

Locality Plans

The Locality Plans highlight specific areas of focus within the community with a specific aim of tackling inequality. Locality Plans are a good example of partnership working and collaboration in East Renfrewshire.

The Council will consider how the relationship with partners and the community, via Locality Plans, can be used to best effect to leverage greater investment capability and to find the best fit for community needs.

The Council will consider the timescale for increasing the number of Locality Plans. The resource implications will be considered and priorities for further roll-out will be examined.

Supporting information:

[Link to current Locality Plans](#)

ADD2 Barrhead 2017-27

Auchenback 2017-27

Neilston 2019-2029

Thornliebank 2019-2029

Outcome Delivery Plan 2018-21

The Council's Outcome Delivery Plan is updated annually and covers a 3 year rolling period. The Outcome Delivery Plan is the Council's contribution to the Community Plan and provides a very current and relevant influence on the Council's Capital Investment Strategy. The Outcome Delivery Plan drives the Council's capital investment ambition.

The Outcome Delivery Plan has intermediate outcomes and Community Plan Partnership (CPP) critical indicators for each Strategic Outcome, which clearly links to the Community Plan, Fairer East Ren and Locality Plans, making it easier to map capital investment decisions to Community and Council priorities.

The Outcome Delivery Plan sets out the Council's contribution and the associated critical activities, which makes the Plan specific and measurable. It also describes the Council's policies, setting the Council's capital investment in context and highlighting service provision and challenges with strong examples.

The Outcome Delivery Plan Strategic Outcomes will be mapped to the capital investment plan where relevant, alongside the Community Plan Outcomes and the Fairer East Ren themes. This helps with the evaluation and prioritisation of future capital schemes, where a business case needs to consider the contribution to the achievement of priorities, as well as non-financial and financial benefits.

Supporting information:

[Link to Outcome Delivery Plan 2018-2021](#)

East Renfrewshire Council is committed to improving the lives of local people, promoting equality and fairness and enhancing the area in which we live, now and for the future. This is the Council's Outcome Delivery Plan (ODP). It covers the time frame 2018-2021 and sets out how services across the Council are

contributing to the delivery of our outcomes, and our vision to be:

“A modern, ambitious council creating a fairer future with all”

The Council works with our Community Planning Partners to deliver on our five strategic outcomes.

Local Development Plan 2015-25

The Council adopted the East Renfrewshire Local Development Plan 2015-2025 (LDP1) in June 2015. This document sets out a vision, development strategy and policy framework to guide and manage development in the area up to 2025 and beyond. The Plan aims to shape the investment plans and allocation of resources of the Council and other public, voluntary and private sector organisations. It is influenced by national, regional and local policy and together with Clydeplan, the Strategic Development Plan, makes up the Development Plan for East Renfrewshire.

The preparation of LDP2 is currently underway and this will be published for consultation in 2019. LDP2 will cover the period up to 2029 and beyond and the Capital Investment Strategy acknowledges this development. The Council will continue to monitor the need for infrastructure to support new development and will identify requirements through the emerging plan. The preparatory work on LDP2 reflects increased housebuilding and population growth and the major impact on new school requirements.

The Strategic Aim and Objectives contained within LDP2 will influence the Council’s capital investment ambition. The Council will consider the long-term impact of LDP2, and incorporate in a future update of the Capital Investment Strategy, to identify the part that the Council’s capital investment will play in contributing to meeting the long term needs of the local population and area.

Supporting information:

[Link to Local Development Plan 2015-2025](#)

Strategic Aim:

“to foster a rich and diverse environment and promote and manage land use change for the benefit of the local community and economy in a manner which is sustainable”.

Strategic Objectives:

- *Promote the principles of sustainable economic growth.*
- *Provide for local needs and equality of access to housing, jobs, facilities and services, particularly to assist in social inclusion.*
- *Protect and enhance heritage and environmental resources and seek to provide opportunities for improving physical well-being.*
- *Facilitate reducing the overall need to travel and the reliance on car use.*
- *To promote sustainable development and reduce carbon emissions.*

Local Housing Strategy 2017-22

It is important for the Strategic Priorities in the Local Housing Strategy (LHS) to be reflected in the Council’s Capital Investment Strategy, both from a direct

capital investment perspective and an enabling perspective. The Council plays a vital role in ensuring that the Local Delivery Plan is delivered in terms of projects, housing mix and timescale.

The Housing Strategy highlights the importance of working in partnership and internal service collaboration, particularly related to homelessness. The capital investment requirement is put into this context in the Capital Investment Strategy to demonstrate how this investment is contributing to the achievement of important housing targets.

The Council confirm the housing target is being met – the previous LHS for the period 2012-2017 was set at an average of 30 affordable units per year and was exceeded. The new LHS and LDP2 have a target of 45 units per year (on average over the 5-year period), which is a realistic target. 20 units of affordable housing have been achieved in 2018/19 to date with a further 22 on site and for future years the expectation is that targets will be met.

The Council does not expect the new LDP2 to change the housing targets, as these are based on needs analysis. A new Housing Needs and Demand Assessment (HNDA) is due to be undertaken over 2019 and 2020 and may affect targets in future. A joint approach to target setting is in place between Housing and Planning.

A revised Regional Housing Need and Demand Assessment (HNDA 2015) has been prepared to support the approved Strategic Development Plan and this provides housing estimates up to 2029. The Housing Supply Targets for LDP2 and the new LHS have been prepared jointly between Housing and Planning Teams based upon the HNDA.

The Council considers that there is currently a significant difference between the grant funding available to councils in comparison to RSL's. For example, councils are given a maximum £59k per unit, which has to cover all sizes and types. By comparison RSL's are funded differently and get on average £78k per unit but in certain circumstances can get more. This was based on the premise that Councils have favourable borrowing rates from prudential borrowing whereas RSL's have to go out to the market. At present due to such low interest rates, this argument is not valid, and the Council will be seeking a more equitable approach.

Supporting information:

[Link to Local Housing Strategy 2017-2022](#)

Vision:

'Good quality and affordable housing opportunities are available to all our residents, within safe and attractive neighbourhoods'

Strategic Priorities:

1. *Increase Access to Housing*
2. *Thriving, Attractive and Sustainable Neighbourhoods*
3. *Facilitate Independent Living*
4. *Improve Access and Participation*



As with the Local Housing Strategy, it is important for the planned resource allocation priorities, set out in the Strategic Housing Investment Plan, to be reflected in the Council's Capital Investment Strategy both from a direct capital investment perspective and an enabling perspective. The Council plays a vital role in ensuring that the Local Delivery Plan is delivered in terms of projects, housing mix and timescale and the SHIP sets out the strategic approach to the housing capital investment plan.

The Council is undertaking a lot of work to identify suitable sites for housing, including Council owned sites. The Capital Investment Strategy now articulates all aspects of housing planning that result in capital investment for the Council, both in terms of direct capital outlay and contribution of sites. The thread from the Local Housing Strategy through to identification of land in the Local Development Plan results in the planned investment articulated in the SHIP. This will be evident in the Capital Investment Strategy over the long term.

The Council does not consider that LDP2 will be likely to change the SHIP priorities – these have recently been based on the masterplan sites. The priorities are set on regeneration of Barrhead and delivering the right type, size and location of affordable housing to meet high demand across the authority area.

To deliver our housing requirements and wider development needs a number of new sites have been identified in the emerging LDP2 and the Council can confirm that, once LDP2 has been adopted, these will be added to the SHIP. These sites will provide increased numbers of affordable and particular needs housing in the Eastwood area where supply is currently limited.

Housing Services engage regularly with the RSL's to discuss SHIP delivery and future projects – the SHIP is assessed annually and a number of RSL's are working on key delivery sites. Between the Council and RSL's identified sites are being actively developed. The key delivery challenge relates to joint projects with private developers who have more focus on viability and less on affordable housing delivery.

The Council will update its Local Housing Strategy, SHIP and Capital Investment Strategy upon adoption of LDP2, to ensure that any changes from the current expected position are reflected and all strategies and plans are aligned as appropriate.

Supporting information:

[Link to Strategic Housing Investment Plan \(SHIP\) 2019-2024](#)

East Renfrewshire has a predominantly owner occupied market equating to over 80% of housing stock plus a limited supply of properties to rent and buy affordably. This coupled with a lack of Council owned sites for new build; means that the Council faces a number of challenges in terms of meeting shortfalls in affordable housing to alleviate unmet demand and homelessness pressures.

SHIP resources are therefore focused towards:

- *The delivery of new social rented homes (including Council);*
- *Proposals for affordable housing to meet a range of needs, including smaller and family homes, and those suitable for the elderly and disabled;*
- *Developments with the greatest certainty over timing and deliverability.*

Our objective is to provide new homes that:-

- **Are fit for purpose:** *reflecting modern lifestyles with the flexibility to adapt to meet the current and future needs of existing and future tenants*
- **Are a catalyst for creating new and consolidating existing local communities:** *respecting the character of the local environment and creating communities where people want to live*
- **Are affordable and environmentally friendly:** *meeting and exceeding levels of sustainability to protect tenants from rising fuel costs and minimising environmental impact.*
- **Are providing choice:** *reflecting existing and prospective tenants needs and aspirations*

- **Are secure:** providing safe and secure places for tenants to live
- **Are cost effective to manage and maintain:** utilising existing tried and tested components that fit with the Council's current asset management strategy.

Corporate Asset Management Plan

The importance of the link between the Corporate Asset Management Plan, and its constituent Asset Management Plans (AMPs), is stressed in the CIPFA Prudential Code. The AMPs should inform the Capital Investment Strategy but this also works both ways. The vision and ambition that is articulated in the Capital Investment Strategy should set the scene for the direction that the asset management in any particular area of operation should take.

There are six AMPs maintained by the Council. There is a process in place for maintaining these plans, which are reviewed biennially. The Roads AMP is produced on a Scotland wide basis, which leads to a consistent approach that will ensure a standard level of quality. The Asset Management Plans have strategic objectives that clearly link with the Council's Strategic Outcomes.

Each AMP is brought to members of Capital Asset Management Group (CAMG) firstly for peer review and comment and discussed at the CAMG forum. Following this process, the AMP's are reported to cabinet. CAMG will review the process once all AMP's have been reported to Cabinet. Summaries of the AMPs can be found at Appendix A.

The council will ensure that any refresh of the AMPs that results in a significant change will be reflected in an update to the Capital Investment Strategy.

Supporting information:

Corporate Asset Management Plan

There are six asset management plans. These are:

1. Roads
2. Fleet
3. Open spaces
4. Property
5. ICT
6. HRA Assets

The Roads Asset Management Plan is completed through participation with the Society of Chief Officers of Transportation in Scotland (SCOTS), which is a Scotland wide project which has prepared a standardised Roads Asset Management Plan format involving Transport Scotland and all Scottish Councils.

All other Asset Plans are prepared in accordance with the CIPFA Guide to Asset Management and Capital Planning and Audit Scotland's Best Value toolkit.

Partnership and collaborative working

The following tables map our Strategic Outcomes against our partnership and collaborative working activity. It is important to demonstrate these links to assist with demonstrating how the capital investment plan will contribute to the medium to long term commitments that result from these activities:

Strategic Oversight of Community Planning	Community Planning Partnership Board Performance and Accountability Review				
Strategic Outcomes	All children in East Renfrewshire experience a stable and secure childhood and succeed.	East Renfrewshire residents are healthy and active and have the skills for learning, life and work	East Renfrewshire is a thriving, attractive and sustainable place for residents and businesses	East Renfrewshire residents are safe and live in supportive communities	Older people and people with long term conditions in East Renfrewshire are valued; their voices are heard and they enjoy full and positive lives.
Regional Level Partnerships		Education Regional Improvement Collaborative	City Deal Board (regional level)		
Strategic Partnerships	Fairer East Ren: child poverty delivery group Children and Young Peoples' Services Plan <ul style="list-style-type: none"> • Early Years Sub-group <ul style="list-style-type: none"> ○ Parenting 	Fairer East Ren: Local Employability Partnership – Strategic Community Learning and Development Partnership	Fairer East Ren: transport delivery group Local Housing Strategy Partnership Group	Fairer East Ren: Improving Outcomes for Adults Group (mental health and wellbeing and safe and socially connected)	

	<p>Steering Group</p> <ul style="list-style-type: none"> • ASN sub-group • Corporate Parenting sub-group • Young Persons' Steering Group <p>Early Learning and Childcare Expansion Board</p>			<p>Community Justice Partnership</p> <p>Alcohol and Drugs Partnership</p> <p>Violence Against Women and Girls Partnership</p> <p>Tobacco Alliance</p> <p>Greater Results in Partnership (GRIP)</p>	HSCP Strategic Planning Group
--	---	--	--	--	-------------------------------

<u>East Renfrewshire Community Plan</u>: our high-level ambitions for all age groups and communities, and tackling inequality					
Community Plan Strategic Outcomes	All children in East Renfrewshire experience a stable and secure childhood and succeed.	East Renfrewshire residents are healthy and active and have the skills for learning, life and work	East Renfrewshire is a thriving, attractive and sustainable place for residents and businesses	East Renfrewshire residents are safe and live in supportive communities	Older people and people with long term conditions in East Renfrewshire are valued; their voices are heard and they enjoy full and positive lives.
Regional and CP Partner strategies and strategic plans that help us to deliver our vision		<p>Skills Development Scotland: vision for 2015-2020</p> <p>Voluntary Action East Renfrewshire Strategic Plan</p> <p>West College Scotland Regional Outcome Agreement</p>	<p>Glasgow City Region Economic Strategy and Action Plan</p> <p>Scottish Enterprise Strategic Plan</p> <p>A Catalyst for Change: The Regional Transport Strategy for the west of Scotland 2008-2021</p> <p>Strathclyde Partnership for Transport:</p> <p>Transport Outcomes</p>	<p>East Renfrewshire Local Fire and Rescue Plan</p> <p>Police Scotland's Local Policing Plan for East Renfrewshire</p> <p>Adult Mental Health Strategy 2018-2023 (NHS GGC wide)</p> <p>Voluntary Action East Renfrewshire Strategic Plan</p>	Voluntary Action East Renfrewshire Strategic Plan

<u>East Renfrewshire Community Plan</u>: our high-level ambitions for all age groups and communities, and tackling inequality					
			Report Regional Transport Strategy Clydeplan		
Outcome-focused Partnership strategies and strategic plans (*strategies in development are in italics)	<i>Fairer East Ren: child poverty delivery plan</i> Getting it Right with You: East Renfrewshire Children and Young Peoples' Plan 2017-2020 (ICSP)	<i>Fairer East Ren: employability delivery plan / Local Employability Strategy</i> Getting it Right with You: East Renfrewshire Children and Young Peoples' Plan 2017-2020 (ICSP) <i>Community Learning and Development Strategy 2018-21</i>	<i>Fairer East Ren: transport delivery plan</i> Local Housing Strategy 2017-2022 <i>Adaptations Strategy (planning for climate change)</i>	<i>Fairer East Ren: mental health and wellbeing delivery plan</i> Community Justice Outcome Improvement Plan <i>Violence Against Women and Girls Delivery Plan 2017-2020</i>	<i>Fairer East Ren: safe and socially connected delivery plan</i>
Council "family" strategies and strategic plans (includes HSCP and Trust)	Health and Social Care Partnership Strategic Plan Early Years Strategy Corporate Parenting Plan	Health and Social Care Partnership Strategic Plan East Renfrewshire Culture and Leisure Trust Business Plan Sports Facilities Strategy <i>Tobacco Strategy</i> <i>Libraries Strategy</i> <i>Autism Strategy</i>		Health and Social Care Partnership Strategic Plan	Health and Social Care Partnership Strategic Plan <i>Carers Strategy</i>
Council strategies and strategic plans	East Renfrewshire Council Outcome Delivery Plan	East Renfrewshire Council Outcome Delivery Plan	East Renfrewshire Council Outcome Delivery Plan	East Renfrewshire Council Outcome Delivery Plan	East Renfrewshire Council Outcome Delivery Plan

<u>East Renfrewshire Community Plan</u>: our high-level ambitions for all age groups and communities, and tackling inequality					
	Early Learning and Childcare Strategy	Education Local Improvement Plan Advancing Equity and Excellence	Local Development Plan Contaminated Land Strategy <i>Economic Development Strategy</i> <i>Tourism Strategy</i> <i>Environmental Sustainability Strategy</i> <i>Community Benefits Strategy</i>		
Locality Plans (based on locally determined priorities)	<p>Auchenback Locality Plan</p> <p>ADD2Barrhead Locality Plan</p> <p><i>Neilston Locality Plan</i></p>				

Capital Investment Ambition by Strategic Outcome

The following table illustrates how key elements of our 8-year General Fund investment plan and 5-year housing investment plan will deliver against the Strategic Outcomes in our Outcome Delivery Plan:

Outcome	Scheme Name	Short Narrative explaining the proposal	Output
All children in East Renfrewshire experience a stable and secure childhood and succeed	Early Learning and Childcare Expansion to 1140 Hours	As local nurseries and family centres are already operating close to capacity a significant increase in places must be provided in order to deliver the national requirement of 1140 hours per child per year from the existing 600 hours level.	Up to 10 new or extended early years facilities provided across the Council area by August 2021.
East Renfrewshire residents are healthy and active and have the skills for learning, life and work	New non-denominational primary/nursery school for Newton Means	New house building in the area requires a large increase in school places. This cannot be accommodated within the existing school estate and so a new facility is required.	New 2 stream primary school and nursery to be open for August 2019.
	Eastwood Leisure	Existing leisure facilities in the Eastwood area are dated and at the end of their lifespan. Improved facilities are needed to address local demands.	Investment in leisure/community facilities to be provided in the Eastwood area.
	Learning and Leisure in Neilston	Local school and community facilities in Neilston are in poor condition and require replaced/upgraded. Some Scottish Government funding is anticipated to support school condition improvements.	Replacement of St Thomas' PS, Neilston PS, Madras Nursery, Neilston Leisure Centre, Neilston Library and Glen Halls with a new community campus (subject to consultation).

