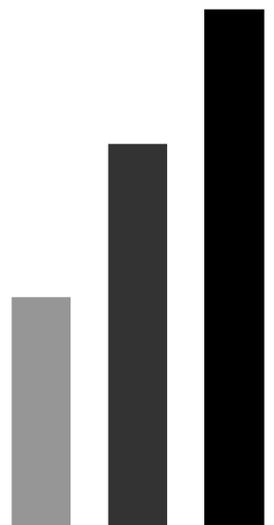


Agenda 2016

Inverclyde Council

For meeting on:

| | | |
|---|------|------|
| 2 | June | 2016 |
|---|------|------|



A meeting of the Inverclyde Council will be held on Thursday 2 June 2016 at 4pm within the Municipal Buildings, Greenock.

GERARD MALONE
Head of Legal and Property Services

Prior to the commencement of business, opening prayer will be offered by Rev A Sorensen.

BUSINESS

****Copy to follow**

| 1. Apologies and Declarations of Interest | Page |
|--|-------------|
| <p>NEW BUSINESS</p> <p>2. Financial Strategy 2016/2024 - Update Report by Chief Financial Officer NB there will also be a presentation on this item</p> | p |
| <p>3. Minutes of Meetings of The Inverclyde Council, Committees, Sub-Committees and Boards</p> <p>Local Police and Fire Scrutiny Sub-Committee (p 89) Inverclyde Council (pp 90 - 95) General Purposes Board (pp 96 – 97) Audit Committee (pp 98 – 99) Health & Social Care Committee (pp 100 – 103) Environment & Regeneration Committee (pp 104 – 110) Education & Communities Committee (pp 111 – 115) Planning Board (pp 116 – 117) Local Review Body (pp 118 – 120) General Purposes Board (pp 121 – 122) ** Human Resources Appeals Board (pp 123 –) ** Grants Sub-Committee () ** Policy & Resources Committee () ** Appointment Panel – Chief Executive () ** Environment & Regeneration Committee (Special) () ** Planning Board () ** Local Review Body ()</p> | |

| | |
|--|----------|
| <p>4. Administrative Arrangements: Cycle of Council, Committee, Sub-Committee and Board Meetings to June 2017 Report by Corporate Director Environment, Regeneration & Resources</p> | <p>p</p> |
| <p>REMITS FROM COMMITTEES</p> | |
| <p>5. Proposed Traffic Regulation Order – Jamaica Lane, Greenock (One-Way Only) Order 2016 – Remit from Environment & Regeneration Committee Report by Corporate Director Environment, Regeneration & Resources</p> | <p>p</p> |
| <p>6. Proposed Traffic Regulation Order – Union Street, Greenock (18 Tonne Weight Restriction) Order 2016 – Remit from Environment & Regeneration Committee Report by Corporate Director Environment, Regeneration & Resources</p> | <p>p</p> |
| <p>7. Representatives on Outside Bodies: Scottish Local Government Forum Against Poverty - Remit from Policy & Resources Committee Report by Head of Legal & Property Services</p> | <p>p</p> |
| <p>TRUST BUSINESS</p> | |
| <p>8. Accounts of Charitable Trust Report by Honorary Treasurer</p> | <p>p</p> |
| <p>The documentation relative to the following item has been treated as exempt information in terms of the Local Government (Scotland) Act 1973 as amended, the nature of the exempt information being that set out in the paragraphs of Part I of Schedule 7(A) of the Act as detailed in the minute of the relevant Committee, Sub-Committee or Board.</p> | |
| <p>NEW BUSINESS</p> | |
| <p>9. Business in the Appendix</p> | |

Enquiries to – **Rona McGhee** - Tel 01475 712112

| | | | |
|-------------------------|--|--------------------|---------------------------------|
| Report To: | Inverclyde Council | Date: | 2nd June 2016 |
| Report By: | Chief Financial Officer | Report No: | FIN/63/16/AP/CM |
| Contact Officer: | Alan Puckrin | Contact No: | 01475 712223 |
| Subject: | Financial Strategy 2016/2024 - Update | | |

1.0 PURPOSE

- 1.1 The purpose of this report is to present the updated Financial Strategy to the Council for review and approval.

2.0 SUMMARY

- 2.1 The six month review of the Financial Strategy has been undertaken and takes into account the approved 2016/18 Budget, a review of all funding models included in the Appendix and the latest information from UK and Scottish Government including matters included in the new Scottish Government's manifesto.
- 2.2 It can be seen from table 3 in paragraph 7.8 that the Council has a revenue funding gap over 2016/18 of £2.805 million. It has been provisionally agreed to close this gap by a combination of a Council Tax increase and reserves.
- 2.3 In line with Audit recommendations, section 7 also includes 3 different scenarios for the 2017/20 Revenue funding gap based on different assumptions around Government Grant, income, inflation and budget pressures. This gives a range in funding shortfalls of between £13.1 million to £37.4 million.
- 2.4 Table 5 in paragraph 7.13 shows that overall the Council has a £0.84 million deficit on the 2015/18 Capital Programme. This reflects decisions taken at the March 2016 Council meeting.
- 2.5 All the other appendices and tables have been updated as follows:

Appendix 4 – Riverside Inverclyde – this reflects the Single Operating Plan.