East Renfrewshire is a thriving, attractive and sustainable place for businesses and residents	New railway station – Barrhead South	To serve new housing and leisure developments in the Barrhead area rail transport links will be improved via a City Deal initiative.	New railway halt to be delivered for Barrhead South.
	New link road from Junction 5 to Barrhead	As part of the City Deal economic growth proposals road links between the east and west of the authority will be improved.	New link road from the M77 Junction 5 to Barrhead will be provided.
	Country Park Visitor Centre and Infrastructure	As part of the City Deal initiative a new visitor centre is planned together with improved access to the country park.	New visitor centre, board walk, parking etc to be built for Dams to Darnley country park.
	Roads	Increased capital investment is planned to ensure that roads are maintained in a safe condition.	Improved roads condition.
	Council House New Build Programme	The Council will deliver up to 240 new homes for rent as part of the commitment to increase affordable housing supply set out in the Local Housing Strategy (and SHIP) and in line with national priorities for investment.	240 new homes for rent from East Renfrewshire Council. Ph 1 sites (Barrhead) – Blackbyres Rd, Robertson St & Fenwick Rd (on site 2018/19); Balgraystone Rd (commence 2019/20). 83 units. Ph 2 sites – remainder of units to be delivered at Maidenhill, Newton Mearns.
East Renfrewshire residents are safe and live in supportive communities	CCTV Infrastructure Refresh	Ageing infrastructure to be replaced.	Modern, more reliable CCTV coverage of public areas.

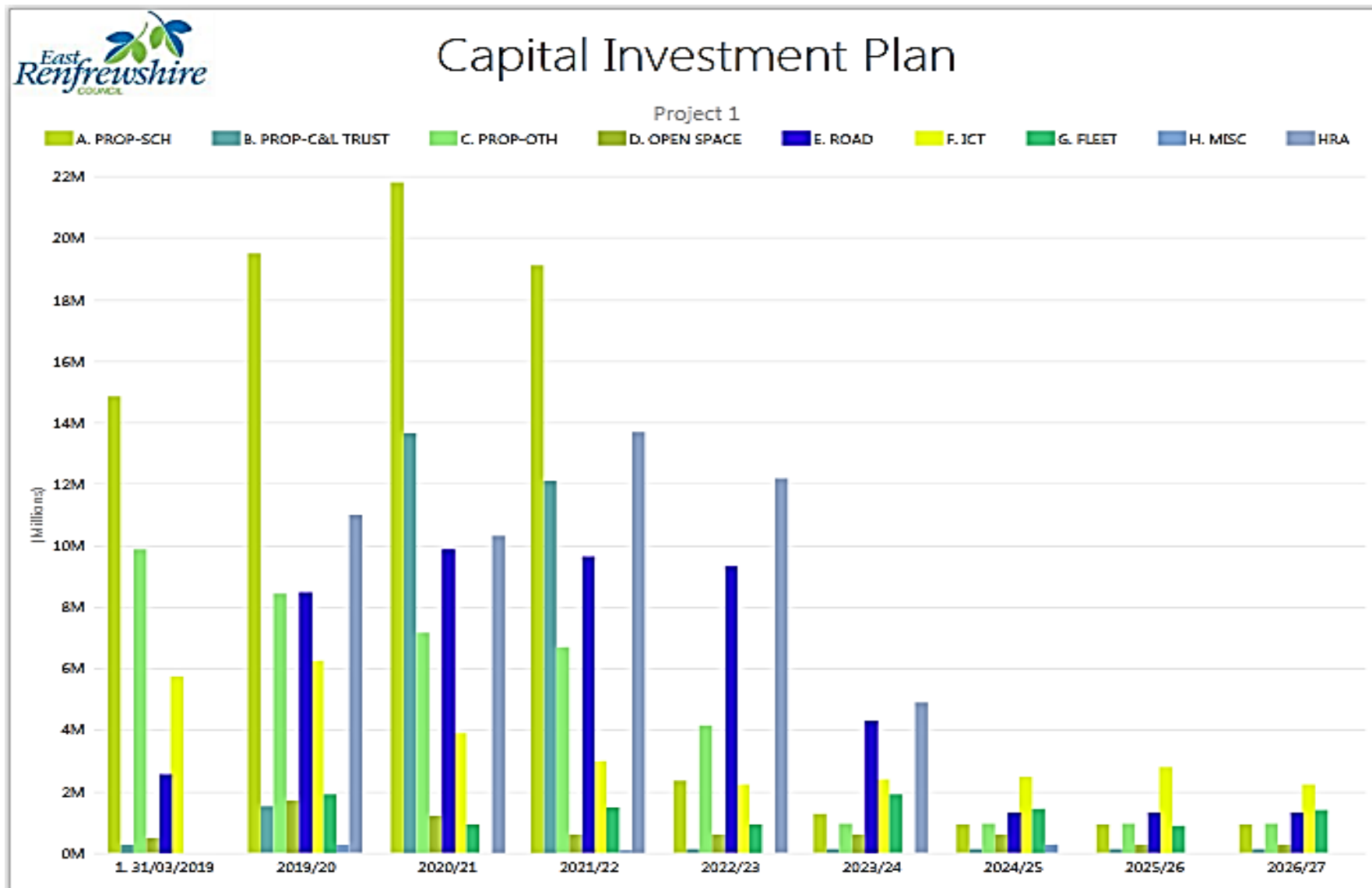
<p>Older people and people with long term conditions in East Renfrewshire are valued; their voices are heard and they enjoy full and positive lives.</p>	<p>Bonnyton House Improvements</p>	<p>Care home for the elderly needs significant modernisation and improvement.</p>	<p>New roof and remodelled facilities to meet changing community needs.</p>
---	------------------------------------	---	---

8-year Capital Investment Plan

Our 8-year capital investment plan covers the period 2019-2027, based on our capital investment ambition, similarly we have prepared a 5-year housing capital investment plan. These have been prioritised by applying our evaluation methodology to ensure that the longer term position is affordable and deliverable as planned and this is specifically addressed in our annual Treasury Management report which sets out the Prudential Indicators for the Council's spending plans. Our risk assessment examines the risk against the affordability and deliverability assumptions and this will inform the ongoing review of performance and update of the capital investment plan to ensure that it is effectively managed. Both capital plans are scheduled to be approved by Council on 28 February and links to these documents will be included in this strategy thereafter.

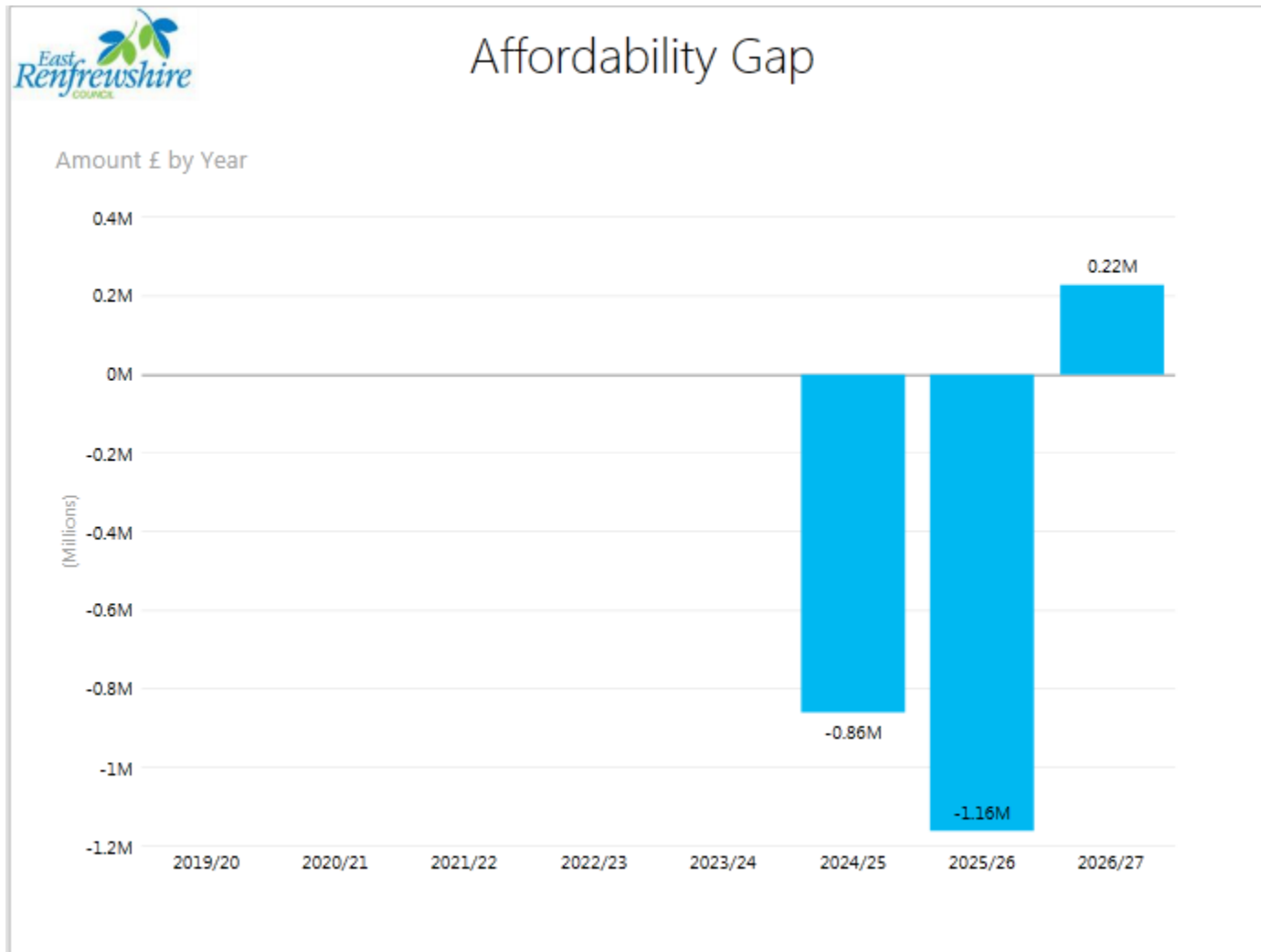
Several tables and charts have also been included within this strategy to provide a view of the 8-year capital investment plan from an investment and financing perspective, an affordability perspective and in terms of the contribution to the achievement of our Strategic Outcomes, our community improvements and our growth targets:

As work continues on development of our Local Development Plan 2, further capital investment needs are emerging. Once the timing and quantum of these items as been clarified they will be added to our future Capital Plans.



This graph shows the level of planned capital spend over the Council’s asset categories as set out in the Capital Plans, General Fund 2019-2027 and Housing 2019-2024

The following sections examine the evaluation and prioritisation of our 8-year capital investment plan, the additional analysis that informs our Capital Investment Strategy principles, our capacity to deliver and the potential options for addressing our capital investment ambition gap.



This graph shows the shortfall in resources in the later years of the Council's capital plan. This will be kept under review and is expected to grow as LDP2 pressures are incorporated into our future capital ambitions.

The Council's capital investment ambitions incorporated into its proposed capital plans would require additional funding, in addition to the borrowing set out in its capital plans 2019-27 and 2019-24, as shown above.

Examination of outcomes from prioritisation

The Council maintains a rolling, detailed 8 year general fund capital plan with new proposals for investment being brought forward annually through a Capital Project Appraisal process to ensure that they align with the Council's key objectives and asset management plans, are deliverable, affordable and represent best value. Only those proposals which make a significant contribution to the Council's objectives and are considered deliverable are progressed past an initial stage to a full appraisal by the Corporate Asset Management Group before being considered by the Corporate Management Team, Budget Strategy Group and Council. The current CPA template form is attached as Appendix B, however the appraisal template is currently being reviewed and redesigned for 2020 to ensure that it is fully Green Book compliant. For routine investments, such as ICT system renewals, property and roads major maintenance, set sums are included in annual capital investment plans to facilitate forward planning and minimise administration.

The Corporate Asset Management Group also consider whether any adjustments are required to projects already listed in the capital plans (e.g. increased costs, reduced cost requirement, amended timing of spend etc.).

A 5 year rolling capital plan is maintained for Council housing stock, taking account of both national and local plans. Any revenue impacts associated with these plans, arising from both funding and or running/maintenance costs are then reflected in the Council's revenue budget planning.

New projects added to the capital plan this year are listed in the table below.

PROJECT	ASSET CATEGORY	£'000
Learning & Leisure in Neilston	Property - Schools	30,384
St Mark's PS Car Park	Property - Schools	350
ERCLT General Building Improvement Fund	Property – Culture & Leisure Trust	800
Eastwood HS Sports Centre Changing Rooms	Property – Culture & Leisure Trust	429
Overlee Pavilion Changing	Property – Other	905
Bonnyton House Care Home Upgrade	Property - Other	434
Roads Infrastructure	Roads	15,000
ERCLT Digital Platform	ICT	410
Cleansing/Recycling Vehicles	Fleet	185

Any projects which have been identified later in the year may not yet have been fully costed and appraised so are not included in the Council's updated capital plans to be considered in February 2019, however they will be incorporated into future years' updates. This applies to projects emerging as the Council's new Local Development Plan (LDP2) is developed. These major projects currently identified are listed here to ensure that they are taken into consideration for future planning purposes.

PROJECT	TIMING	COMMENT
New primary school	TBC	Identified via Local Development Plan 2. Developer contribution funding anticipated. Further reports to be brought to Education Committee.
New primary school	TBC	Identified via Local Development Plan 2. Developer contribution funding anticipated. Further reports to be brought to Education Committee.
New secondary school	TBC	Identified via Local Development Plan 2. Developer contribution funding anticipated. Further reports to be brought to Education Committee

Capital Project Appraisal Process

Capital Project Appraisal Form

The Capital Project Appraisal (CPA) Form, as shown in Appendix B, is designed to capture specific project information in order for that project to be assessed by the Capital Asset Management Group.

The form captures project details and objectives, links to strategic documentation and plans and how the project can support these strategies and plans, finance details and delivery schedule. Both the form and the CPA process are currently under review by the Corporate Asset Management Group, to improve and refine the form, enhance the process and approval stages, and monitor the outcomes.

Corporate Asset Management Group

The Council has established a Corporate Asset Management Group (CAMG). In addition to identifying and monitoring any major issues relating to the Council's capital and asset management plans, the CAMG assesses the individual Capital Project Appraisal forms according to the Project Appraisal Evaluation Guidance.

The Guidance requires that projects are scored according to:

- whether the project meets a statutory requirement
- whether it supports the Council's strategic objectives

- whether it meets a health and safety requirement or neither.

The scoring mechanism is included below:

Very low: No real impact or relationship	1
Low: Some impact or relationship	2
Medium: A noticeable contribution	3
High: A Significant contribution	4
Very High: A major contribution	5

The projects are also evaluated against:

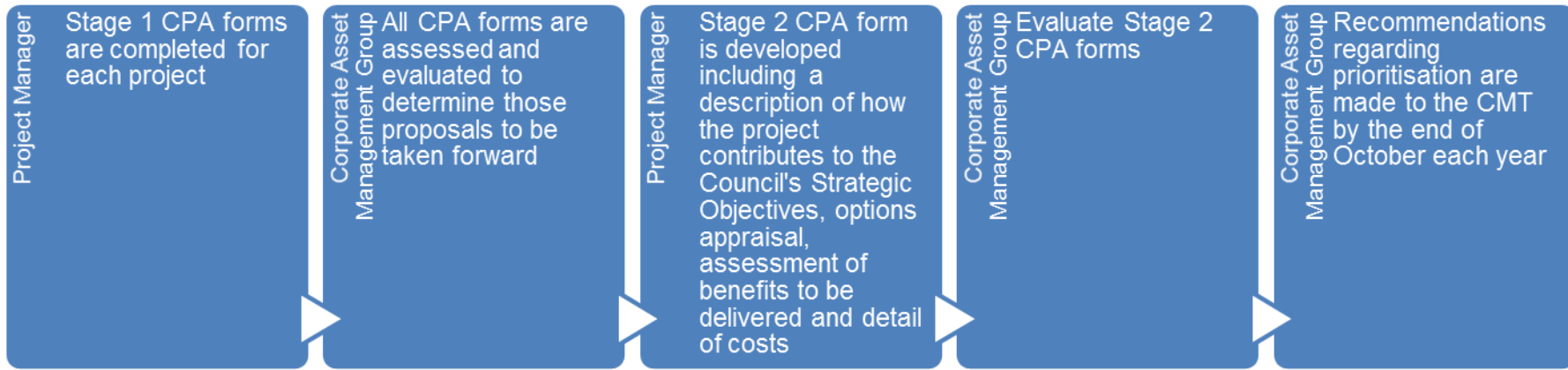
- 5 capabilities
- Single Outcome Agreement
- Link to Asset Management Plan

Proposals must be assessed against the relevant Asset Management Plans, which are updated annually.

Developing proposals

The Council has established a structured Capital Project Appraisal (CPA) process which begins in April of each year and concludes by November. Based on this process, the Corporate Management Team (CMT) make recommendations to the Budget Strategy Group.

The chart below summarises the process as described in the Strategy:



Capital resource allocation and analysis of balance sheet, treasury and reserve implications.

Current levels of capital grant are insufficient to address the Council's capital investment ambitions and so consideration must be given to closing the financial gap by additional borrowing (subject to affordability of future repayments), and by developer contributions, utilisation of capital reserves, capital receipts and grants from other bodies where available.

Decisions on the funding approaches require a joint evaluation of the revenue and capital financial needs and ambitions of the Council. This will take into account the overall availability of reserves, likely future pressures on capital and revenue budgets arising from both local demands and anticipated government grant settlements and the consideration of prudential indicators as set out in the CIPFA code. The impact of capital investment on the revenue budget (through increasing loan repayments arising from additional borrowing) are clearly articulated as this can directly impact on the level of revenue budget savings requirements in later years.

Over the next year consideration will also be given to the new loans fund reprofiling flexibility offered to Councils in the 2019/20 Scottish Government settlement. This may assist in supporting future years' capital plans.

The following table highlights the Net Borrowing Requirements for the following 5 years and corresponding Prudential Indicators highlighting the current under borrowing position i.e. internal borrowing utilised.

General Fund £'000	2017/18 Actual	2018/19 Probable	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Capital Expenditure	24,047	36,987	48,017	58,460	52,540	19,586	11,497
Other Relevant Expenditure	22,307	-	-	-	-	-	-
Total	46,354	36,987	48,017	58,460	52,540	19,586	11,497
Financed by:							
Capital Receipts	194	1,810	3,450	1,350	600	-	-
Capital Reserve	11,500	8,466	1,200	-	-	-	-
Developer Contributions	453	611	1,644	3,806	-	-	-
Govt. General Capital Grant	7,459	6,866	7,929	6,634	6,634	6,634	6,634
Govt. Specific Capital Grants	23,467	7,577	6,883	4,779	12,600	1,440	-
Other Grants & Contributions	296	235	75	75	75	75	75
Repairs &							

258

Renewals Fund/CFCR	878	125	64	-	-	-	-
Net Borrowing Requirement for the year	2,107	11,297	26,772	41,816	32,631	11,437	4,788

Housing £'000	2017/18 Actual	2018/19 Probable	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Capital Expenditure	5,496	9,539	10,969	10,320	13,693	12,167	4,874
Financed by:							
Capital Receipts – Right to Buy	1,504	196	-	-	-	-	-
Capital Receipts – Land Disposal	-	-	-	500	500	500	500
Recharges to Owners	377	401	615	409	424	467	482
Govt. Specific Capital Grants	319	2,518	2,100	955	3,533	2,991	100
Commuted Sums	52	417	32	437	291	245	-
CFCR	500	-	-	-	-	-	-
Net Borrowing Requirement for the year	2,744	6,007	8,222	8,019	8,945	7,964	3,792

£'000 as at 31 March	2017/18 Actual	2018/19 Probable	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Borrowing	81,754	89,146	136,993	166,442	166,069	165,252	164,887
Other Long Term Liabilities	94,789	90,480	85,747	80,960	75,954	70,830	65,548
Total Gross Debt (Prudential Indicator PI-3)	176,543	179,626	222,740	247,402	242,023	236,082	230,435
CFR – the borrowing need	193,235	196,508	216,633	251,566	276,462	276,591	264,732
(Under) / Over Borrowing	(16,692)	(16,882)	6,107	(4,164)	(34,439)	(40,509)	(34,297)

(Prudential Indicator PI-6)							
-----------------------------	--	--	--	--	--	--	--

Summary of non-treasury and treasury investments

Treasury investments are set out in the Treasury Management Strategy. The Council does not hold any significant non-treasury investments. All treasury investments are with approved counter parties as stated in Appendix C.

Council investments are carried out in accordance with the CIPFA Treasury Management code. The Council's investment priorities are security first, liquidity second and then return. This authority has adopted a prudent approach to managing risk and its risk appetite is set out in the Treasury Management Strategy.

Prudential Indicators / local indicators

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plan is reflected in the prudential indicators summarised below, further details of which can be found in the Treasury Management Strategy Report.

Indicator Reference	Indicator	Page Ref.	2019/20	2020/21	2021/22	2022/23	2023/24
PRUDENTIAL INDICATORS							
Capital Expenditure Indicator							
PI-1	Capital Expenditure Limits		£'000	£'000	£'000	£'000	£'000
	General Fund						
	Housing		48,017	58,460	52,540	19,586	11,497
	Total		10,969	10,320	13,693	12,167	4,874
			58,986	68,780	66,233	31,753	16,371
PI-2	Capital Financing Requirement		£'000	£'000	£'000	£'000	£'000
	General Fund						
	Housing		182,043	212,456	231,813	227,551	215,635
	Total		34,590	39,110	44,649	49,040	49,097
			216,633	251,566	276,462	276,591	264,732
Affordability Indicator							
External Debt Indicators							
PI-3	Gross Debt		£'000	£'000	£'000	£'000	£'000
	Borrowing		136,993	166,442	166,069	165,252	164,887
	Other Long Term Liabilities		85,747	80,960	75,954	70,830	65,548

	Total		222,740	247,402	242,023	236,082	230,435
PI-4	Operational Boundary for External Debt		£'000	£'000	£'000	£'000	£'000
	Borrowing						
	Other Long Term Liabilities		139,146	166,993	166,442	166,069	165,252
	Total		90,480	85,747	80,960	75,954	70,830
			229,626	252,740	247,402	242,023	236,082
PI-5	Authorised Limit for External Debt		£'000	£'000	£'000	£'000	£'000
	Borrowing						
	Other Long Term Liabilities		160,018	192,042	191,408	190,979	190,040
	Total		90,480	85,747	80,960	75,954	70,830
			250,498	277,789	272,368	266,933	260,870
Indicators of Prudence							
PI-6	(Under)/Over Gross Borrowing against the CFR		£'000	£'000	£'000	£'000	£'000
			6,107	(4,164)	(34,439)	(40,509)	(34,297)
TREASURY INDICATORS							
TI-1	Upper Limit to Fixed Interest Rates based on Net Debt		100% of debt position				
TI-2	Upper Limit to Variable Interest Rates based on Net Debt		30% of debt position				
TI-3	Maturity Structure of Fixed Interest Rate Borrowing		15% maturing in any one year				
TI-4	Maximum Principal Sum invested greater than 365 days		5%	5%	5%	5%	5%

Examination of capacity to deliver

In determining capital investment consideration is also give to the following areas:

- **People** – The Council monitors capacity of staff in services such as property, accountancy, ICT, Legal and Procurement so as to ensure adequate resources are available to support capital plans. Where insufficient capacity is in place it may be possible to engage temporary/agency staff (potentially funded from the Council's Modernisation Fund reserve) or to utilise external consultants (e.g. private firms or public sector organisations such as hub West Scotland).
- **Procurement** – Wherever possible the Council encourages managers to self serve for routine procurements and smaller procurements (under £50k) are undertaken by managers using the Quick Quote guidance. Projects over £50k are undertaken in conjunction with procurement professionals using a full tender process.
- **Reserves** – The Council maintains a Capital Reserve, Modernisation Fund, Insurance Fund and Repairs and Renewals Fund. These may be accessed in appropriate circumstances and such instances will be identified by the Corporate Asset Management Group.
- **Project support** – The Council's Project Management Office is available to provide project management support for major change projects such as system implementations. A capacity grid system is operated to assess whether any new demands can be accommodated. The Corporate Management Team have also developed a new executive reporting system to monitor progress of key projects.
- **Consultation process** – The Council has well established processes, particularly within the Environment and Education departments, for consultation with the public and other stakeholders on new proposals. It is essential that these are planned well in advance as long timescales are often required to accommodate both the consultation period and any potential objection/appeal processes.
- **Decision making process** – The Council has a clear process for consideration of capital proposals. This runs throughout the year from early summer when initial proposals are submitted, to February when formal approval of new schemes is granted by Council after consideration of affordability etc. Cabinet then monitors progress during the year with any changes to the agreed programme requiring approval by Council whose meetings are typically every 6 weeks.

Identification of platform for lobbying / negotiation / further discussion with Scottish Government / partners

The Council compiles a 3 year statement setting out key areas where it seeks additional powers or resources from the Scottish Government in order to support change. The statement for 2018-2021 is currently being finalised but may include several issues directly related to the Council's capital ambitions.

- Request for increased investment funding for improvement/replacement of school buildings.
- Request for increased funding for infrastructure (e.g. education, leisure, community facilities) to meet demands from population growth associated with increased local housing targets.
- Request for streamlined process for changes to the school estate.
- Request for more equitable funding for Councils building affordable housing.

Risk Management and Risk Assessment

Strategic Risk Register and Management Process

Updates to the Strategic Risk Register and Risk Management Process are provided bi-annually to Audit & Scrutiny Committee and are based on a 'live' risk register which is maintained by the Corporate Management Team.

These updates include a register of the corporate risks and draw out those which are evaluated as high or medium level risks. Where a risk has been evaluated as "low" it has been removed from the Strategic Risk Register and will be monitored within Departmental or Operational registers if appropriate'.

The report highlights how risks have been updated / re-evaluated according to the latest position, and illustrates the level of 'risk tolerance', through a matrix to demonstrate how risks have been scored.

The table below contains extracts from the Council's current Risk Management Strategy, demonstrates the processes in place to manage risks and the various levels of responsibility throughout the organisation. Details of the Council's risk management approach can be found here (<https://www.eastrenfrewshire.gov.uk/article/8087/How-are-council-risks-managed>) and our risk management process is set out in Appendix D.

Area considered	Current Practice
Risk Management Strategy	<p>The Council's recognises the benefits of discussing risk on an open basis which are described as follows:</p> <ul style="list-style-type: none"> • Genuine consensus about the main risks (no hidden risks) • Clear allocation of risks and ownership as to how the risks will be managed • A clear process for managing and updating the view of risks • Greater trust and buy-in • One view and good communication is paramount. <p>Good risk management is about identifying what might go wrong, what the consequences might be of something going wrong and finally, deciding what can be done to reduce the possibility of something going wrong. If it does go wrong, as some things inevitably will, making sure that the impact is kept to a minimum.</p> <p>Risk management should ensure that an organisation makes cost effective use of a risk framework that has a series of well-defined steps. The aim is to support better decision making through a good understanding of risks and their likely impact.</p>

Area considered	Current Practice																																																																																																			
	<p>Risk management should be a continuous and developing process which runs throughout the organisation's strategy and the implementation of that strategy, methodically addressing all risks surrounding the Council's activities past, present and future.</p> <p>Risk Appetite:</p> <p>The term risk appetite describes our attitude towards the amount of risk that the Council is prepared to accept in trying to achieve our outcomes. The attitude towards risk can differ across our services, from risk averse to risk taking. Risk appetite is about taking well thought through risks where the long-term rewards are expected to be greater than any short-term losses.</p> <p>East Renfrewshire Council's approach is to minimise its exposure to reputational, compliance and financial risk, whilst accepting and encouraging an increased degree of risk in pursuit of innovation and improved outcomes. It recognises that its appetite for risk varies according to the activity undertaken, and that its acceptance of risk is subject always to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.</p> <p>The following diagram illustrates the Council's risk tolerance levels across different areas of activity:</p> <table border="1" data-bbox="705 790 1780 1236"> <thead> <tr> <th></th> <th colspan="4">Unacceptable to take risks</th> <th colspan="6">Higher willingness to take risks</th> </tr> <tr> <th></th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>6</th> <th>7</th> <th>8</th> <th>9</th> <th>10</th> </tr> </thead> <tbody> <tr> <td>Reputation</td> <td>█</td> <td>█</td> <td>█</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Compliance</td> <td>█</td> <td>█</td> <td>█</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Financial</td> <td>█</td> <td>█</td> <td>█</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>People and culture</td> <td></td> <td>█</td> <td>█</td> <td>█</td> <td>█</td> <td>█</td> <td>█</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Operational services</td> <td></td> <td>█</td> <td>█</td> <td>█</td> <td>█</td> <td>█</td> <td>█</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Major change activities</td> <td></td> <td></td> <td></td> <td>█</td> <td>█</td> <td>█</td> <td>█</td> <td>█</td> <td>█</td> <td></td> </tr> <tr> <td>Environmental and social responsibility</td> <td></td> <td></td> <td>█</td> <td>█</td> <td>█</td> <td>█</td> <td>█</td> <td>█</td> <td></td> <td></td> </tr> </tbody> </table>		Unacceptable to take risks				Higher willingness to take risks							1	2	3	4	5	6	7	8	9	10	Reputation	█	█	█								Compliance	█	█	█								Financial	█	█	█								People and culture		█	█	█	█	█	█				Operational services		█	█	█	█	█	█				Major change activities				█	█	█	█	█	█		Environmental and social responsibility			█	█	█	█	█	█		
	Unacceptable to take risks				Higher willingness to take risks																																																																																															
	1	2	3	4	5	6	7	8	9	10																																																																																										
Reputation	█	█	█																																																																																																	
Compliance	█	█	█																																																																																																	
Financial	█	█	█																																																																																																	
People and culture		█	█	█	█	█	█																																																																																													
Operational services		█	█	█	█	█	█																																																																																													
Major change activities				█	█	█	█	█	█																																																																																											
Environmental and social responsibility			█	█	█	█	█	█																																																																																												
Risk Assessment and Recording	<p>The Risk Management Strategy enables the Council to deliver advanced risk practice by incorporating risk within service plans and encouraging the use of joint risk registers where possible for projects and partnerships.</p> <p>Currently, each service has an operational risk register to record day to day and service specific risks. Meanwhile at council level, the strategic risk register sets out the key strategic risks to be considered by East Renfrewshire Council</p>																																																																																																			

Area considered	Current Practice
	<p>and details the actions that management has put in place to manage these risks. The strategic risk register is reviewed weekly by the CMT.</p> <p>The risk assessment technique used to determining the severity of the risk is consistent across the Council.</p>
<p>Risk Ownership:</p> <p>Roles and responsibilities</p>	<p>Roles and responsibilities in risk management are described in the Council’s Risk Management Strategy, from Cabinet to individual employees, as illustrated in the following diagram:</p>  <p>The Risk Management Strategy (https://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=17458&p=0) contains a table summarising the roles and responsibilities in managing risk across the authority.</p>
<p>Monitoring and reporting:</p>	<p>The Risk Management Strategy includes risk reporting guidance and references tools available for the further information. One of these tools is the ALARM toolkit on how to complete a risk register. The Council continually monitors risk and reports are submitted to Audit & Scrutiny Committee twice yearly and annually to the Cabinet.</p>

Using the corporate Risk Management Strategy and Risk Assessment Technique, the following capital specific risk register summarises some of the risks relevant to the Capital Investment Strategy.

Risk ID#	Risk Category	Description of Risk / Uncertainty	Mitigating Factors	Timescale (for review)	Risk Owner	Residual Risk Score
	Reputational	Insufficient catchment places available for children and young people as a result of new development results in reputational damage for the Council	Continue to lobby Scottish Government and discuss implications of future requirements. Develop engagement plan with key stakeholders. Education statutory consultation to be undertaken in advance.	Annually	Education Team	5
	Compliance	Difficulty in reporting, in full compliance with Codes and Guidance, due to late availability of guidance publications and unavailability of best practice examples	Valuable Council-wide exercise undertaken External support commissioned Ongoing monitoring of relevant publications and statements Attendance at relevant seminars and training courses	Ongoing	CFO	4
	Financial	Poor capital scheme forecasting leading to capital scheme overspends and higher revenue impact	Collaboration across all relevant support services with intelligence and data sharing Application of scenario and sensitivity approach to test forecasts and assumptions Performance and exception reporting linked to main reporting cycle	Quarterly	CMT/CAMG	8

266

	Financial	Poor capital programme management leading to slippage	<p>Strong management structure in place</p> <p>Robust governance and programme management in place</p> <p>Performance and exception reporting linked to main reporting cycle</p>	Quarterly	CMT/CAMG	9
	Financial	Adverse impact on General Reserves position	<p>Reserves Policy in place and reviewed at least annually</p> <p>Robust governance and programme management in place</p> <p>Reporting on reserve position on a regular basis</p>	Quarterly	CFO	6
	Financial	New development requirements (as a result of the Local Development Plan 2) require new school places resulting in additional educational infrastructure requirements, resulting in new financial commitment from the Council.	<p>Regular review of places and demand.</p> <p>Current capital plan reflects new build educational estate supplemented as appropriate by developer contributions, according to timescales and extent of provision noted in LDP (1), approved June 2015.</p> <p>Education/Environment have carried out a full review of demographic data to assist in forecasting future needs in terms of the school estate.</p> <p>Capital Plan regularly reviewed and updated to align with developments as they occur and reflect operational requirements.</p>	Quarterly	Education Team	8
	Financial	Proposed increase to 1,140 annual hours of flexible early learning and childcare (by 2020) or further changes	Multi-year revenue and capital funding announced by Scottish Government (SG)/COSLA (reflecting national population projections).	Quarterly	Education Team	8

		<p>require additional educational infrastructure requirements resulting in new financial commitment from the Council.</p>	<p>Report to Education Committee in June 2018 highlighted funding gap due to local population projections higher than national assumptions and recommended officers and elected members continue to lobby SG/COSLA to understand the impact of insufficient funding on quality, flexibility and choice for families.</p> <p>Infrastructure projects approved via the capital plan being progressed subject to the outcome of the planning permission process.</p> <p>Support new partner providers to establish high quality nurseries in areas where places are at a premium.</p> <p>Subject to funding, offer a further cohort of employees the opportunity to gain necessary qualification to work in Early Learning and Childcare sector.</p> <p>Invest in current and future playworkers by providing the opportunity to uplevel their qualifications to SVQ Level 3 or HNC equivalent.</p> <p>Work as part of an inter-authority partnership to develop clear guidelines on quality early learning and childcare provision.</p> <p>Continue to lobby SG/COSLA with regards to implications of funding being based on national rather than local population projections.</p>			
	Financial	Glasgow and Clyde Valley City Deal infrastructure	Continue to engage with partners to monitor and contribute to delivery as	Ongoing	Corporate Management	4

		projects (including those projects outwith East Renfrewshire) do not proceed on schedule and/or do not produce the anticipated economic benefits owing to 3rd party issues, resulting in a gap in funding provided by UK and Scottish Government	required. Explore opportunities for partnership delivery mechanisms where appropriate. Participate in City Deal Gateway Review		Team	
	People and Culture	Failure to recruit / retain staffing resource to deliver the volume of ICT work / projects both underway and planned constrains delivery of ICT projects and specific pieces of work, impacting on delivery of services and morale of existing staff.	Continue to promote skills sharing. Continue to manage absence in line with corporate policy. Continue use of alternative resources e.g. external employment agencies are used and/or contracts. Maintain use of Capacity Grid internally, highlighting areas of concern which require corrective action. Skills Framework for the Information Age being introduced which will facilitate skills capture and planning. Renew framework contract to allow ICT to draw down additional ICT resources as required. Ensure scope within budgets to ensure that financial resources are available to obtain additional resource as required.	Ongoing	ICT Management Team	4
	Operational services	Reliance on the Council's single shared internet pipe across the Council results in lack of internet resilience for Council connectivity,	Use of JaNET connectivity managed by SWAN and part of national infrastructure. Proactive monitoring for alert &	Ongoing	ICT Management Team	4

		potentially affecting delivery of operational services.	detection of problems to facilitate more proactive approach. Deliver second pipe through 2nd data centre delivery.			
--	--	---	---	--	--	--

Governance and Monitoring

Roles and responsibilities

The Chief Financial Officer will co-ordinate the annual updating of the Council's Capital Investment Strategy for approval in February each year, together with the Treasury Management Strategy and Prudential Indicators, prior to agreement of the revenue budget and capital plans.