Appendix 5 – School Estate Management Plan – this reflects the latest phasings and decisions taken as part of the budget. It remains affordable based on the assumptions made.

Appendix 6 – General Fund Reserves – this reflects the decisions taken as part of the 2016/18 budget and the latest Policy & Resources information.

Appendix 7 – Capital Fund – this reflects the latest review of receipts and £3.0 million allocated for Loans Charges.

Appendix 8 – Repairs and Renewals Fund – this reflects the position including the latest projections.

Appendix 9 – AMP – this reflects the latest projected figures taking into account latest information and decisions including a review of the timing of loan charges and the application of savings agreed by the Council.

Appendix 10 – Vehicle Replacement Programme – reflects latest information and budget savings including savings from Vehicle Tracking.

Appendix 11 – RAMP – shows the five year planned investment of £29 million ending in 2017/18.

Appendix 12 – This Appendix illustrates how the Council intends to address a significant loans charges funding pressure between 2016/17 and 2021/22. In addition the figures reflect the £2.0 million saving in Loans Charges agreed by the Policy & Resources Committee as part of the 2016/18 budget and a further £650,000 allocated for the SEMP acceleration.

Appendix 13 – This Appendix provides a medium/longer term initial projection of the recently approved City Deal programme from both a revenue and capital perspective.

- 2.6 Section 11 reflects the identified risks to the Financial Strategy and mitigating actions whilst Appendices 1 to 3 highlights the major short / medium / long term issues the Council needs to be aware of which could materially impact on the figures presented.
- 2.7 Overall the Financial Strategy confirms the significant challenges facing the Council in coming years but that all models remain affordable, based on the latest information.
- 2.8 The Corporate Management Team have contributed to and approved the content of the revised Financial Strategy.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Council approve the latest revision of the Financial Strategy.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Financial Strategy requires to be reviewed twice per year and reported to the Full Council. This is done in June and December each year.

5.0 CURRENT POSITION

- 5.1 The Strategy has been updated to reflect latest information as detailed in Section 2 of this report and confirms that the Council has a current recurring funding gap of £2.8 million by 31st March 2018 but took decisions in March 2016 to manage this for 2017/18.
- 5.2 All models in the Appendices have been reviewed and all remain affordable.
- 5.3 Appendices 1-3 outline the short, medium and long term challenges which the Council requires to consider when agreeing future budgets.
- 5.4 The Strategy has taken account of the latest information from the new Scottish Government with a key announcement being the expected 2017/20 Spending Review later on 2016.

6.0 IMPLICATIONS

Finance

- 6.1 The Financial Strategy is the key document for the Council's financial planning and links into other strategic strategies and plans. Given the financial challenges which lie ahead then the importance of regular reviews of the document increases.

Financial Implications:

One off Costs

| Cost Centre | Budget Heading | Budget Years | Proposed Spend this Report £000 | Virement From | Other Comments |
|-------------|----------------|--------------|---------------------------------|---------------|----------------|
| N/A | | | | | |

Annually Recurring Costs/ (Savings)

| Cost Centre | Budget Heading | With Effect from | Annual Net Impact £000 | Virement From (If Applicable) | Other Comments |
|-------------|----------------|------------------|------------------------|-------------------------------|----------------|
| N/A | | | | | |

Legal

- 6.2 There are no specific Legal issues arising from the report.

Human Resources

- 6.3 There are no specific Human Resources issues arising from the report

Equalities

- 6.4 There are no specific equalities issues arising from the report

Repopulation

- 6.5 Having medium term financial plans which realistically reflect the pressures and opportunities faced by the Council and the communities it serves will help build confidence in the area and contribute to the Repopulation agenda.

7.0 CONSULTATIONS

- 7.1 The Financial Strategy has been produced after consultation with and input from the CMT and other relevant Officers.

8.0 LIST OF BACKGROUND PAPERS

- 8.1 None.



Financial Strategy

2016/17– 2023/24

June 2016

Contents

1. Foreword
2. Why have a Financial Strategy?
3. Financial Summary
4. Overall Economic Position
5. Local Context
6. Financial Management
7. Financial Outlook
 - Short to Medium Term - Revenue
 - Other Short to Medium Term Revenue Issues
 - Long-Term Revenue Issues
 - Short to Medium Term Capital Projections
 - Long-Term - Capital Projections
8. Treasury Management
9. Reserves
10. Monitoring and Reporting Arrangements
11. Risk Management

Appendices

Appendix 1 - Short-Term Issues

Appendix 2 - Medium-Term Issues

Appendix 3 - Long-Term Issues

Appendix 4 - Riverside Inverclyde Funding Details

Appendix 5 – School Estate Management Plan Funding Details

Appendix 6 – General Fund Reserves

Appendix 7 – Capital Fund

Appendix 8 – Repairs & Renewals Fund

Appendix 9 – Office & Depot AMP Funding Details

Appendix 10 – Vehicle Replacement Programme

Appendix 11 – Roads AMP

Appendix 12 – Loan Charges

Appendix 13 – City Deal

1.0 Foreword

This latest revision of the Council's Financial Strategy has been undertaken at a time of continued financial austerity and constitutional change.