The Corporate Management Team will review and update relevant strategies and influences as required by December each year.

The Corporate Asset Management Group will assess new capital proposals and any required changes to the current capital plan by October each year.

Cabinet will monitor progress against capital plans four times per year, with any changes being approved by Council.

Skills and training

Relevant professional staff will maintain up to date knowledge of capital issues by attendance at appropriate technical seminars (e.g. CIPFA training).

The Council's corporate procurement strategy sets out the process for all levels of projects and all projects over £50k are progressed in conjunction with procurement professionals through a full tender process.

All elected members will be offered capital, revenue and treasury management training as part of their induction, with refresher training normally offered every 2 years.

Capital Strategy Date for Review

The Capital Investment Strategy is intended as a 'living' document which is updated and refreshed in accordance with any changes in strategic influences and direction. The Strategy will therefore be updated on an annual basis, or as required.

Consultation and stakeholder engagement

All departments will be invited annually to submit proposals for inclusion in the Council’s Capital Investment Plans. These will then be reviewed by the Corporate Asset Management Group, Corporate Management Team and elected members.

Where appropriate (e.g. for major property developments or proposals to build on open space), stakeholder consultation will be carried out in addition to any statutory consultation requirements.

A handwritten signature in blue ink, appearing to be 'M. M. C.', with a long horizontal flourish extending to the right.

Signed: S95 Officer

BLANK PAGE

Asset Management Plan Summaries

Executive Summary

Asset management ensures that assets are administered in the best way to meet the needs of the organisation and ensure the delivery of its corporate goals and objectives. This Capital Asset Management Plan is about the long term broad plan for our assets to support corporate goals and objectives, derived from consideration of possible management options. The Capital Asset Management Plan serves to encapsulate that strategy and the key actions we will take to achieve our targeted outcomes.

Forward planning for assets is vital to secure best value for money:

- Time is needed to thoroughly formulate the Council's needs for assets and to translate those into sound proposals;
- It takes times to procure and deliver change in assets;
- Upkeep of assets can involve highly variable levels of expenditure that need to be forward planned; and
- Assets are expensive to provide and need to be used for the maximum time appropriate.

There are six services that are integral to the development of this Capital Asset Management Plan and the ongoing maturity of East Renfrewshire Council's asset management approach.

Property

Property is an extremely important asset to the Council, as it can have a significant impact on all the services that East Renfrewshire Council provides to local residents. The long term objective for property is to ensure that the Council has the right properties in the right place to ensure they are fully utilised and provide best value to East Renfrewshire. Although, current performance of property assets is good, it is not where the Council wants to be, and the actions within the document and the individual Property Asset Management will drive forward an approach to asset management that allows the Council to identify improvements, and increase the performance of the service in the long term. The latest Property AMP is for 2018-20 and has recently been approved by the Corporate Asset Management Group (CAMG) for reporting to Cabinet.

Roads

East Renfrewshire Council's roads service is dealing with a significant backlog of maintenance requirements and as roads is one of, if not the most valuable assets that the Council has, it is clear that a step change in the way it is managed is required to combat this issue. Future roads asset management will be focussed on creating an innovative approach to repairing backlog maintenance, and the order in which repairs are prioritised. The Council will ensure that it is a systematic approach that takes a long term view of areas such as lifecycle, maximising benefits, balancing demands and allocation of resources. THE Roads AMP, unlike the other AMP's in the Council's suite, is undertaken through a national reporting system. A large bid to address backlog issues for the years between 2019 – 2024 is currently awaiting Council approval.

Housing

There is a high pressure on housing stock across East Renfrewshire, this present the Council with a key area for focus. Asset management techniques and processes will be embedded into Housing service delivery to maintain and improve current core stock, as well as enabling decision making for new homes across the area. Furthermore, East Renfrewshire Council will continue to make strong developments in ensuring all housing stock is at optimal levels of energy efficiency.

The objectives of the Housing Asset Management plan are as follows:

- Ensure reliable stock condition information and thereby permit accurate level of EESSH compliance;
- Establish the level of investment required to achieve and maintain EESSH;
- Assess the make-up of the best portfolio required to deliver the Housing Service and meet housing need;
- Maximise efficiency of service delivery, ensuring that assets used for service delivery are fit for purpose;
- Improve stakeholder involvement and satisfaction with the provision of service;
- Ensure compliance with all statutory, legislative and regulatory requirements;
- Develop and implement programmes for energy efficiency initiatives that will deliver long term and sustainable energy use; and
- Develop and implement a planned maintenance and improvement programme that will maintain the assets to a good standard.

The current Housing Services AMP will be reported to Cabinet in February 2019, for the years between 2019-23.

ICT

Investment in ICT assets is prioritised to enable the delivery of all ODP Outcomes and to ensure that the Council is modern and ambitious. The Councils focus will now be on how digital technology can improve outcomes for customers, particularly in big spend areas such as Education and Social Care. The Council will need to embrace and utilise new technologies to gather data that will enable decision making for quicker responses and the support of those who cannot access digital technology easily.

The goals of ICT Asset Management are:

- To acquire appropriate ICT assets for the Council with minimum costs and maximum benefits

- To optimise the use of each ICT asset during its life
- To dispose of ICT assets when they no longer provide a benefit compared to the cost to maintain them
- To support ICT asset compliance with relevant standards
- To provide the information needed for internal and external requirements

The ITC AMP spans from 2018-20.

Fleet

East Renfrewshire Council has an extremely high performing fleet management service, continually performing outstandingly well against other UK authorities at APSE benchmarking data level. In the long term the Transport Service wishes to focus on building a wider role for fleet management, to ensure the continued success of the department, particularly concentrating on lower costs and reduced emissions. Furthermore, succession planning will play a large part in the performance of the service over the next 5 years.

The current Fleet AMP, as approved by Cabinet runs between 2018-2020.

Open Spaces

Open Spaces is a combination of local parks and outdoor access areas such as Dams to Darnley and Whitelee Wind Farm. Green and Open spaces area an important part of making East Renfrewshire an attractive place to live and providing a healthy and active lifestyle.

Rouken Glen Park continues to be developed as one of Scotland's most loved parks, and continues to win awards and accolades, being named Best Park in the UK 2016. Continued investment is required to ensure that parks and open spaces are improved and provide a diverse range of visitor opportunities across the area.

The corporate objectives for Open Spaces are:

- Provide a variety of opportunities for residents and visitors to exercise, learn and enjoy
- Provide a well-managed, accessible, attractive environment
- Focus on the needs of users and the community, and encourage their active involvement in the management of our land asset.

The OSAMP also includes information on woodland management, play areas and cemeteries.

Asset management for open spaces will be focused on developing a common and consistent approach to management, maintenance, operation and delivery across the services.

The current Outdoor Space AMP was approved by Cabinet in April 2018, and straddles the years 2018-2020.

BLANK PAGE

Capital Project Appraisal Form

Project Title: _____

Capital Project Business Case

Section 1: Project Details & Objectives

1.1 Project Title:

1.2 Project Reference:

1.3 Project Description:

Please provide a brief description of the project. This should include the project objectives, physical outcomes (deliverables) of the project, estimated start and completion dates, and the benefits of undertaking this project to both East Renfrewshire Council and the wider community:

1.4 Sponsoring Service:

1.5 Service Lead Officer:

1.6 Project Purpose/Need:

1.7 Impact if the Project is not Undertaken (Service Risks)



Capital Project Business Case

Section 2: Link to Council SOA, 5 capabilities, vision and values and Asset Management Plan

2.1 Relationship with Council Plan:

This section is to be used to identify the main strategic objectives which the project will satisfy. Full definitions of these Corporate objectives are detailed in the current SOA.

From the lists below please identify the relevant links to the Council’s priorities:

Link to SOA Themes		Link to 5 capabilities		Applicant to advise on links to current Plans & Strategies

Provide full details of the positive impact this project will have against the SOA, 5 capabilities and current Council policies and strategies:

Single Outcome Agreement and Outcome Delivery Plan:

5 Capabilities:

Current Council Policies.

2.2 Link to Asset Management Plan:

This section should be used to demonstrate any link between the outcome of the Asset Management Planning (AMP) process and the proposed capital investment.

2.3 Assessment Criteria:

Please provide details of how the project fits in with the following assessment criteria:	
How does the project improve/enhance assets?	
Is the project required to fulfil a statutory obligation, Health & Safety, or legal requirement and if so, what reasons?	
Will the project lead to increased efficiency and/or reduced revenue running costs and if so, please provide details? If there are ongoing revenue implications, please identify.	
Are there any other factors not covered by the above which need to be taken into account?	

Capital Project Business Case

Section 3: Project Financial Details and Delivery Schedule

3.1 Project Delivery Schedule:

Milestones	Timescales
Project Development Phase: (surveys & analysis)	
Construction Phase: (all subject to funding & procurement)	

3.2 Project Implementation Costs – Capital Expenditure (excluding Revenue - £000):

Financial Year	Purchase of site	Site prep	Fees	Build costs	Equipment / Furniture	IT costs	Demolition of old site	Other costs	Total
Pre 2018/19									
2019/20									
2020/21									
2021/22									
Total									

3.3 Impact on the Council Revenue Budget:

Please provide details of any potential impact on the Council's Revenue budget:

Capital Project Business Case

Section 4: Options Appraisal

4.1 Options Appraisal:

A concise summary of the options considered should be detailed below.

Number	Options considered	Comments
1		
2		
3		
4		

This section to be completed, assessed and scored by the Capital Asset Management Group

Capital Project Business Case

Section 5: Evaluation Criteria / Scoring

5.1 Relationship with Council Priorities:

Consider outcome that the proposed scheme contributes to and score accordingly	Score
Very Low – no real impact	1
Low – some impact	2
Medium – a noticeable contribution	3
High – a significant contribution	4
Very High – a major contribution	5

5 Capabilities	Score	Comments
Prevention		
Modernisation		

Engagement		
Digital		
Data, Evidence and Benchmarking		

Single Outcome Agreement	Score	Comments
1. SOA 1 All children in East Renfrewshire experience a stable and secure start to their lives and are supported to succeed.		
2. SOA 2 East Renfrewshire Residents are fit and active and have the skills for learning, life and work.		

<p>3. SOA 3</p> <p>East Renfrewshire is a thriving, attractive and sustainable place for residents and businesses to grow.</p>		
<p>4. SOA 4</p> <p>East Renfrewshire residents are safe and supported in their communities and homes.</p>		
<p>5. SOA 5</p> <p>Older people in East Renfrewshire are valued; their voices are heard and they are supported to enjoy full and positive lives for longer.</p>		

<p>Link to other Policies and</p>	<p>Score</p>	
--	---------------------	--

priorities		

5.2 Asset Management

Where proposals affect existing assets the relevant Asset Management Plan should be consulted.

Outcome	Score	Comments
Total Score to Summary =		

5.3 Summary

No	Evaluation Criteria	Score	Weighting	Weighted Score
5.1	Relationship with Single Outcome Agreement			

5.2	Relationship with 5 Capabilities			
5.3	Relationship with Asset Management Plan			
	Total:			

Please ensure all relevant persons verify the information contained on the Business Case, and sign/date where appropriate.

5.4 Verification of accuracy and relevance of Bid Paper

By signing below, you are confirming (to the best of your knowledge) the accuracy of details included within this Capital Project Business Case. This includes:

- Accuracy of costs (at 2018/19 prices or beyond if appropriate)
- Revenue implications
- Project impact
- Relationship with SOA, 5 capabilities and Asset Management Plans

	Signature	Date
Property Representative		
Service Representative		
Finance Representative		

BLANK PAGE

Organisations approved for the investment of surplus funds

Banking Group	Individual Counterparty	Limits Deposit	Transaction
Bank of England	Debt Management Office	£5m	£5m
	UK Treasury Bills	£5m	£5m
Barclays Banking Group	Barclays Bank	£5m	£5m
Goldman Sachs International Bank		£5m	£5m
Lloyds Banking Group:	Bank of Scotland	} £10m	£10m
	Lloyds Bank		
Royal Bank of Scotland Group:	Royal Bank of Scotland	} £5m	£5m
	National Westminster Bank		
Santander Group	Santander UK PLC	£5m	£5m
Standard Chartered Bank		£5m	£5m
Clydesdale Bank		£0	£0
Building Societies			
Nationwide		£5m	£5m
Local Authorities			
All Local Authorities including Police & Fire		£5m	£5m
Money Market Funds and Ultra-Short Dated Bond Funds			

Maximum limit of £5m per fund, exception being Federated with £35m £5m
a maximum of £10m

Credit Ratings

	Fitch		Moody's		S&P	
	LT	ST	LT	ST	LT	ST
Minimum Criteria	A-	F1	A3	P-1/P-2	A	A-1/A-2

(Unless Government backed)

(please note credit ratings are not the sole method of selecting counterparty)

Limit

Investment of surplus funds is permitted in each of the above organisations, with the limits set on an individual basis by the Head of Accountancy (Chief Financial Officer).

The limit may only be exceeded or another organisation approved with the written permission of the Head of Accountancy (Chief Financial Officer).

Deposit Periods

The maximum period for any deposit is currently set at 6 months, based on the Link Assets Services suggested Duration Matrix, with the exception of the Bank of Scotland which is set at 365 days. These limits can only be exceeded with the written permission of the Head of Accountancy (Chief Financial Officer).

Hub scheme deposit periods are dependent on the lifetime of the associated scheme.

Risk Management Process

Risk Scoring Mechanism

A scoring chart and key is illustrated below:

Likelihood	4				
	3				
	2				
	1				
		1	2	3	4
		Impact			

Risk Score	Overall Rating
11-16	High RED
5-10	Medium YELLOW
1-4	Low GREEN

Roles and Responsibilities

The responsibility for managing risks lies with all members of the organisation and is summarised in the table below:

Group	Role
Cabinet (Reporting <i>Annually</i>)	Oversee the effective management of risk throughout the council, and gain an understanding of its benefits.
Audit and Scrutiny Committee (Reporting <i>Quarterly</i>)	Provide independent assurance of the risk management process and its benefits. To be informed of the key risks facing the Council and the control measures which have been put in place to mitigate those risks.
Corporate Management Team (Reporting <i>Annually</i>)	Oversee the implementation of the risk management strategy and agree any inputs and resources required supporting the work corporately. Support the development of the risk management process, review the strategic risk register regularly, share experience on risk, and aid/advise in the review of risk management issues.
Corporate Risk Management Group (Reporting <i>Bi-annually</i>)	Champion the risk management process throughout the council with both Members and officers ensuring the process is embedded and effective. The role of the departmental representative on the Corporate Risk Management Group is outlined in Appendix 1 of this strategy.
Service Managers	Raise awareness, manage and implement the risk management process effectively in their services areas, attend risk management training and recommend any necessary training for employees on risk management. To produce and review risks relating to the delivery of targets and activities within their service plans.
Employees	Manage risk effectively in their jobs, liaising with their manager to assess areas of risk in their job. Identify new or changing risks in their job and feed these back to their line manager.

Risk Reporting

The following table summarises the risk reporting and monitoring processes in place, along with associated timescales.

Timeframe	Description	Involvement from	Reported to
Weekly	Review of the strategic risk register	Corporate Management Team	Internally (keep live register of risks)
Biannually (November and May)	Risks related to service delivery (within service plans)	Chief Executive and Directors	Chief Executive (meetings)
Biannually (April and September)	Review of the strategic risk register	Corporate Management Team/ Leadership Group and Corporate Risk Management Group	Cabinet (annually) and Audit and Scrutiny Committee (biannually)
Biannually (February and August)	Progress on risk management	Corporate Management Team/ Leadership Group and Corporate Risk Management Group	Audit and Scrutiny Committee
Every 3 years	Review of the risk management strategy and process document to identify and agree major changes	Corporate Management Team/ Leadership Group and Corporate Risk Management Group	Cabinet and Audit and Scrutiny Committee

BLANK PAGE

Action Plan

APPENDIX E

Strategic Influences – action plan

Action	Why is this required?	Responsibility	Timescale
Monitor Scottish Government housing policy activity and update the Capital [Investment] Strategy to address any resulting challenges and opportunities.	It is important for the Council to continually monitor Scottish Government housing policy activity to inform the Local Housing Strategy, the Capital [Investment] Strategy and future Local Development Plans. This is particularly important for the planning of future school places.	Director of Environment/Director of Education	February 2020
Liaise closely with local Health Board partners to identify initiatives requiring new capital investment or facilitating joint development.	Integration of health and social care services continues to increase with plans to further shift the balance of care and deliver more cost effective community services.	Chief Officer, IJB	February 2020
Liaise closely with regional initiatives associated with City Deal so as to reflect any challenges and opportunities in Council capital planning.	Joint development of economic growth and improved service delivery vehicles is becoming more prevalent and can deliver new initiatives in an efficient and economical manner.	Director of Environment/Director of Education	February 2020

Strategic Outcomes – action plan:

Action	Why is this required?	Responsibility	Timescale
Keep under review, particularly as LDP2 is developed.	As the Council's Local Development Plan is currently under review there are likely to be several significant changes required to	CMT	February 2020

Action	Why is this required?	Responsibility	Timescale
	future capital investment plans.		

Capital investment ambition gap – action plan

Action	Why is this required?	Responsibility	Timescale
Review Developer Contribution policy	To ensure adequate contribution to new schools/community infrastructure as a result of increased housebuilding.	Director of Environment	February 2020
Closely monitor progress on capital projects and identify/rectify delays or overspends.	Projects should be kept to planned phasings as far as possible to align with financial and staffing resource plans and to ensure benefits re promptly delivered.	Corporate Management Team /Head of Property (?)/ Head of ICT	Ongoing
Continue to consider allocation of any in year revenue underspends to capital and other reserves	Such allocation would reduce the need for new borrowing and thus ease pressures on future revenue budgets.	Chief Financial Officer	February 2020
Continually review opportunities to lobby Scottish Government and/or partners for support with capital schemes	Existing grant funding levels and constrained revenue budgets do not align with the Council's capital investment ambitions.	Corporate Management Team	Ongoing

Risk Management Action Plan

Action	Why is this required	Responsibility	Timescale
Refresh and review specific capital risks as the Capital Investment Strategy is updated	To ensure that the Capital Investment Strategy is consistent with corporate risk management practices and that stakeholders are aware of how capital	CMT/CEO Business Manager	As and when the Capital Investment Strategy is updated and at least

Action	Why is this required	Responsibility	Timescale
	specific risks are aligned with ambitions as set out in the Capital [Investment] Strategy		annually

Evaluation process – action plan

Action	Why is this required?	Responsibility	Timescale
Review criteria for evaluation of CPAs to ensure aligns with Council priorities	Council updates its objectives and priorities and CPAs must reflect these.	CMT/CAMG	August 2019

Governance and monitoring – action plan

Action	Why is this required?	Responsibility	Timescale
Review and update the Capital Investment Strategy	To continually refresh the Strategy in line with evolving strategic influences and delivery of the capital investment plan	Leadership team	Annually / as required

This page is left blank intentionally

EAST RENFREWSHIRE COUNCIL28 February 2019Report by Head of Accountancy (Chief Financial Officer)GENERAL FUND CAPITAL PLAN 2019/20 TO 2026/27**PURPOSE OF REPORT**

1. The purpose of this report is to present for consideration the General Fund Capital Plan covering the 8 years from 2019/20 to 2026/27. This has been prepared in line with the approach set out in the Capital Investment Strategy report earlier on the agenda.

RECOMMENDATIONS

2. The Council is invited to:-
- (i) approve the programme for 2019/20 and authorise officers to progress the projects contained therein; and
 - (ii) agree to revise the Plan during the year in the light of updated information relating to funding for school building condition improvements and the Council's decision on the Eastwood Leisure Centre.

RESOURCES

3. Capital resources available to support investment remain constrained for future years. Details of the available resources are provided in Appendix B.
4. Over the period of the Plan total capital receipts of £5.4 million are estimated from the disposal of assets. Disposals will only be progressed provided they demonstrate best value.
5. The Council's general capital grant for 2019/20 has been confirmed as £7.929 million. Given overall restrictions on capital resources within the Scottish Block, the Scottish Government rephased capital grants to local authorities from 2016/17 onwards. On an all Scotland basis, £150 million of capital grant was deferred from 2016/17 and has now been added back in 2019/2020, resulting in the 2019/20 figure for East Renfrewshire Council including a rephased grant of £1.269m.
6. The Capital Plan assumes total borrowing of £121.5 million, (£26.8 million in 2019/20, £41.8 million in 2020/21, £32.6 million in 2021/22 and £20.3 million in later years). This represents an increase of £15.3 million over the previously approved Plan. An increase in borrowing will result in increased loan charges which must be funded from revenue budgets. The cost of all elements of the planned borrowing has been factored into the Council's revenue budget plans for 2019/20 and beyond.

7. As highlighted in previous Capital Plans, the City Deal project is funded by £38m of Government funding and £6m of Council funding. However the projects will be completed over a 10 year period with payments over a 20 year period. This means that the Council will require to fund the borrowing of up to £32.1 million until full payment is received reducing the long term impact on the revenue budget.

8. The Scottish Government has recently announced its intention to bring forward changes to legislation, allowing Councils greater flexibility in loans fund repayments, similar to that already in place in England. It is expected that Councils will be able to reprofile historical loans fund repayment plans to better reflect the expected future lifespan of assets (where prudent), reducing the annual cost of loan charges. Once details are confirmed, this will help to ease the future revenue impact of capital expenditure.

9. The Council continues to have active discussions with developers over contributions receivable in relation to housing developments. The timescale and amount of such receipts are often difficult to evaluate fully until each scheme progresses, however estimates of contributions totalling £5.45 million have been reflected within the proposed Plan. These will be firmed up as developments progress.

10. Recognising the restrictions on the Council's capital investment capacity, the Council has previously taken steps to build up its Capital Reserve. Use of £1.2m of the Capital Reserve is planned for 2019/20 and the balance of the reserve will be reduced to £2.042m by 31 March 2020.

EXPENDITURE PLAN

10. The detailed programme for 2019/20 and the outline plan for the subsequent 7 years are set out in Appendix A. These plans are developed to support the delivery of the Council's overall strategy, have been compiled in line with the approach set out in the Council's Capital Investment Strategy (considered earlier on today's agenda) and align with the Asset Management Plans summarised in that document.

11. Significant capital investment of £212.506m is planned for the 8 year period and includes the following (with total project costs quoted below including the current or previous financial years' spend where appropriate to assist in clarifying the total investment on a particular project):

Outcome 1 – Early Years & Vulnerable Young People

- Investment of £24.1 million is planned across the Council to meet the Scottish Government's aims of expanding early learning and childcare provision to 1,140 hours per year from August 2020. Funding of £11.7 million from the Scottish Government has been provided towards this programme of works.

Outcome 2 – Learning, Life and Work

- Recognising pressures from housing developments, the Plan includes provision for the completion of a new non-denominational primary school and nursery at Maidenhill at a cost of £15.3 million. This will be part funded by developer contributions.

- New grant funding to improve the condition of schools by replacing old facilities is expected to be announced in the coming months. Recognising this, the Plan makes provision of £30.4m for Learning and Leisure in Neilston. This will replace Neilston Primary, St. Thomas' Primary and Madras Nursery on one campus and will also provide new leisure and community facilities. Estimated grant of £12 million has been assumed and this will be revised when details of the Scottish Government's funding plans are confirmed.
- Investment of £1.1 million to upgrade facilities at Barrhead Foundry and Eastwood High School Sports Centre.
- An indicative allocation of £26m for the provision of leisure facilities in the Eastwood area which will be refined further when a report on options is considered by Council.

Outcome 3 – Environment & Economy

- City Deal investment of £43.6 million in infrastructure projects including improved road links from Barrhead to the M77, a new railway halt for Barrhead south, country park developments and local business start up and expansion units. This is part of an overall regional investment of £1.13 billion across the Glasgow City region which will bring a wide range of benefits to residents such as increased access to jobs.
- A major increase in the capital investment in Roads projects which will total £24.9 million over the 8 year period, aimed at achieving a significant improvement in the condition and safety of roads. This is in addition to the investment in roads through City Deal funding.

Outcome 4 – Safer, Supportive Communities

- Investment of £525,000 in improving our CCTV service which protects local residents and property.

Outcome 5 – Older People & People with Long Term Conditions

- £434,000 to upgrade facilities at the Council's Bonnyton House care home.

Corporate

- A provision of £25.2 million for ICT infrastructure projects over the 8 year period to support necessary corporate improvements, expand wireless local area networks in schools and other Council premises and provide a more modern, digital service to residents.
- A provision of £12.8 million over the period of the Plan for improvements necessary to Council property including energy efficiency measures.

CONCLUSIONS

12. Planned borrowing has been increased over the next three years to support the capital plan and the revenue consequences have been factored into the Council's revenue budget plans. Planned 2019/20 expenditure is in line with available resources.

13. The 2019/20 to 2026/27 Capital Plan will be revised during the course of the year once updated information is available on the details of Scottish Government grant funding to support school building condition improvements and the Council has determined on future leisure provision in the Eastwood area.

14. The expenditure plan for subsequent years will continue to be subject to review in light of progress on capital receipts and the levels of funding provided by the Scottish Government.

RECOMMENDATIONS

15. The Council is invited to:-

- (i) approve the programme for 2019/20 and authorise officers to progress the projects contained therein; and
- (ii) agree to revise the Plan during the year in the light of updated information relating to funding for school building condition improvements and the Council's decision on the Eastwood Leisure Centre.

Further information is available from:

M McCrossan, Head of Accountancy Tele No. 0141 577 3035

KEY WORDS

General Fund Capital Plan 2019/20 to 2026/27, capital receipts, Capital Reserve.

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

SUMMARY

Project	£'000									
	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
A. PROPERTY - SCHOOLS	81,481	14,822	19,489	21,788	19,099	2,328	1,255	900	900	900
B. PROPERTY - CULTURE & LEISURE TRUST	28,023	281	1,492	13,650	12,100	100	100	100	100	100
C. PROPERTY - OTHER	40,113	9,876	8,429	7,165	6,669	4,134	960	960	960	960
D. OPEN SPACES	6,347	471	1,723	1,193	590	590	610	590	290	290
E. ROADS	47,982	2,551	8,461	9,860	9,610	9,300	4,300	1,300	1,300	1,300
F. ICT	30,901	5,738	6,234	3,898	2,964	2,212	2,370	2,469	2,804	2,212
G. FLEET	10,790	0	1,912	906	1,454	922	1,902	1,439	871	1,384
H. MISCELLANEOUS	608	0	277	0	54	0	0	277	0	0
TOTAL	246,245	33,739	48,017	58,460	52,540	19,586	11,497	8,035	7,225	7,146
RESOURCES	214,299		48,017	58,460	52,540	19,586	11,497	8,894	8,384	6,921
SHORTFALL/(SURPLUS)	(1,793)		0	0	0	0	0	(859)	(1,159)	225

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

A. PROPERTY - SCHOOLS

Project	£'000									
	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
MAJOR MAINTENANCE (SEE ANNEX 1)	7,200	0	900	900	900	900	900	900	900	900
CASHLESS CATERING	154	51	103	0	0	0	0	0	0	
NEW NON-DENOMINATIONAL PS FOR NEWTON MEARNS (2 STREAM + 60:60 NURSERY)	15,300	11,182	3,841	277	0	0	0	0	0	
ST CADOC'S PS REMODELLING TO PROVIDE PRE-FIVE PROVISION FOR 3 & 4 YEARS OLDS	690	260	430	0	0	0	0	0	0	
KIRKHILL PS REWIRE	491	343	148	0	0	0	0	0	0	
EARLY LEARNING & CHILDCARE - EXPANSION TO 1,140 HOURS, PHASE 1	2,560	2,560	0	0	0	0	0	0	0	
EARLY LEARNING & CHILDCARE - EXPANSION TO 1,140 HOURS, PHASE 2	22,092	366	13,269	8,457	0	0	0	0	0	
EARLY YEARS - CROOKFUR/FAIRWEATHER/OVERLEE MASTERPLANNING	60	60	0	0	0	0	0	0	0	
ST NINIAN'S HS ADDITIONAL TEMP ACCOMMODATION	2,200	0	30	1,168	1,002	0	0	0	0	
LEARNING & LEISURE IN NEILSTON	30,384	0	418	10,986	17,197	1,428	355			
ST MARK'S CAR PARK	350	0	350							
TOTAL	81,481	14,822	19,489	21,788	19,099	2,328	1,255	900	900	900

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

B. PROPERTY - CULTURE & LEISURE TRUST

Project	£'000									
	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
BARRHEAD FOUNDRY FINAL PHASE WORKS	650	250	400	0	0	0	0	0	0	0
EASTWOOD PARK LEISURE - REFURBISHMENT	26,000	0	500	13,500	12,000	0	0	0	0	0
LOCK & LEAVE LIBRARY COMPLETION	44	31	13	0	0	0	0	0	0	0
ERCLT GENERAL BUILDING IMPROVEMENT FUND	900	0	150	150	100	100	100	100	100	100
EASTWOOD HS SPORTS CENTRE CHANGING ROOMS/DISABLED FACILITIES	429	0	429							
TOTAL	28,023	281	1,492	13,650	12,100	100	100	100	100	100

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

C. PROPERTY - OTHER

Project	£'000									
	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
2. CITY DEAL										
NEW RAILWAY STATION - BARRHEAD SOUTH	10,354	151	429	1,500	5,100	3,174	0	0	0	0
BARRHEAD SOUTH ACCESS - BALGRAYSTONE ROAD	2,210	328	1,682	200	0	0	0	0	0	0
COUNTRY PARK VISITOR CENTRE & INFRASTRUCTURE	4,836	170	107	4,050	509	0	0	0	0	0
EASTWOOD BUSINESS INCUBATOR AND INNOVATION CENTRE & EMPLOYMENT SUPPORT LINKED TO BARRHEAD FOUNDRY	5,722	5,483	239	0	0	0	0	0	0	0
4. ENVIRONMENT - OTHER PROJECTS										
COWAN PARK CHANGING FACILITIES	300	3	297	0	0	0	0	0	0	0
CROOKFUR PAVILION CHANGING UPGRADE	805	0	650	155	0	0	0	0	0	0
OVERLEE PAVILION CHANGING	905	0	905							
BONNYTON HOUSE	434	0	434							
5. COUNCIL WIDE PROPERTY										
RETENTIONS - ALL SERVICES	400	0	50	50	50	50	50	50	50	50
PROPERTY MAINTENANCE (SEE ANNEX 2)	9,395	1,333	1,292	1,210	1,010	910	910	910	910	910

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

C. PROPERTY - OTHER

Project	£'000									
	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
VACANT (SURPLUS) PROPERTY DEMOLITION	276	206	70	0	0	0	0	0	0	0
EASTWOOD PARK CAMPUS IMPROVEMENTS	522	346	176	0	0	0	0	0	0	0
OFFICE ACCOMMODATION	2,200	750	1,450	0	0	0	0	0	0	0
CAPITAL INVESTMENT IN ENERGY EFFICIENCY MEASURES (NDEE INITIATIVE)	1,754	1,106	648	0	0	0	0	0	0	0
TOTAL	40,113	9,876	8,429	7,165	6,669	4,134	960	960	960	960

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

D. OPEN SPACES

Project	£'000									
	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
1. REGENERATION										
COUNTRY PARK - TOURISM INFRASTRUCTURE AND ECONOMIC ACTIVITY PROJECTS	235	101	134	0	0	0	0	0	0	0
CLARKSTON TOWN CENTRE ACTION AND TRAFFIC MANAGEMENT IMPROVEMENTS	240	150	90	0	0	0	0	0	0	0
WHITE CART TRIBUTARIES ENVIRONMENTAL IMPROVEMENTS	1,264	58	603	603	0	0	0	0	0	0
REGENERATION PROJECTS (TO BE IDENTIFIED)	2,000	0	250	250	250	250	250	250	250	250
2. ENVIRONMENT - OTHER PROJECTS										
ENVIRONMENTAL TASK FORCE	160	0	20	20	20	20	20	20	20	20
TOWN CENTRE ACTION	160	0	20	20	20	20	20	20	20	20
PARKS, CEMETERIES & PITCH INVESTMENT	1,800	0	300	300	300	300	300	300	0	0
COWAN PARK	316	20	296	0	0	0	0	0	0	0
BRAIDBAR QUARRIES	20	0	0	0	0	0	20	0	0	0
3. EDUCATION - OTHER PROJECTS										
ST NINIAN'S HS - RUGBY PITCH	152	142	10	0	0	0	0	0	0	0
TOTAL	6,347	471	1,723	1,193	590	590	610	590	290	290