Given the challenging economic situation, and the significant financial issues we will face over future years, it is essential that the Council updates its Financial Strategy regularly to ensure it provides a practical framework within which policy choices can be identified, debated and approved.

The approval of this revised Financial Strategy demonstrates that we are clear both about the outcomes we want to achieve for our communities and the financial challenges that need to be addressed if we are to successfully deliver on these outcomes.

To provide a clear, consistent strategic direction for the Council the following outcomes were agreed for the Financial Strategy – it will ensure that:

- **the Council has a comprehensive, coherent, balanced budget;**
- **the Council reviews the level of Council Tax annually in the context of the Financial Strategy, to determine an appropriate level in the best interests of the people of Inverclyde;**
- **resources are allocated and deployed to facilitate delivery of the outcomes in the Corporate Statement and Single Outcome Agreement and Corporate Directorate Improvement Plans;**
- **all key strategic decisions on the allocation and deployment of resources are made within the appropriate financial context;**
- **Members can take full account of the impact of decisions on the overall financial resources of the Council in the short, medium and long term;**
- **there is a high level of confidence in the financial management of the Council;**
- **the Council has flexibility to address new policy requirements, or significant changes to existing policies, within overall available financial resources;**
- **resources are invested effectively, efficiently and on a sustainable basis;**
- **there is continued improvement in the delivery of major projects;**
- **there remains a focus on securing efficiencies across the organisation;**
- **a significant proportion of efficiencies secured are invested in improving service quality, delivering new infrastructure, enhancing service levels and upgrading existing assets;**
- **there is an increased level of understanding on behalf of the wider community with regard to the finances of the Council.**

The primary financial challenge facing the Council over the 2016/18 period, given the impact of the economic downturn on public sector expenditure, will be to stay within the approved revenue budget and deliver a capital programme that continues to maintain a high level of investment in key infrastructure.

There is no doubt that setting the 2016/18 budget generated options that required difficult decisions. One of the main challenges faced by the Council was therefore forward planning, preparatory investment and a sufficient lead in period prior to implementation of both savings and investment for the period beyond the current budget.

Given the difficult position the Council faces on capital expenditure, it is essential that future capital expenditure proposals are largely self-financing through the release of other capital assets, as well as delivering efficiencies which will secure ongoing revenue savings.

The Council has also approved corporate policies to charging and income generation – including maximising external funding from sources such as the various Lottery Funds to supplement existing resources and support service delivery.

The Financial Strategy also ensures that strategic initiatives which require long term revenue and capital commitments such as The City Deal, Asset Management Strategy and the School Estates Management Plan are locked down.

We also need to ensure that the Financial Strategy continues to support the Corporate Statement directly, the Single Outcome Agreement for Inverclyde, and effectively link this Strategy to our Corporate Directorate Improvement Plans.

The Financial Strategy is a dynamic document and will be monitored on an ongoing basis by the Corporate Management Team and the Policy & Resources Committee. It will continue to be formally reviewed by the Council twice yearly, in June and in December.

This Financial Strategy is key to the future success of the Council – it is about making sure we have sufficient resources in place when required to deliver the outcomes we realistically can achieve for the communities of Inverclyde.

Councillor Stephen McCabe
Leader of the Council

John W Mundell
Chief Executive

2.0 Why have a Financial Strategy?

- 2.1 The purpose of our Financial Strategy is to provide clear direction, supported by a practical framework and explicitly defined parameters, on how the Council will structure and manage financial resources in the medium to long term to ensure they are deployed effectively to achieve corporate objectives.
- 2.2 This is not just another financial process – the Financial Strategy is integral to our Strategic Planning and Performance Management Framework which underpins the achievement of the outcomes identified in the Single Outcome Agreement, Corporate Statement, and is an integral part of the Corporate Directorate Improvement Plans.
- 2.3 The requirement to develop a medium to long term financial strategy covering the next five to ten years (and in some areas longer) is a vital component of decision making.
- 2.4 The Council has taken into account guidance from CIPFA when developing the Financial Strategy as well as best practice from other local authorities.
- 2.5 Our ambition is to maintain a single, coherent Financial Strategy that brings together the corporate objectives of the Council along with all the relevant financial information in a clear, accessible document covering a five to ten year period (and beyond where appropriate).
- 2.6 The value of such a Strategy is that it enables the Council to develop a better understanding of the wider policy and financial environment within which it operates, identify and respond flexibly to opportunities and threats, manage and mitigate risks and ensure that financial resources are contributing to achieving corporate objectives.
- 2.7 The Strategy will also provide information to a range of stakeholders:

Table 1 – Stakeholder Information

| | |
|--|--|
| For the Council and Elected Members | to decide how available financial resources will be used |
| For Chief Officers, managers and employees | To help optimise the available resources and reinforce their roles in financial management arrangements |
| For residents | to show how the Council's Financial Strategy impacts upon service provision |
| For Council Tax payers | to demonstrate how the Council looks after public resources |
| For partners | to share the Council's vision and help identify opportunities for joint working and resource deployment. |

- 2.8 The Strategy covers the period 2016/18 in detail and also identifies issues that will impact in the longer term, so that the Council can plan ahead. It includes expenditure forecasts and projected funding, where known for key priorities.
- 2.9 Inevitably some of the information of the Financial Strategy will be based on forecasts and these will change over time - the Strategy is reviewed regularly so that the Council can respond proactively to any such changes.
- 2.10 The inclusion of information in the Financial Strategy does not infer approval and all financial projections and issues will have to be subject to approval through the budget process.
- 2.11 The Strategic Planning and Performance Management Framework continues to develop links between the strategic planning and budgeting processes. This allows services to plan ahead, taking into account the resources available and proactively identify opportunities to achieve efficiencies or secure alternative funding sources. This process also encourages the development of joint resourcing opportunities within the Inverclyde Alliance.