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

E. ROADS

Project	£'000									
	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
1. CITY DEAL										
NEW LINK ROAD FROM JUNCTION 5 TO BARRHEAD	20,505	826	3,809	5,560	5,310	5,000	0	0	0	0
2. ERC ROADS										
LIGHTING 5TH CORE CABLE	1,280	0	160	160	160	160	160	160	160	160
BRIDGES REFURBISHMENT	424	0	53	53	53	53	53	53	53	53
PRINCIPAL INSPECTIONS GROUP 1-6	168	0	21	21	21	21	21	21	21	21
TRAFFIC CALMING STUDIES	200	0	25	25	25	25	25	25	25	25
ROAD SAFETY MEASURES/EQUIPMENT AT SCHOOLS	160	0	20	20	20	20	20	20	20	20
SAFE ROUTES TO SCHOOL	160	0	20	20	20	20	20	20	20	20
B771 PAISLEY ROAD RECONSTRUCTION	301	0	0	0	0	0	181	120	0	0
A736 KELBURN STREET/LOCHLIBO ROAD RECONSTRUCTION	493	0	0	110	0	0	0	141	121	121
A77 AYR ROAD RECONSTRUCTION	1,507	802	125	110	0	110	0	110	130	120
PEDESTRIAN CROSSINGS	25	0	0	0	0	25	0	0	0	0

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

E. ROADS

Project	£'000									
	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
B767 CLARKSTON ROAD RECONSTRUCTION	180	0	0	70	110	0	0	0	0	0
B769 STEWARTON RD (RURAL) RECONSTRUCTION	745	165	100	0	110	0	120	0	130	120
B767 EAGLESHAM ROAD RECONSTRUCTION	815	335	0	120	120	0	120	0	120	0
B769 THORNIEBANK/SPIERSBRIDGE RECONSTRUCTION	324	158	166	0	0	0	0	0	0	0
C2 KINGSTON ROAD RECONSTRUCTION	585	0	125	120	110	100	130	0	0	0
C8 DAVIELAND ROAD RECONSTRUCTION	200	0	0	0	0	100	100	0	0	0
A736 MAIN STREET/LEVERN ROAD BARRHEAD	636	0	0	130	110	156	120	120	0	0
B759 CARMUNNOCK ROAD	230	0	0	0	0	110	0	120	0	0
C1 MEARNS ROAD	945	185	0	110	0	150	120	140	120	120
B755 GLENIFFER ROAD	716	0	100	0	121	140	110	125	0	120
B776 ROWBANK ROAD	575	0	110	110	0	110	0	125	120	0
C2 NEILSTON ROAD	321	0	100	121	100	0	0	0	0	0
C3 UPLAWMOOR RD / MAIN ST, NEILSTON	470	0	100	0	110	0	0	0	130	130
CYCLING WALKING SAFER STREETS	155	0	155	0	0	0	0	0	0	0

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

E. ROADS

Project	£'000									
	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
ROADS ONLINE COSTING SYSTEM	200	80	120	0	0	0	0	0	0	0
A77 FENWICK ROAD RECONSTRUCTION	185	0	75	0	110	0	0	0	0	0
A727 ROUTE CORRIDOR RECONSTRUCTION	260	0	0	0	0	0	0	0	130	130
B764 ROUTE CORRIDOR RECONSTRUCTION	140	0	0	0	0	0	0	0	0	140
PROVISIONAL SUM	77	0	77	0	0	0	0	0	0	0
ROADS CAPITAL WORKS	15,000	0	3,000	3,000	3,000	3,000	3,000	0	0	0
TOTAL	47,982	2,551	8,461	9,860	9,610	9,300	4,300	1,300	1,300	1,300

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

F. ICT

Project	£'000									
	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
ICT INFRASTRUCTURE (SEE ANNEX 3)	4,000	0	500	500	500	500	500	500	500	500
IT GENERAL PROVISION	10,061	0	540	1,280	1,380	1,380	1,341	1,380	1,380	1,380
CORPORATE INFORMATION SECURITY	750	609	71	35	35	0	0	0	0	0
GDPR REQUIREMENTS	250	125	125	0	0	0	0	0	0	0
EDUCATION NETWORK	1,011	180	131	100	100	100	100	100	100	100
DOCUMENT REPOSITORY REFRESH	50	39	11	0	0	0	0	0	0	0
PCI DSS	135	35	100	0	0	0	0	0	0	0
PUBLIC WIFI NETWORK	265	50	215	0	0	0	0	0	0	0
AGILE WORKING SOLUTION (HSCP)	795	788	7	0	0	0	0	0	0	0
WIRELESS LOCAL AREA NETWORK 2015	1,050	919	131	0	0	0	0	0	0	0
ENTERPRISE PUBLIC ACCESS WIFI (INCL BYOD)	100	80	20	0	0	0	0	0	0	0
INCOME MANAGEMENT E-STORE	205	105	100	0	0	0	0	0	0	0
CORPORATE GIS	200	100	100	0	0	0	0	0	0	0
CCTV INFRASTRUCTURE REFRESH	525	279	246	0	0	0	0	0	0	0
LICENSING AND CONSULTANCY SERVICES - INFORMATION AS AN ASSET	140	119	21	0	0	0	0	0	0	0

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

F. ICT

Project	£'000									
	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
MODERN SMART FORMS	200	100	50	50	0	0	0	0	0	0
ENTERPRISE MOBILE DEVELOPMENT MANAGEMENT	100	80	20	0	0	0	0	0	0	0
MY ACCOUNT MIDDLEWARE & VENDOR API'S	210	40	120	50	0	0	0	0	0	0
ELECTRONIC DOCUMENT RECORDS MANAGEMENT (REST OF COUNCIL)	353	225	128	0	0	0	0	0	0	0
MYACCOUNT SIGNING IN TO ON-LINE SERVICES	285	206	0	79	0	0	0	0	0	0
SAFETY NET TECHNOLOGY	180	105	75	0	0	0	0	0	0	0
THE DIGITAL WORKPLACE	600	154	221	100	125	0	0	0	0	0
FLEXI TIME APPLICATION REPLACEMENT	80	40	40	0	0	0	0	0	0	0
HR AND PAYROLL SYSTEM DEVELOPMENT	50	0	50	0	0	0	0	0	0	0
MAJOR ICT CONTRACT RENEWALS	1,338	300	848	190	0	0	0	0	0	0
CORE CORPORATE FINANCE, PAYROLL & HR	3,500	1,000	1,750	750	0	0	0	0	0	0
EDUCATION COMPUTER EQUIPMENT (4 YEARS REPLACEMENT PROGRAMME)	3,710	0	370	469	804	212	370	469	804	212
CORPORATE & COMMUNITY DEBT RECOVERY SYSTEM (5 YEAR REPLACEMENT PROGRAMME)	78	0	39	0	0	0	39	0	0	0
ERCLT PEOPLE'S NETWORK	160	0	20	20	20	20	20	20	20	20
ERCLT CULTURE & SPORT SELF-SERVICE KIOSK HARDWARE REFRESH	110	60	50	0	0	0	0	0	0	0

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

F. ICT

Project	£'000									
	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
ERCLT DIGITAL PLATFORM	410	0	135	275						
TOTAL	30,901	5,738	6,234	3,898	2,964	2,212	2,370	2,469	2,804	2,212

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2025/2026

G. FLEET

			£'000								
Project	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
HSCP VEHICLES (5 YEARS)	726	0	288	0	0	150	288	0	0	0	
EDUCATION VEHICLES (5 YEARS)	477	0	98	0	0	0	281	98	0	0	
ENVIRONMENT VEHICLES (5 YEARS)	9,297	0	1,341	871	1,384	772	1,333	1,341	871	1,384	
ENVIRONMENT GPRS SYSTEM (4 YEARS)	105	0	0	35	70	0	0	0	0	0	
ADDITIONAL CLEANSING/RECYCLING VEHICLES	185	0	185	0	0	0	0	0	0	0	
TOTAL	10,790	0	1,912	906	1,454	922	1,902	1,439	871	1,384	

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

H. MISCELLANEOUS

		£'000								
Project	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
1. PURCHASE OF ASSETS										
ERCLT - GYM EQUIPMENT (5 YEARS REPLACEMENT PROGRAMME)	554	0	277	0	0	0	0	277	0	0
ERCLT - THEATRE EQUIPMENT (5 YEARS REPLACEMENT PROGRAMME)	54	0	0	0	54	0	0	0	0	0
TOTAL	608	0	277	0	54	0	0	277	0	0

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

ANNEX 1 - EDUCATION MAJOR MAINTENANCE ANALYSIS

Project	£'000									
	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
ST CADOCS WINDOWS	35		35							
CAROLSIDE PS - WINDOW RENEWAL	75		75							
MEARNS CASTLE HS - WINDOW RENEWAL	50		50							
ST LUKES WINDOWS ENTRANCE AREA	50		50							
ST JOHNS WINDOWS AND GYM	45		45							
ST CADOCS WATER SYSTEM UPGRADE	47		47							
ST JOSEPHS PRIMARY WINDOWS AND ENTRANCE DOOR	80		80							
GIFFNOCK PRIMARY WINDOWS (ORIGINAL BLOCK AND EXT)	125		125							
WOODFARM HS - WINDOW RENEWAL	75		75							
SCHOOL TOILET IMPROVEMENTS	275		275							
PROVISIONAL SUMS	6,343	0	43	900	900	900	900	900	900	900
EDUCATION MAJOR MAINTENANCE TOTAL	7,200	0	900	900	900	900	900	900	900	900

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

ANNEX 2 - PROPERTY MAINTENANCE ANALYSIS

Project	£'000									
	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
DISCRIMINATION ACT	90	0	90	0	0	0	0	0	0	0
HARDWIRE TESTING	45	0	45	0	0	0	0	0	0	0
COSHH UPGRADE	100	0	100	0	0	0	0	0	0	0
ASSET MANAGEMENT	300	0	300	0	0	0	0	0	0	0
FIRE RISK ASSESSMENTS ADAPTATIONS	1,200	0	150	150	150	150	150	150	150	150
STRUCTURAL SURVEYS & IMPROVEMENTS	320	0	40	40	40	40	40	40	40	40
SPEND TO SAVE (CEE/SALIX)	600	0	75	75	75	75	75	75	75	75
COMMUNITY FACILITY IMPROVEMENTS	1,415	1,333	82	0	0	0	0	0	0	0
BOILER REPLACEMENT	300	0	100	100	100	0	0	0	0	0
ROOF IMPROVEMENTS	400	0	200	200	0	0	0	0	0	0
PROVISIONAL SUM	4,625	0	110	645	645	645	645	645	645	645
PROPERTY MAINTENANCE TOTAL	9,395	1,333	1,292	1,210	1,010	910	910	910	910	910

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

ANNEX 3 - ICT INFRASTRUCTURE ANALYSIS

		£'000								
Project	Total	Spent Prior to 31.03.19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
PROVISIONAL SUMS	4,000	0	500	500	500	500	500	500	500	500
ICT INFRASTRUCTURE TOTAL	4,000	0	500	500	500	500	500	500	500	500

BLANK PAGE

8 YR GENERAL FUND CAPITAL PLAN 2019/2020 - 2026/2027

	TOTAL £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
GRANTS									
GENERAL CAPITAL GRANT	54,367	7,929	6,634	6,634	6,634	6,634	6,634	6,634	6,634
CITY DEAL	4,216	1,200	976	600	1,440	0	0	0	0
EARLY LEARNING & CHILDCARE - EXPANS TO 1140HRS	7,800	4,600	3,200	0	0	0	0	0	0
SALIX/CENTRAL ENERGY EFFICIENCY FUND	600	75	75	75	75	75	75	75	75
SCOTTISH ENVIRONMENTAL PROTECTION AGENCY	1,206	603	603						
BUILDING SCHOOLS FOR THE FUTURE	12,000			12,000					
SUSTRANS	325	325							
CYCLING WALKING SAFER STREETS	155	155	0	0	0	0	0	0	0
TOTAL GRANTS	80,669	14,887	11,488	19,309	8,149	6,709	6,709	6,709	6,709
DEVELOPERS CONTRIBUTIONS	5,450	1,644	3,806						
CAPITAL RECEIPTS	5,400	3,450	1,350	600					
CFCR	64	64							
UTILISATION OF CAPITAL RESERVE	1,200	1,200							
BORROWING - ASSETS	13,617	2,448	1,340	2,312	1,134	2,311	2,185	1,675	212
BORROWING - INVESTMENT IN ENERGY EFFICIENCY	648	648							
BORROWING - CITY DEAL	32,128	4,741	10,334	10,319	6,734				
BORROWING - GENERAL	75,123	18,935	30,142	20,000	3,569	2,477			
	214,299	48,017	58,460	52,540	19,586	11,497	8,894	8,384	6,921

BLANK PAGE

EAST RENFREWSHIRE COUNCIL28 February 2019Report by Director of EnvironmentHOUSING REVENUE ACCOUNT BUDGET 2019/20**PURPOSE OF REPORT**

1. To seek approval for the proposed Housing Revenue Account (HRA) budget for 2019/20.

RECOMMENDATION

2. It is recommended that the Council approve the proposed Housing Revenue Account budget for 2019/20.

BACKGROUND

3. Ordinarily the presentation of the HRA budget is accompanied by a proposal to approve a rent increase. However, Members will recall that in March 2018 the Council approved a rent increase of 3.9% for 2018/19 and 2019/20. For this reason it is not necessary to seek approval for a rent increase. However, approval is still required for the proposed HRA budget for the forthcoming financial year.

4. The key legislative challenge for the Council in recent years was to meet the Scottish Housing Quality Standard (SHQS). Significant investment was required to meet this standard, which was met in April 2015. However, the Council has a duty to maintain this standard thereafter and this has a significant impact in determining investment decisions.

5. The Energy Efficiency Standard for Social Housing (ESSH) introduced in March 2014 by the Scottish Government requires all Scottish social landlords to substantially improve the energy efficiency rating of their houses over and above that required by the SHQS by 2020. This has required and will continue to require significant investment until the period 2020 and to be maintained thereafter. For example, investment of over £6 million will be required for new central heating systems and energy wall insulation over the next 5 years.

6. Both of the above challenges are in addition to the "routine" requirements of the service such as continuing to meet Right to Repair legislative requirements, planned maintenance requirements, managing the housing waiting list and enforcing tenancy conditions in relation to estate management and anti-social behaviour.

7. The last few years have seen considerable improvements in the service. For example, rent arrears have reduced 9.4% in 2013/14 to 5% in 2017/18. However, it should be noted that the roll out of Universal Credit will place a significant challenge on the ability to recover rent and reduce arrears further. Also, the average time to complete non-emergency repairs has decreased from 8.4 days in 2013/14 to 4.8 days in 2017/18.

8. A recent satisfaction survey has found that tenants are happy with the quality of their home but would like to see improvements in external areas such as guttering, fencing, painting and gardens.

9. In addition to investing in current properties, the Council are keen to build new homes for local residents. In 2018 three new build sites of 45 homes began construction with the first homes being occupied in February 2019. In 2019 all 45 homes will be complete with further sites commencing during the year.

REPORT

10. The proposed budget for 2019/20 is attached.

11. The proposed rent increase will provide for an additional income of £360,000 in 2018/19.

12. The Councils attention is drawn towards the following main issues;

Staffing

13. Direct payroll costs have increased in line with the agreed pay award. However the current redesign of Housing Services aims to decrease future staffing costs through improved structures and more efficient IT systems.

Sub-Contractors

14. Housing Services will require to increase the use of sub-contractors for 2019/20. This ensures service delivery and key repair and improvement works can be maintained during the service redesign.

Loan charges

15. The Council operates under prudential borrowing guidelines and in previous years the prudential ratio of loan repayments to turnover has not exceeded 40%. The business plan indicates that in 2019/20 and 20/21 this ratio will rise to just over 40% in these two years, exceeding previously held prudential ratio targets. However, this will then drop back below 40% thereafter.

Modernisation

16. Our current IT systems do not allow Housing Services to deliver services efficiently. The service is currently undertaking a procurement process to purchase a new housing management system which will be funded from capital investment.

Estate Investment

17. The legislative requirement for the Council in recent years was to meet the Scottish Housing Quality Standard (SHQS). However the SHQS primarily focuses on internal elements. This ensured that resources were invested into meeting this standard and not in other external elements that tenants would like to see improved. The tenant satisfaction survey undertaken in the summer of 2018 demonstrated that tenants would like to see improvements in gutters and pipework, gardens and fences, common closes and areas and paths.

18. The ability to deliver these improvements can be limited due to the mixed tenure nature of many areas. Resident owners and private landlords are often unable or willing to contribute towards external improvement works.

19. To deliver these improvements an additional £200,000 (from HRA resources) will be added to the Mixed Tenure Scheme. The MTS is designed to tackle external estate issues in mixed tenure communities. It is also partly funded by the General Fund.

FINANCE AND EFFICIENCY

20. The key driver of expenditure within Housing Services relates to repairs. In recent years Housing Services have undertaken a significant review and upgrade of in-house IT systems to increase productivity and efficiency. However, the work to improve efficiency in service delivery and improve digital services is ongoing.

21. Housing Services will also ensure any additional funding streams are utilised. This has been particularly useful to achieving the investment required for EESSH. In the last year Housing Services have been able to fund approximately £188,000 of improvement works from Scottish Government and Energy Company Obligation (ECO) funded grants.

22. Housing Services are looking to deliver further improvements through the provision of modern services and digital improvements, in line with the Council's Modern Ambitious Programme.

23. The ongoing redesign of services has focused on ensuring the staffing structure is aligned to ensure services are customer focused but also delivered in an efficient manner.

CONSULTATION AND PARTNERSHIP WORKING

24. The Housing (Scotland) Act 2001 requires social landlords to consult tenants and take account of their views when making decisions about proposed rent increases.

25. As a rent rise has already been agreed, there is no requirement to consult with tenants on this matter. However there is a duty to consult on the HRA budget and how priorities are identified.

26. During the summer of 2018, Housing Services undertook a tenant survey. This survey identified that tenants are happy with the quality of their home but would like to see improvements in external areas such as guttering, fencing, painting and gardens. In addition the survey identified that the service needs to improve communication with tenants and improve the ways in which they access the service. The current redesign of Housing Service will be focused on meeting those needs and delivering not only an efficient but also customer driven service.

27. Housing Services are currently reviewing "The Registered Tenants Forum" to ensure the views of tenants can influence design making. The group consisting of Tenants and Residents Groups and interested tenants are working with the Tenants Information Service to ensure they can assess and contribute to the priorities of the HRA.

IMPLICATIONS OF THE PROPOSALS

28. This report does not have any implications in terms of property, staffing, legal, equalities, IT and sustainability at this point in time.

CONCLUSIONS

29. The financial environment in which Housing Services operates continues to be very challenging. The introduction of Universal Credit presents a significant risk to rent collection and the ability to deliver services.

30. However the proposed HRA budget ensures that the income from rents is at a level which is sufficient to meet the statutory requirements of the service, such as continuing to meet the SHQS and improving energy efficiency required by ESSH. The HRA budget also allows investment in areas such as external works that have been limited in previous years.

31. Housing Services are currently undertaking a full service review. This review is designed to deliver digital, efficient and customer focused services and will address some concerns raised by customers through our satisfaction surveys.

RECOMMENDATIONS

32. It is recommended that the Council approve the proposed Housing Revenue Account budget for 2019/20.

Director of Environment

Further details can be obtained from Phil Daws, Head of Environment (Strategic Services), 0141 577 3186.

February 2019

EAST RENFREWSHIRE COUNCIL HRA ESTIMATE 2019/20

HRA - Overall Summary	2018/19	2019/20
	Estimate £	Estimate £

Payroll Costs			
(a)	APTC Basic	2,059,700	2,173,500
(b)	Overtime T1.5	19,000	19,000
(c)	Overtime - Contractual	5,100	5,100
(d)	National Insurance	194,100	204,100
(e)	Superannuation	364,600	384,600
(f)	Craft Basic	1,015,100	1,056,000
(g)	Craft Overtime - T1.5	31,500	31,500
(h)	Craft National Insurance	98,500	112,000
(i)	Craft Superannuation	181,300	189,700
(j)	Other Expenses	18,400	18,400
(k)	Apprentice Levy	16,000	15,900
(l)	Agency Staff	160,900	160,900
		4,164,200	4,370,700

Property Costs			
(a)	Rates	6,400	6,500
(b)	Council Tax	24,000	24,000
(c)	Rents	9,400	9,400
(d)	Insurance Premium	204,000	204,000
(e)	Insurance - Provision for Excess	50,000	50,000
(f)	Fixtures & Fittings	4,800	4,800
(g)	Security General	0	0
(h)	Upkeep of Ground	50,000	50,000
(i)	Mixed Tenure Contribution	100,000	300,000
(j)	Fire Protection	12,000	12,000
(k)	Laundry Equipment Maintenance	22,900	22,900
(l)	Lift Maintenance	18,000	18,000
(m)	Decants	5,000	5,000
(n)	Private Contractors HRA Miscellaneous	38,300	38,300
(o)	Gas Maintenance Contract	370,000	370,000
(p)	Asbestos	70,000	70,000
(q)	Legionella	35,000	35,000
(r)	Community Alarms	19,000	19,000
(s)	Cleaning	34,000	34,700
(t)	Electricity	61,400	88,100
(u)	Gas	77,200	69,000
(v)	Property Recharge	53,300	53,300
		1,264,700	1,484,000

Transport Costs			
(a)	Fixed Maintenance	40,100	40,700
(b)	Additional Work	12,000	12,200
(c)	Overage Vehicles	28,900	29,300
(d)	Insurance Repairs	0	0
(d)	Tyres	3,000	3,000
(e)	Hires	13,000	13,200
(f)	Fuel Charges	39,800	40,400
(g)	Garaging Charges	5,000	5,100
(h)	Other Transport Costs	3,600	3,700
		145,400	147,600

Supplies & Services			
(a)	Purchase Office Equip	5,800	5,800
(b)	Purchase Small Tools	25,000	25,000
(c)	Materials - Non-Stock	260,000	260,000
(d)	Hoist Hire	7,000	7,000
(e)	Skip Hire	17,000	17,000
(f)	Shredding Charges	500	500
(g)	Equipment & Computer Development	38,700	38,700
(h)	Materials - Stock	360,000	360,000
(i)	Uniforms & Protective Clothing	8,600	8,600
(j)	Winter Maintenance Council Buildings	500	500
(k)	Hire of Scaffolding	12,000	12,000
(l)	Sub-Contractors	670,200	837,900
(m)	Agency Labour	0	0
(n)	Water Supplied	1,400	1,400
(o)	Printing, Stationery, Telephones, Postages	43,100	43,100
(p)	Training	19,000	29,000
(q)	Departmental Directorate & Support Costs	171,400	171,400
(r)	Customer First	84,300	85,000
(s)	Insurance - Public Liability Claims	30,800	30,800
(t)	Publications & Subscriptions	24,200	24,200
(u)	Court Expenses	13,200	13,200
(v)	Other Accounts of the Authority	152,100	152,100
(w)	Voids Rent Loss Provision	200,000	220,000
(x)	Rent Remissions	10,000	10,000
(y)	Irrecoverables	160,000	160,000
(z)	Replacement Furniture	5,000	5,000
		2,319,800	2,518,200

Transfer Payments			
(a)	Superannuation Additional Allowances	20,900	20,900
(b)	'One-Off' HRA Pre-disposal costs	10,000	10,000
(c)	Assistance to Tenants Associations	23,800	23,800
(d)	Specific Debts Written Off	10,000	10,000
(e)	Bad Debt Provision	265,900	265,900
		330,600	330,600

Support Services			
(a)	Central Administration - Central Support	912,300	977,400
		912,300	977,400

Depreciation & Impairment Losses			
(a)	Principal	3,150,300	3,216,900
(b)	Interest	1,486,900	1,316,600
(c)	Expenses	0	55,200
		4,637,200	4,588,700

GROSS EXPENDITURE**13,774,200****14,417,200**

Income - Sales, Fees and Charges			
(a)	Repairs Recharged to Tenants	(13,800)	(13,800)
(b)	Repairs Recharged to Owner/Occupier	(50,000)	(50,000)
(c)	Sheltered Housing Charges (Wardens)	(46,000)	(46,000)
		(109,800)	(109,800)

Income - Rental Income			
(a)	Rents - Houses (incl. Homeless Persons)	(11,509,800)	(12,102,800)
(b)	Service Charges - Heating Charges	(112,000)	(112,000)
(c)	Rents - Lock Ups	(23,000)	(23,000)
(d)	Rents - Garage Sites	(6,000)	(6,000)
(e)	Rents - Shops	(190,000)	(190,000)
		(11,840,800)	(12,433,800)

Income - Comm Ops Contract Income			
(a)	Non-HRA Income	(225,000)	(225,000)
(b)	Housing Capital	(990,000)	(990,000)
		(1,215,000)	(1,215,000)

Income - Other			
(a)	Recharge to Other Accounts of the Authority	(166,300)	(216,300)
(b)	Recharge To Capital	(86,800)	(86,800)
(c)	Recharge To Other Housing	(168,200)	(168,200)

(d)	Recharge to Council House Sales	0	0
(e)	Interest on Revenue deposits	(17,300)	(17,300)
(f)	Contribution from Bad Debt provision	(170,000)	(170,000)
		(608,600)	(658,600)

TOTAL INCOME	(13,774,200)	(14,417,200)
---------------------	---------------------	---------------------

NET EXPENDITURE / (INCOME)	0	0
-----------------------------------	----------	----------

EAST RENFREWSHIRE COUNCIL28 February 2019Report by Director of EnvironmentHOUSING CAPITAL PROGRAMME 2019/20 TO 2023/24**PURPOSE OF REPORT**

1. To seek the approval of the Council for the proposed five year Housing Capital Programme from 2019/20 to 2023/24.

RECOMMENDATION

2. It is recommended that the Council approves the proposed Housing Capital Programme for the years from 2019/20 to 2023/24 and authorises the Director of Environment to progress the projects listed within 2019/2020, and to commence preparations for future years up to, but not including, legal commitment of resources until future budgets have been approved.

BACKGROUND AND REPORT

3. This report details the anticipated capital expenditure requirements for Housing Services for the next five years.

4. Expenditure is classified as capital when it creates a new asset or improves the condition of the existing asset. Capital expenditure on existing assets should increase the value of the asset or extend its expected useful life e.g. upgrading of windows and roofs.

5. This is distinct from revenue expenditure which covers the management costs associated with the Council's housing landlord function such as repairs and maintenance to the housing stock and the annual borrowing costs resulting from the capital expenditure.

6. In recent years the capital programme was dominated by the need to meet the Scottish Housing Quality Standard (SHQS). The majority of expenditure on the housing capital programme still relates to the need for our housing to continue to meet the SHQS.

7. Additionally, all social landlords now have to meet the first Energy Efficiency Standard for Social Housing (ESSH1) by 2020/21. This sets a minimum energy rating that all social housing must reach. This requires ongoing additional investment which is reflected in this programme, although it should be noted that it might not be possible to justify the investment required to bring all council dwellings up to ESSH1 (e.g. where the presence of owners prevent the works or where it can only be achieved by the installation of unjustifiably high cost works, such as solar panels). The Scottish Government has indicated it may consider such dwellings as "exempt" from ESSH1, although the detail of this category is still to be clarified. The Scottish Government is now introducing further energy efficiency targets for social housing to be achieved by 2025. This is known as ESSH2. The energy efficiency investment

previously envisaged to only be required up to 2020/2021 has now been extended throughout this five year plan. The actual cost of meeting EESSH is dependent on a further analysis of energy data, and additional funding may be required to achieve these challenging targets.

8. The appendix to this report provides detail of the spending priorities and values contained within the Housing Capital Programme from 2019/20 to 2023/24.

9. In October and December 2018 Cabinet noted a £1.615m reduction in the 2018/19 HRA capital programme expenditure due to some projects taking longer to get on site than envisaged, with this resource being carried forward to fund these projects in 2019/20. These carry forwards are included in this 2019/20 programme.

10. Members should note that there may be further delays in the 2018/19 programme resulting in further carry forward of resources. The amount will be dependent on the progress made on contracts before the end of financial year. This will be reported as part of the June 2019 Housing Capital Programme update report.

11. Each year, when compiling the capital programme, it is necessary to achieve a difficult balance between the aspirations of tenants for improvements to their homes and the affordability of any investment.

12. A key factor for the Council to consider is the age of its stock. Almost one third of the stock is more than 75 years old, with a further third aged between 50 and 75 years. This creates a substantial need for investment, especially in relation to renewing the roof and render. There have also been some additional pressures placed upon the HRA Capital programme since the Council approved the previous five year plan in March 2018. These include:

- new Scottish legislation requiring the installation of interlinked smoke detectors in all council housing by the end of 2020.
- investment required to improve domestic water supply health and safety management.
- the need to procure a new housing management IT system.
- new energy efficiency requirements under EESSH2 as noted above.

13. However, there is no capacity for additional borrowing in the current HRA Business Plan, and some budgets have therefore had to be reduced to meet these additional demands.

14. Key areas that the capital programme will focus on for the next five years are:

- Investment of more than £4.5 million in central heating. One fifth of the stock has a heating system that is aged 15 years or more at March 2019, while a substantial number of systems that will become 15 years old over the next five years are not as energy efficient. The recommended budget will renew all these systems by 2023. This investment will enable us to meet the energy efficiency ratings required to meet EESSH targets by 2021, and contribute to meeting EESSH2 by 2025, while also reducing tenants' fuel bills, and, consequently, the incidence of fuel poverty.
- Investment of nearly £2 million in electrical works, primarily house re-wiring and installation of multi room, interlinked smoke detectors in all our properties.

- Investment of more than £10 million in external structural projects. This is primarily targeted at continuing our programme of Roof and Render Renewal, prioritising buildings with roofs well beyond their originally envisaged 60 year lifespan. This budget will also fund:
 - External Wall Insulation projects. (Private owners are supported with Scottish Government Home Energy Efficiency Programme for Scotland: Area Based Scheme (HEEPS: ABS) grant).
 - Resolving rot and structural issues at 30 – 40 Barnes Street.
 - Other structure related projects across the council area.
- Investment of £4.8 million installing new internal elements, such as kitchens, bathrooms, fans, windows and doors.
- Investment of £1.5 million in sheltered housing – despite substantial investment in sheltered housing over the last few years further investment continues to be required over the next five years to renew heating systems in three of the complexes, install new boilers in a fourth, maintain the buildings, and meet the demanding health and safety investment requirements of lifts, fire and water safety regulation, all of which makes this form of accommodation very expensive to operate.
- Investment in a new Housing Management IT System. The current system is no longer fit for purpose. A new system will allow Housing Services to reduce paper processes, deliver online services and be more efficient and customer focused. Without a new housing system the service is unable to improve on the Council's Five Capabilities.
- Investment of £12.92 million which will complete the first phase of the new build council housing programme.
- Ongoing investment for phase 2 of the council house new build programme in 2020/2021 and beyond.
- A small budget to fund house purchase opportunities which arise through, for example, the Scottish Government "Mortgage to Rent" scheme.

15. The capital programme is financed through borrowing and recharges to owner occupiers. As the right to buy has now ended and there are no outstanding applications to process there will be no further receipts from house sales for re-investment in existing stock. An allowance has been made for receipts from the sale of land for future years. Recharges to owner occupiers have been estimated to allow the Council's borrowing requirements to be calculated. If these recharges are lower than estimated the overall expenditure will be reduced to maintain borrowing at the approved level. Conversely if recharges to owners are greater than estimated the overall expenditure may be increased assuming no change to borrowing requirements.

16. The 30 year Housing Business Plan is reviewed on a regular basis. The financial appraisal carried out confirms that Housing Services are in a position to support the required level of annual expenditure required to continue to meet the capital programme detailed in this report, thereby ensuring no dwellings fail the SHQS. This is based upon a number of assumptions in relation to rent increases and the disposal of specific land assets. These assumptions will continue to be monitored.

17. It is essential that the Council ensures that capital expenditure achieves value for money, is appropriately targeted and is customer focused. In conjunction with colleagues in Procurement and Property & Technical Services a robust approach is taken in relation to the procurement and management of external contractors in order to achieve these aims. Regular meetings are held with contractors to ensure that quality is maintained and that any problems are addressed as soon as they occur.

FINANCE AND EFFICIENCY

18. Prudent management and the previously agreed rent increase of 3.9% p.a. for the next financial year will ensure the proposed expenditure for 2019/20 and future years is affordable.

19. The expenditure levels for years 2020/21 and onwards are provisional and will be reviewed when the Housing Business Plan is reviewed.

CONSULTATION

20. The majority of the content of the capital programme is determined by the need to continue to meet the SHQS and to plan for achieving EESSH targets. The scope for its content to be determined through consultation is therefore limited. However, as part of the consultation process during the preparation of the Housing Asset Management Plan, on which the capital programme is based, Registered Tenants Organisations and, separately, a tenants' focus group, met to consider the investment priorities for Housing Services. At both consultation events attendees in general concurred with the five year planned investment programmes. Further consultation on the Asset Management Plan and the HRA Capital Programme is planned during 2019.

21. Housing Services monitor resident satisfaction with capital programme projects, and where appropriate (e.g. where satisfaction levels show some areas of concern) will hold focus groups with residents to consider improvements to how the programme is delivered.

PARTNERSHIP WORKING

22. In order to ensure the capital programme is efficient and delivers value for money, an internal partnership approach is in place with colleagues from Procurement and Property & Technical Services.

IMPLICATIONS OF THE PROPOSALS

23. This report does not have any implications in terms of staffing, legal, equalities or sustainability.

CONCLUSIONS

24. The high levels of investment contained within the programme are essential to allow the Council to continue to meet the SHQS, to meet the future requirements of EESSH, and to provide homes that meet the needs and aspirations of our tenants and prospective tenants. The continued investment is affordable and will be welcomed by council tenants who will see the quality of their homes continue to be improved. However resources are tight and prudent financial management is required.

RECOMMENDATION

25. It is recommended that the Council approves the proposed Housing Capital Programme for the years from 2019/20 to 2023/24 and authorises the Director of Environment to progress the projects listed within 2019/2020, and to commence preparations for future years up to, but not including, legal commitment of resources until future budgets have been approved.