3.0 Financial Summary

- 3.1 On 10 March 2016 the Council agreed the 2016/18 Revenue Budget which included the temporary use of up to £2.81 million from Reserves to balance the 2017/18 Budget. The requirement to use this level of reserves in 2017/18 will be reviewed once details of the 2017/18 Settlement are known.
- 3.2 The same meeting also reaffirmed the 2015/18 Capital Programme which took into account the latest Government Grant settlement information.

Table 2 – Short Term Summary – Approved Revenue and Capital Budgets (March 2016)

| | 2016/17 £million |
|---|---------------------|
| <u>General Fund Revenue Budget</u> | 190.348 |
| <u>Financed by</u> | |
| Government Grant (Including NDR) | (163.552) |
| Council Tax | (26.796) |
| Approved Contribution to General Reserve | - |
| <u>Capital Programme (2016/17)</u> | |
| Approved Spend | 29.71 |
| <u>Financed by</u> | |
| Government Grants | 8.92 |
| Capital Receipts | 0.20 |
| Other Grants/CFCR etc | 1.53 |
| Prudential Borrowing | 23.90 |
| Resources Carried Forward from prior year | 2.40 |
| Surplus in Resources in 2016/17 | 7.24 |

4.0 Overall Economic Position

UK Context

- 4.1 The UK Government Spending Review (SR) was announced in November 2015 and covered the period to 2020/21.
- 4.2 The SR estimated real GDP growth of between 2.3% and 2.5% over each of the next 5 years. In addition it reflected a gradual increase in CPI and Interest Rates to 2% by 2020/21.
- 4.3 £37 billion consolidation (savings) were announced in July 2015 and were detailed as being achieved as follows:

| | £billion 16/17 | £billion 17/18 | £billion 18/19 | £billion 19/20 |
|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Welfare Reform | 5 | 7 | 9 | 12 |
| Anti-Tax Avoidance | 1 | 2 | 4 | 5 |
| Remaining to be detailed | 3 | 11 | 18 | 20 |
| Total | 9 | 20 | 31 | 37 |

The July announcement represented a slow down in the rate of cuts but as can be seen, a significant amount of cuts remains to be identified. Finally it should be noted that these reductions are before any growth in Protected Budgets.

The Scottish Context

- 4.4 In December 2015 the Scottish Government announced a one year Budget covering 2016/17 with the expectation that the new Scottish Government will announce a 3 year (2017/20) Budget later in 2016.
- 4.5 The SNP manifesto contained a number of commitments which are expected to impact on Local Government finances in the next few years. The main areas are as follows:
- NHS Budget to increase by £500m more than inflation by the end of the Parliament
 - Additional £1.3 billion in Health & Social Care Partnerships
 - To almost double the free early years provision by 2021
 - Increase Scottish Attainment Fund by £750 million with more allocated to Head Teachers
 - Extend payment of the Living Wage to all Social Care Workers by October 2016
 - Abolish the “Bedroom Tax”
 - Council Tax increases to be capped at +3%
 - Assigination of some income tax to Councils
- 4.6 In addition a number of other points which will impact on Local Government were included as follows:
- A review of the roles and responsibilities of local authorities and between local authorities and health boards
 - Introduction of a Bill that will decentralise local authority functions, budgets and democratic oversight to local communities
 - 1% of local authority budgets to be allocated to local communities under Community Choice arrangements
 - Consideration of a system of penalties for local authorities which have not settled equal pay claims

4.7 The following table shows the projected movement in the Scottish Budget over the period 2016/20 based on the latest information from John McLaren:

| | <u>2016/17</u> % | <u>2017/18</u> % | <u>2018/19</u> % | <u>2019/20</u> % | <u>Cumulative</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Scottish DEL - Cash | +0.7 | +1.0 | +0.7 | +1.0 | +3.4% |
| Scottish DEL - Real | -1.0 | -0.7 | -1.4 | -1.1 | -4.2% |

For Councils, based on no increase in Council Tax and NDR, the average annual cash terms reduction is nearer 1.6%.

4.8 In addition the Fiscal Framework Principles have been agreed between UK and Scottish Government. The main areas are as follows:

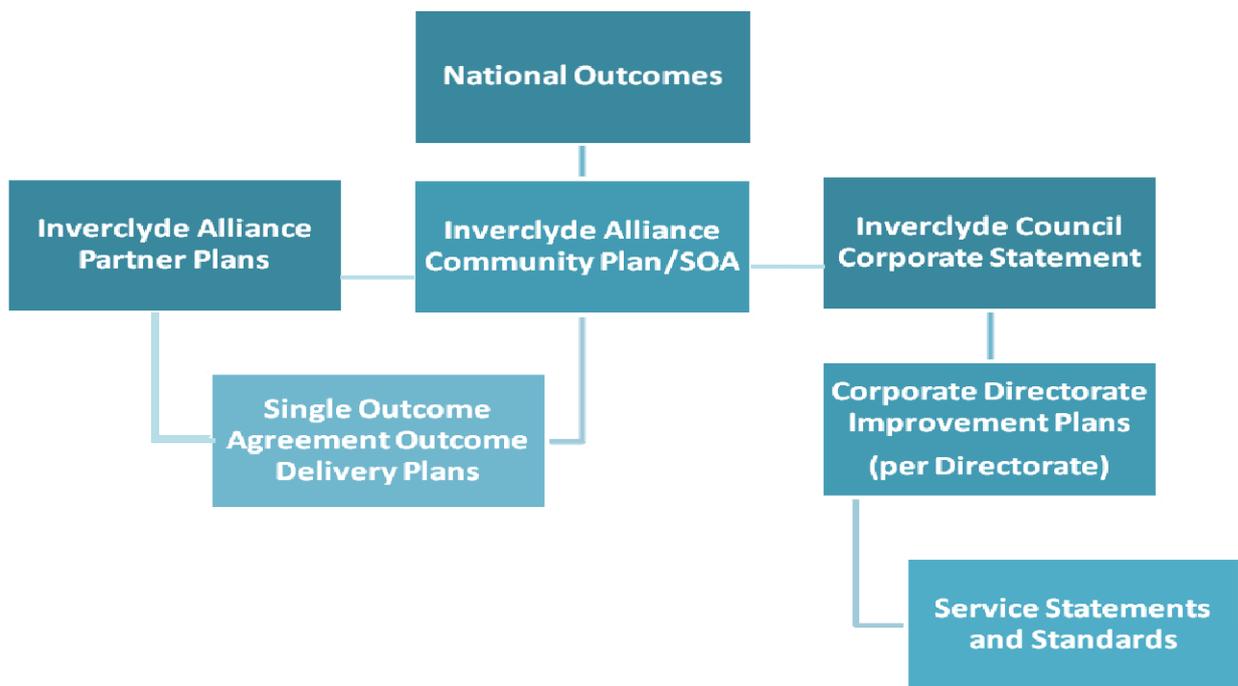
- Barnett Formula is retained
- Scottish Rate Income Tax (SRIT) implemented from April 2016
- Welfare changes commencement date to be agreed
- 10p of VAT receipts (standard) and 2.5p (reduced) to be assigned to the Scottish Government by 2019/20
- Borrowing –
 - Capital –
 - Up to £3bn cap over a 10 year period with a £450m annual cap.
 - Over and above capital block grant
 - Revenue –
 - Up to £600m/year but limit is £1.75bn
 - Reserves –
 - To manage spend and tax volatility with a £700m aggregate cap. Annual limit is £250m revenue, £100m capital

4.9 Based on the above it is clear that Local Government faces a continued squeeze on resources for the foreseeable future which will require clear prioritisation and inevitably a review of some of the universal service provision policies at both a national and local level.

4.10 The latest population projections produced by the National Registrar of Scotland continue to show Inverclyde as the fastest depopulating area in Scotland over the next 25 years. Whilst officers believe these projections to be unduly pessimistic, they do highlight the challenges faced by the area in the medium to long term.

5.0 Local Context

- 5.1 The local environment within which the Council operates has changed significantly in recent years and will alter further in future years due to the impact of national legislation and policy, further economic turbulence, societal changes and developing customer expectations.
- 5.2 The overall strategic framework within which the Council operates is outlined in the Strategic Planning and Performance Management Framework. The Framework includes the Single Outcome Agreement, the Corporate Statement, Corporate Directorate Improvement Plans and the Financial Strategy.
- 5.3 The Strategic Planning and Performance Management Framework is shown in the Diagram below.



- The **National Outcomes** are set by the Scottish Government and sit within a National Performance Framework. These outcomes are an overarching guide for the local community planning partnership document, the Single Outcome Agreement.

The Council has agreed that the [Single Outcome Agreement](#) will act as the **Community Plan** for the Inverclyde area. The current SOA will run from 2012 to 2017 and was subject to a minor review in 2013 to match guidance released by the Scottish Government, following the Review of Community Planning and SOAs. The SOA is the high level strategic partnership document setting out the vision and direction for the Inverclyde area, as agreed by all the Inverclyde Alliance partner organisations. The outcomes are based on evidence of the key issues and challenges for the Inverclyde area and through community engagement. They set out what we want to achieve for all the communities of Inverclyde.

- The **SOA Outcome Delivery Plans** set out the Partnership actions and projects which will contribute to the achievement of the SOA outcomes and are expressed through the wellbeing indicators (as set out in the SOA, see below in 5.5) to help better understand their impact on a crosscutting basis.
- The **Corporate Statement** is a public facing, focused statement setting out the Council's vision. The Corporate Statement also reflects the eight local outcomes and the wellbeing indicators from

the SOA and sets out, at a high level, what the Council will do to deliver on the eight local outcomes. It also sets out the high level budget by key services.