Director of Environment

Further information can be obtained from:- Phil Daws, Head of Environment (Strategic Services) on 0141 577 3186 . E-Mail: phil.daws@eastrenfrewshire.gov.uk

February 2019

BLANK PAGE

HRA 5 Year Capital Programme

HRA Capital Programme - Existing Stock	2019/20 (£000)	2020/21 (£000)	2021/22 (£000)	2022/23 (£000)	2023/24 (£000)	Total	Previous Yr's Totals	Difference
Central Heating Systems	1,050	808	900	900	900	4,558	4,474	-84
Re-wiring and Other Electricals (including smoke detectors)	645	570	250	250	250	1,965	1,850	-115
External Structural Works (Roof & Render, Damp Proof Courses, Structural Failures)	2,671	1,686	1,769	1,972	2,019	10,117	10,288	171
Internal Element Renewals	1,057	930	890	940	940	4,757	3,955	-802
Door Entry Systems	20	20	20	20	20	100	230	130
Sheltered Housing	520	440	435	125	25	1,545	1,635	90
Aids and Adaptations	200	200	200	200	200	1,000	998	-2
Energy Efficiency Standard for Social Housing (EESHS)	300	300	300	300	300	1,500	900	-600
Estate Works (Paths, Walls, Lighting, Bin Stores, Drying Areas etc	150	100	100	100	160	610	820	210
Retentions	10	10	10	10	10	50	0	-50
IT Systems	250	0	0	0	0	250	0	-250
Sub-Total - HRA Capital Programme for Existing Stock	6,873	5,064	4,874	4,817	4,824	26,452	25,150	-1,302
HRA Capital Programme for New Stock								
Compulsory Purchase Orders/Mortgage to Rent	50	0	0	50	50	150	375	225
New Build - Phase 1	4,046	3,856	148	0	0	8,050	14,092	6,042
New Build - Phase 2	0	1,400	8,671	7,300	0	17,371	16,200	-1,171
Sub-Total - HRA Capital Programme for New Stock	4,096	5,256	8,819	7,350	50	25,571	30,667	5,096
Total HRA Capital Programme	10,969	10,320	13,693	12,167	4,874	52,023	55,817	3,794

Resources:-

Borrowing	8,222	8,019	8,944	7,965	3,792	36,941
Receipts From Sale of Council Houses	0	0	0	0	0	0
Receipts From Sale of Land - Barrhead South	0	500	500	500	500	2,000
Capital New Build - Government Grant	2,000	855	3,433	2,891	0	9,179
Capital New Build - Commuted Sums/Council Tax Discount	32	437	291	245	0	1,005
Heeps Funds	100	100	100	100	100	500
Recharges to Owner Occupier	615	409	424	467	482	2,397
Total	10,969	10,320	13,693	12,167	4,874	52,023

BLANK PAGE

EAST RENFREWSHIRE COUNCIL**28 FEBRUARY 2019****Report by Deputy Chief Executive****SCHEME FOR MEMBERS' REMUNERATION AND EXPENSES****PURPOSE OF REPORT**

1. To seek approval of the Council's Scheme for Members' Remuneration and Expenses.

RECOMMENDATION

2. That the Scheme for Members' Remuneration and Expenses for 2019/20 be approved.

BACKGROUND

3. In accordance with the relevant legislation, the Council has in place a scheme for Members' Remuneration and Expenses.

4. The Scheme provides details of the levels of basic salary payable to all councillors, and the increased salaries payable to the Leader and the Civic Head (Provost) these amounts being prescribed in legislation. The Scheme also provides details of those positions in the Council identified as being "Senior Councillor" positions for the purposes of the Regulations, and the levels of salary to be paid to each postholder.

5. In addition, the Scheme provides details of those other categories in respect of which Elected Members are entitled to claim expenses, such as the performance of approved duties, travelling expenses, and subsistence allowances.

REPORT

6. The Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2019 were laid before Parliament on 1 February 2019 and take effect from 1 April 2019.

7. The regulations see an increase in the basic councillor remuneration from £16,994 to £17,470; the remuneration paid to the Leader of the Council increased from £28,326 to £29,119, and the remuneration paid to the Provost increased from £21,245 to £21,840. The remuneration paid to senior councillors will also increase from £21,245 to £21,840. These increases will take effect from 1 April 2019.

8. A copy of the new Scheme is attached (Appendix 1).

RECOMMENDATION/...

RECOMMENDATION

9. That the Scheme for Members' Remuneration and Expenses for 2019/20 be approved.

Local Government (Access to Information) Act 1985

Background Papers - None

Report Author: Eamonn Daly, Democratic Services Manager 577 3023

e-mail:- eamonn.daly@eastrenfrewshire.gov.uk

EAST RENFREWSHIRE COUNCIL
SCHEME FOR MEMBERS' REMUNERATION AND EXPENSES
2019/2020

BLANK PAGE

MEMBERS' REMUNERATION AND EXPENSES

CONTENTS

	PAGE
GUIDANCE NOTES	3
PAYMENT OF MEMBERS' SALARIES	5
APPROVED DUTIES	6
TRAVELLING EXPENSES	7-9
SUBSISTENCE	10
TELEPHONE EXPENSES	11
CONFERENCES AND TRAVEL ABROAD	12
INCOME TAX, NATIONAL INSURANCE	13
TRAVEL AND SUBSISTENCE CLAIM FORM	
CONFERENCE CLAIM FORM	

BLANK PAGE

GUIDANCE NOTES

1. Members are responsible for completing their own expenses claim forms and for signing the declaration on each form that the expenses have been necessarily incurred for the performance of eligible approved duties. **Members should, as far as possible, also ensure that cost implications are considered in decisions regarding expenses to be incurred and should where possible adopt the most cost effective mode of transport.**
2. All travel, subsistence and telephone call claim forms must be submitted to the Members Services Section who will be responsible for checking that they have been properly completed. Members Services will sign the form in the box provided as evidence that the check has been carried out.
3. Travel and subsistence claims must include the following:
 - Date for which expense is claimed
 - Time of departure /arrival.
 - Detailed description of approved duty (including category).
 - Expense items / Journey details (including journey start and finish details).
 - Receipts for expenditure incurred.
4. Claims for travelling and subsistence in respect of conferences must be claimed on the conferences claim form which should then be submitted to Members Services.
5. Advances for conferences etc. can only be made up to seven days before departure and must be signed by the Member and an authorised signatory in Members Services.
6. When an advance has been made in respect of a conference a final claim form should be submitted as soon as possible thereafter. Advances will be recovered from the earlier occurring of next salary payment due or any subsequent payment in anticipation of which the advance was given.
7. Sample claim forms are appended to this Scheme for information. Actual forms are available from Members Services.
8. **Expense Claims Timetable/...**

8. Expense Claims Timetable

<u>To be Submitted to Members Services by</u>	<u>Pay Date Friday</u>
03.05.19	17.05.19
07.06.19	21.06.19
05.07.19	19.07.19
02.08.19	16.08.19
06.09.19	20.09.19
04.10.19	18.10.19
01.11.19	15.11.19
06.12.19	20.12.19
03.01.20	17.01.20
07.02.20	21.02.20
06.03.20	20.03.20
03.04.20	17.04.20

Expenses forms should be submitted to Members Services by the dates shown above in order for any expenses being claimed to be included in salary payments made on the corresponding Pay Date Friday. Claims must be fully completed, signed and dated. Incomplete/inaccurate forms will be returned to Elected Members which may result in a delay in expenses being reimbursed. It is important that expenses claim forms are returned timeously so that expenses can be recorded in the correct period.

PAYMENT OF MEMBERS' SALARIES**Basic Salary**

Each Member of the Council will receive a basic salary of £17,470 per annum. Payment of salary will be made on the third Friday of each month by a monthly payment of £1,455.83 subject to normal Income Tax, National Insurance and Pension Contribution deductions.

Senior Councillors

In terms of the 2007 Regulations the Council has resolved to pay Senior Councillor Salaries to Members with special responsibilities. These Salaries will be paid under the same arrangements as basic salaries.

	ANNUAL SALARY £	MONTHLY PAYMENT £
Leader of the Council	29,119	2,426.58
Provost	21,840	1,820
Deputy Provost	21,840	1,820
Convener for Community Services and Community Safety	21,840	1,820
Convener for Education and Equalities	21,840	1,820
Convener for Environment	21,840	1,820
Convener for Housing and Maintenance Services	21,840	1,820
Chair of Audit and Scrutiny Committee	21,840	1,820
Chair of Planning Applications Committee/LRB	21,840	1,820
Chair of Licensing Committee	21,840	1,820

Payment of Salaries

Payment of salaries will be made automatically monthly into each Member's bank account on the third Friday of each month.

If a Member leaves office as a Councillor or ceases to be entitled to a Senior Councillor Salary, the payment due will be calculated on a daily basis from date of appointment to the date of demitting office. In such circumstances any overpayment will require to be repaid by the Member.

Prior to election, salaries will be calculated on a daily basis up to the appointed date.

APPROVED DUTIES

Travel and subsistence expenses may be claimed for approved duties. The list below provides details of all duties in respect of which claims can be submitted. When completing a claim form Members should include the category of the approved duty as listed below (A, B, C etc) as well as providing full details of the approved duty.

Attending or Undertaking:-

- A. Meetings of Council, Cabinet and Committees.
- B. Conference meetings or seminars etc. as approved representative of Council.
- C. Meetings organised to inform members of any development or to assist members with personal development wherever held.
- D. Political group meetings of the Council held within the East Renfrewshire area.
- E. Meetings with officers of the Council.
- F. Members' surgeries.
- G. Community Councils and Parent Councils.
- H. Duties as officer of political group.
- I. Duties as Convener, or Committee Chair/Vice-Chair.
- J. Functions required as Leader or Deputy Leader of Administration.
- K. Attendance at meetings of partner bodies as approved representative of Council.
- L. Attendance at meeting of partner bodies to which the Councillor has been appointed by virtue of their position as councillor.
- M. Duties undertaken as a ward representative.

TRAVELLING EXPENSES

Where it is reasonable to do so, Members should use public transport in the conduct of their duties. However where public transport is not reasonably available, alternative forms of transport (e.g. private vehicle) can be used. **In cases where alternative transport is used which is more expensive than the cost of travelling by public transport, the cost of travelling by public transport can be reclaimed although as no receipts or tickets can be provided this will be subject to tax. In the event that travelling by alternative transport is cheaper than the cost of travelling by public transport, the lower rate can be reclaimed.**

Public Transport – Reimbursement of Costs

Members may travel standard class by public transport, the cost of which will be reimbursed on production of a ticket except in the case of travel by air, where not more than the cost of the economy fare or any available cheap fare for travel by regular air service will be reimbursed, on production of a ticket. In cases of urgency where no such air service is available then the actual fare paid by the Member will be reimbursed on production of a ticket.

The production of tickets is required for all modes of public transport in order that appropriate supporting documentation can be produced to HMRC which may be demanded under current legislation. In the event Members are unable to produce tickets or receipts for any journey made on public transport, any amounts claimed will be subject to tax.

ZoneCard

Members who do not claim car mileage allowance, may at the Council's cost apply for a ZoneCard, details of which may be obtained from Members Services. The ZoneCard will cover journeys from their house or place of work to the Council's Headquarters by public transport and will as far as possible cover journeys within their wards.

Any Member in receipt of a ZoneCard from the Council will have details of this benefit submitted to HMRC at the end of each tax year. Tax may be levied on this benefit by HMRC.

Rail Cards

Members will be able to claim the cost of rail cards purchased by them to allow them to obtain reduced fares when on Council business. Details of the card and the business details should be sent to Members Services to allow discounts to be obtained when tickets are booked.

Any member in receipt of a rail card reclaimed from the Council will have the details of this benefit submitted to HMRC at the end of the tax year. Tax may be levied on this benefit by HMRC.

Mileage Allowances

For the purposes of calculating claims, **a councillor's normal place of residence is regarded as their normal place of work**, so expenses associated with travel from home to the Council HQ, and other locations to conduct council business, may be claimed back. Where a councillor travels on council business from their place of employment or business (which is not Council related) they may be reimbursed for the cost of the journey. However, if the cost of making this journey would have been lower had it started from the councillor's home, then that lower cost is the maximum amount that will be reimbursed.

For example if the distance from a councillor's home to council offices is 5 miles and from a councillor's business to council offices is 10 miles, a maximum of 5 miles may be claimed and reimbursed.

In the event a Member attends a meeting which requires them to **travel from and return to** their place of employment or business, and their place of employment or business is further away than their home, the actual mileage travelled can be claimed. If a councillor does not return to work after the meeting only the mileage from home to the council office can be claimed.

For example if the distance from a councillor's home to council offices is 5 miles and from a councillor's business to council offices is 10 miles, and the councillor leaves from their business to attend a meeting and returns there after the meeting, they are able to claim the total mileage (20 miles – 2 x 10 miles). If the councillor does not return to their work after the meeting but instead goes home then the lower mileage can be claimed (10 miles – 2 x 5 miles).

Under the Regulations, the following mileage rates apply.

car	-	45 pence per mile
passenger (approved duty)	-	5 pence per mile
motorcycle	-	24 pence per mile
bicycle	-	20 pence per mile.

When claiming mileage expenses the claim should be based on the shortest route between the start and end points of the journey regardless of the actual route taken.

Other Travelling Expenditure

The rates specified for car mileage may be increased by the amount of any expenditure incurred by tolls, ferries or parking fees.

No reimbursement will be made for the above costs unless receipts are produced.

The Council will not be responsible for any parking fines incurred.

Travel by Taxi or Private Hire Car

Taxis or private hire cars should only be used in exceptional circumstances when no other public transport is reasonably available.

Taxi or private hire car journeys should be booked through Members Services who will make the booking on behalf of the Member. When making a taxi booking request, Members will need to complete a Taxi Request Form. This form requires the member to provide details of the journey, its purpose and to confirm that there was no other reasonable travel option available,

When taxis or private hire cars are pre-booked they will be paid on account and there will be no need for the Member making the journey to include the journey details and costs on any expenses claims form. However the details will be included in the annual summary of Members' Expenses.

In the event that a taxi or private hire car journey is required which cannot be booked through Members Services, the journey cannot be made on account and the cost of the journey will need to be paid for by the Member making the journey. In claiming for the cost of the journey, the Member concerned will be required to confirm that the reason for the journey was either due to urgency or that public transport was not reasonably available. If these conditions are not met, the Member concerned will be required to repay the excess over the public transport cost.

The rate for travel by taxi or private hire car shall not exceed:-

In the case of urgency or where no public transport is reasonably available the amount of actual receipted fare.

In any other case the amount of fare for travel by appropriate public transport.

Travel by Other Hired Motor Vehicle

The rate for travel by a hired motor vehicle other than a taxi or private hire car shall not exceed the lower of:-

The car mileage rate as stated above being the rate which would have been applicable had the vehicle belonged to the Member who hired it.

The cost of hiring a vehicle of less than 1200cc

In order to reclaim reimbursement the Member must provide an appropriate VAT receipt.

Travel by Council Car

Members should be aware that the Council is required to record and publish as part of the annual members' expenses exercise costs relating to the use of chauffer driven cars. This will include costs incurred on such journeys by Provost, Deputy Provost and other Councillors being conveyed in the Council car.

SUBSISTENCE

Entitlement

Any Member is entitled to payment of subsistence claims where expenses are *necessarily incurred* and for which appropriate receipts are produced in carrying out approved duties which require continuous time involvements shown below.

Rates

These payments may not exceed maximum rates prescribed by Scottish Ministers.

MAXIMUM ALLOWANCE	AMOUNT	HOURS AWAY FROM HOME	PERIOD THAT MUST BE INCLUDED
	£		
Breakfast	8.00	3	No overnight subsistence.
Lunch	12.00	4	12 Noon to 2p.m.
Dinner	25.00	4	
Overnight stay with friends or family	25.00	24	Continuous absence which includes overnight stay.
Overnight Stay	110.00	24	Continuous absence which includes overnight stay.
Overnight stay London	131.00	24	Continuous absence which includes overnight stay.

Exclusions

- (i) In the case of breakfast, lunch and dinner no reimbursement can be claimed when a meal has been provided free of charge.
- (ii) In the case of an overnight stay the sum reimbursed shall be reduced in respect of any meal or accommodation provided free of charge.
- (iii) Where the Council books a conference which includes accommodation and subsistence no additional sums may be claimed by Members.

TELEPHONE EXPENSES

Landline Telephone and Broadband Connections

Members can be supplied with landline telephone and broadband facilities at home which are installed and paid for by the Council. **The telephone facility should only be used for Council business. In parallel with the Council's mobile device policy, broadband facilities may be used for personal use but must not be used for any non-Council business activities. Members will be asked to sign an undertaking to that effect.**

Bills for these services are sent directly to the Council.

Some Members have chosen to use their own personal broadband connection for Council business and as the Council has made a cost effective solution available, Members are not entitled to claim for business use of this equipment.

Mobile Telephones

Members can be supplied with mobile telephones/tablets/laptops by the Council. **The use of these devices is controlled by the Council's mobile device policy.** The policy permits personal use of a Council supplied mobile device within usage plan limits, but it does not permit the use of a Council supplied mobile phone for non-Council business activities.

Should members intend to use phones, laptops and tablets overseas they should contact IT (3131) with travel details no later than 3 days before travel to allow the appropriate "bolt on" arrangements to be made. Members should also note that there may be additional costs associated with this depending on their travel destination. Should Members fail to notify IT of overseas travel and use their devices without making the appropriate "bolt on" arrangements, this may result in significant additional costs.

Bills for mobile devices are sent to Members Services. In the event that a bill exceeds the monthly usage plan limit Members will be asked to confirm whether excess costs are personal or Council related. If personal, Members will be required to pay the excess by way of deduction from their next salary.

Members will be asked to sign an undertaking confirming that they will comply with the terms of the Council's mobile device policy

CONFERENCES AND TRAVEL ABROAD

Conferences

Attendance at conferences requires to be approved in advance by the Director of Corporate and Community Resources or Head of Democratic and Partnership Services in consultation with the Leader of the Council.

Conferences have to be accounted for separately and accordingly there is a special conferences claim form.

In respect of conferences within the UK Members will be reimbursed according to normal rates for travelling and subsistence which will be subject to provision of appropriate receipts.

When the Council books overnight accommodation this should be at or below the Members' overnight allowance rate.

When the Council books a conference which includes accommodation and subsistence no additional sums may be claimed by Members.

Travel Abroad

In respect of travel outwith the UK, travelling expenses for the most appropriate form of transport and subsistence will be reimbursed provided details and receipts are produced.

INCOME TAX AND NATIONAL INSURANCE**Income Tax and National Insurance**

Normal Income Tax and National Insurance rules are applied to salary payments, travel claims and telephone rental allowance.

Tax Relief

Members may wish to claim tax relief in respect of expenses which are not reimbursed by the Council e.g. expenses in connection with constituency work. Details of these expenses should be submitted normally at the end of the Tax Year, direct to HMRC. A form and guidance notes for this purpose will be available from the Payroll Section. If Members do not wish to make a claim in respect of such expenses no action need be taken.

BLANK PAGE