- **Corporate Directorate Improvement Plans** set out the vision for each Directorate. The Plan covers two broad areas, the first being corporate cross cutting improvement actions and the second Directorate Improvement actions. These improvement actions are based on robust self evaluation and referenced to community outcomes and wellbeing indicators.
- **Service Statement and Standards** set out what services do on a day to day basis and will not change significantly year on year, but will be refreshed to reflect any structural or legislative changes. It is a public facing document which also sets out a summary of the financial and employee resources allocated to run the service. Service standards are also reflected in the Service Statements, setting out what quality standards the service follows and what customers can expect.

Outcomes for Inverclyde

5.4 The focus of the Strategic Planning and Performance Management Framework is on addressing the main challenges facing the area, and the eight outcomes set out in the SOA are the agreed priority areas for all partners to work together on, covering the areas of:

- Repopulation
- Successful Communities
- Economic Regeneration and Employability
- Health Inequalities
- Alcohol Misuse
- Best Start in Life for children and young people
- Environment
- Continuously improving, best value services

5.5 There are also a series of **wellbeing outcomes**, which the Inverclyde Alliance, including the Council, has adopted, which have been adapted and expanded from 'Getting it Right for Every Child', to help us work towards 'Getting it Right for Every Child, Citizen and Community'. The wellbeing outcomes cover the core areas of Safe, Healthy, Achieving, Nurtured, Active, Respected, Responsible and Included.

5.6 A key challenge for the Inverclyde Alliance, and the public agencies, operating in Inverclyde, over the next five years will be to ensure better alignment between available resources, across all agencies, and the outcomes identified in the SOA.

5.7 There are a number of improvement actions which have been developed from the Quality Assurance of the SOA including the need to develop a process to identify how partners are shifting planning and resources to early intervention and measuring success on reducing demand, costs and releasing savings. The Council is working to establish a picture of resource deployment in the context of the SOA and will work with partners to try to capture the picture across all involved agencies.

Demographics and Population

5.8 The most significant challenge facing Inverclyde is depopulation and associated demographic change – this has been recognised by the Council and our Partners as a priority and is reflected in the Corporate Statement and Single Outcome Agreement.

5.9 The fundamental issue for the Council is that at some point if the decline in population continues at the current pace then the area could become no longer sustainable as a unit of administration which would have an associated impact on other services such as health, police and fire.

- 5.10 In 2011 Census the population for Inverclyde was 81,485, a decrease of 3.2% from 84,200 in the 2001 census. The most recent population estimates set out Inverclyde's population for 2015 at 79,500, a decrease of 1.0% from 80,310 in 2013. The population of Inverclyde accounts for 1.5% of the total population of Scotland.
- 5.11 In Inverclyde 13,301 (16.7%) of the population are aged 16 to 29 years. This is smaller than Scotland where 18.3% are aged 16 to 29 years. Persons aged 60 and over make up 25.9% of Inverclyde. This is larger than Scotland where 24% are aged 60 and over.
- 5.12 Since 1985, Inverclyde's total population has fallen overall, Scotland's population has risen over this period.
- 5.13 By 2037 the population of Inverclyde is projected to be 65,014, a decrease of 19.4 per cent compared to the population in 2012. The population of Scotland is projected to increase by 8.8 per cent between 2012 and 2037.
- 5.14 Over the 25 year period the age group that is projected to increase the most in size in Inverclyde is the 75+ age group. This is the same for Scotland as a whole.
- 5.15 The population aged under 16 in Inverclyde is projected to decline by 31.6 per cent over the 25 year period.
- 5.16 In the [SIMD](#) 2004, Inverclyde, locally, had 32.7% of data zones in the most deprived 15% of all data zones, however by 2006, this had increased to 38.2%. In 2009, the percentage of datazones in the most deprived 15% remained static at 38.2%, but increased in the 2012 SIMD release to 40.0%. Inverclyde's national share of the 5% most deprived data zones has increased from 1.8% in 2004 to 5.2% in 2009, but reduced to 4.3% in 2012. Locally, Inverclyde has the second highest concentration of employment deprivation and health deprivation in Scotland and the third highest income deprivation.
- 5.17 Demographic change will have significant impact on services as funding allocated from the Scottish Government is partly based on the population of an area. Even with additional allocations to take account of deprivation the budget is will reduce in real terms over the next five years.
- 5.18 In terms of indicators of deprivation the profile for Inverclyde differs significantly from the national picture, these include:
- Of the 10,200 working age key benefit claimants in Inverclyde 5,870 (11.5% of the working age population) are claiming Employment Support Allowance and Incapacity Benefits. This is higher than the Scottish figure of 7.9%.
 - 2.9% (1,490) of working age benefit claimants are claiming Job Seekers Allowance. Of this, a higher proportion of 18 – 24 year olds (4.4%) are claiming than 25 – 49 year olds (3.1 %) or 50 – 64 year olds (2.2%).
 - 20% of the population of Inverclyde are working age (16-64yrs) out-of-work benefit claimants, compared to 13.9% of the Scottish population as a whole.
 - Approximately 13.4% of working age adults in Inverclyde have no formal qualifications. 9% of the Scottish population have no formal qualifications (2014 figures).
 - Median earnings for full time workers (Gross Weekly Pay) in 2015 in Inverclyde were £518.9 which has increased from the 2007 rate of £383 per week. This is approximately 1.53% lower than those for Scotland as a whole (£527), with the gap decreasing from 13%.
 - Working age people account for 63.8% of all people in Inverclyde. This is 1% lower than for Scotland as a whole.
- 5.19 The projected population changes will have an impact on all service areas, particularly Education and Social Care, where there will be a need to actively manage the transition from current service delivery arrangements to new models that are built around the needs of the future population.

- 5.20 The deprivation profile will have major implications for services as research indicates that those most vulnerable to poverty are more likely to require greater interventions and a targeted focus to move out of poverty and this will come at a significant cost to public agencies.
- 5.21 The predicted demographic changes also have other implications. A decline in younger economically active people and a growth in the older, more vulnerable age group can mean there will be fewer informal carers which could result in a higher dependency on the services provided by the Health & Social Care Partnership.

The changing public sector landscape in Inverclyde

- 5.22 The public sector landscape has changed significantly over the last decade in Inverclyde with the creation of Riverside Inverclyde, River Clyde Homes most recently and the Health & Social Care Care Partnership – these organisations join Inverclyde Leisure and the wider voluntary sector as part of a mixed economy of public service provision.
- 5.23 The development of this mixed economy of public service provision presents new challenges for the Council as it seeks to ensure that outcomes are achieved and that resources are being deployed effectively and efficiently. This is particularly relevant in the context of the SOA where there will need to be a robust appraisal of whether existing service delivery arrangements across all partner agencies can effectively deliver on the agreed outcomes.
- 5.24 The Christie commission report set out the future of public service reform, with a major emphasis on preventative spend and early intervention. Whilst the Council has to tackle the problems associated with poverty and deprivation now, it also has to look to the future, and ensure that effective intervention is put into place now, to prevent further problems from developing, which will ultimately require expensive interventions. Investment in the lives of our children and young people early on in their lives will result in a better outcomes and quality of life for them as they grow up in the Inverclyde area.
- 5.25 The Community Empowerment (Scotland) Bill was passed on 17 June 2015 and received royal assent on 24 July 2015. The Act places new duties on the Council and its partners to provide new rights for community bodies. The Scottish Government advises that the Act will come into effect by July 2016 and different parts of the Act are likely to have different start times from then. Statutory guidance is currently being prepared to support the implementation of the Act. This Act will potentially have a significant impact on the way the Council interacts with the Community.

5.26 *Riverside Inverclyde*

Riverside Inverclyde is a joint initiative between the Council and Scottish Enterprise to regenerate 330 acres of the Clyde Waterfront scheduled to run from 2006/7 until 2017/18.

The Council's contribution towards Riverside Inverclyde is £24 million over the ten year period. In addition the Council has made contributions in kind by transferring specific assets to the Urban Regeneration Company which will count towards the £24 million contribution and a further £5.7 million financial support to specific major Regeneration projects led by Riverside Inverclyde.

Following the mid-term review an interim Chief Executive was appointed in October 2013 and in consultation with partners, employees and members has produced a new Single Operating Plan covering the period 2014/17. The Single Operating Plan reviewed objectives, outcomes and financing. The Corporate Director Environment, Regeneration and Resources will remain the interim Chief Executive following a review of options for the future delivery of Regeneration Services.

5.27 *River Clyde Homes*

River Clyde Homes is a not-for-profit housing organisation, which is run by a Board of Tenants, Council nominees and community members. It is regulated by the Government to ensure that it manages housing in the best interests of the tenants of Inverclyde, and the community as a whole.

The transfer to River Clyde Homes of all the Council housing stock was based on significantly more money being available to invest in homes and neighbourhoods and give tenants a real say in the decisions that are made about their housing, with tenants on the Board influencing policies and investment decisions.

River Clyde Homes prepared a Business Plan which gives tenants a clear understanding of what they can expect from the new organisation on key issues like improvements, repairs and rent levels. Progress against the Business Plan is reported to the Council annually in addition to which six monthly briefings are given to Members.

Government cuts have impacted on progress against the original Business Plan.

5.28 *Inverclyde Leisure*

Inverclyde Leisure is a 'company limited by guarantee', not having share capital and recognised by HMRC and OSCR as having charitable status. In October 2001, the Trust was asked to take responsibility for the management and delivery of Inverclyde Council's sport and recreational services.

The Leisure Trust works in close partnership with Inverclyde Council and other internal and external agencies in order to develop the optimum service for residents and visitors to Inverclyde and so to ensure the Trust's Mission Statement is implemented.

The Council's Community Facilities transferred to Inverclyde Leisure in April 2010 and the transfer of the management of Outdoor Leisure Facilities to Inverclyde Leisure took place in April 2015. Inverclyde Leisure has revised its Business Planning process and a new Business Plan was presented to the Council in March 2014.

The Council's percentage contribution to the Leisure Trust has reduced considerably and is currently under 30% of the Leisure Trust turnover.

5.29 *Inverclyde Health and Social Care Partnership (HSCP)*

The Council and Greater Glasgow and Clyde Health Board established an integrated Community Health and Care Partnership in October 2010. This has resulted in greater partnership working and efficiencies in line with the Government's stated objective of integrating aspects of Health & Social Care.

The Public Bodies (Joint Working) Act 2014 resulted in the creation of a HSCP Integrated Joint Board (IJB) during 2015/16 and required a revised Governance and Financial framework. The IJB is a separate legal entity and will receive resources from and delegate resources to the Council and Health Board. The Council is well placed to meet this challenge given the 4 successful years of CHCP operation.

The financial integration became live in April 2016. The Council expects increased pressure on Council Budgets as the impact of pressures in the Acute side of Health work their way through the IJB Finances.

6.0 Financial Management

Corporate Governance

- 6.1 The Council positively promotes the principles of sound corporate governance within all aspects of its activities.
- 6.2 Corporate governance is about the structures and processes for decision-making, accountability, controls and behaviour throughout the Council. It is based around key principles of openness, equality, integrity and accountability.
- 6.3 The fundamental principles of corporate governance should be reflected in the various dimensions of Council business, including;
- Ensuring a community focus underpins the Council's vision and priorities;
 - Ensuring the effective delivery of local services on a sustainable basis;
 - Establishing effective management structures and processes which include clearly defined roles and responsibilities for officers;
 - Developing and maintaining effective risk management systems that form part of the Council's strategic decision making process;
 - Ensuring high standards of propriety and probity in the stewardship of the Council's funds and the management of the Council's affairs;
 - A commitment to openness in the Council's affairs and the provision of full, accurate and clear information to all stakeholders.
- 6.4 The Chief Financial Officer has been designated as "the proper officer" and is responsible for advising the Council on all financial matters.
- 6.5 The Financial Regulations approved in September 2012 are an essential component of the corporate governance of the Council. These are due to be refreshed in 2016.
- 6.6 The Financial Regulations are designed to facilitate the smooth running of the Council, protect its interests and the interests of members and officers, and ensure the proper administration of all the Council's financial affairs, including, Partnerships, The Common Good and Sundry Accounts.
- 6.7 Head Teachers must also comply with the Financial Regulations, with the exception of virement which is defined in the Devolved Management of Resources Scheme.

Roles and Responsibilities

- 6.8 It is important to set out clearly the roles and responsibilities of the key parties involved in the Financial Strategy and the management of overall financial resources of the Council.

Elected Members

- 6.9 Elected Members, through Full Council and Committees are responsible for considering and approving budgets and the Financial Strategy for the Council. Approved budgets must be financially balanced and demonstrate value for money and sustainability.

- 6.10 Throughout the year Committees receive reports which allow progress against approved budgets to be scrutinised. All members should receive appropriate training in the areas of Financial Strategy, Local Government Finance and key specialist areas such as Treasury and Risk Management.

Corporate Management Team

- 6.11 The Chief Executive and Corporate Directors form the CMT, chaired by the Chief Executive, who are responsible, individually and collectively, for ensuring effective financial management across the organisation.
- 6.12 As Budget Holders the CMT are responsible for the budgets delegated to deliver the services within their Directorate in line with the priorities of the Council. Whilst they may delegate this responsibility within their Directorate they remain accountable in exercising overall financial control.
- 6.13 The CMT have a specific meeting each reporting cycle to consider corporate financial matters including employee costs, key budget lines, earmarked reserves and savings delivery progress.

Chief Financial Officer

- 6.14 The Chief Financial Officer has a statutory role to ensure appropriate arrangements are in place for the proper administration of the financial affairs of the Council. He has the authority to comment and advise CMT, Chief Executive and Elected Members on all financial matters.

Heads of Service

- 6.15 Heads of Service are individually responsible for ensuring that the services within their remit are delivered in line with the agreed policy, and support the strategic direction of the Council. As Budget Holders they are responsible for the budgets delegated to them to deliver their service in a manner which demonstrates value for money in line with the priorities in the Corporate Directorate Improvement Plans.

Budget Managers

- 6.16 Responsibility for budgetary control lies with the Corporate Directors and as delegated budget holders, their Heads of Service and Service Managers. In recognition of the need to ensure budget holders are appropriately supported and trained, Finance Services delivers training to all Heads of Service and Managers on Financial Governance and budgetary control issues.

Financial Support to Services

- 6.17 The Council agreed in November 2009 to a fundamental change in the way financial support and advice is delivered to Directorates. The approved "Hub and Spoke" model means each Directorate has a dedicated Finance Manager and Principal Accountant who to prepare and monitor the Directorate budget as well as providing a full range of financial advice to the Directorate.

Internal Audit

- 6.18 Internal Audit provide assurance to Elected Members, the Chief Executive and management that the internal processes of the Council are being managed appropriately in line with the overarching policies and outcomes are being delivered in an efficient and effective manner.

External Audit

- 6.19 The role of External Audit is to provide assurance to the Auditor General and the Accounts Commission that the Council has spent public money properly to deliver outcomes in an efficient and effective manner. They also provide assurance to the Elected Members, the CMT and general public that the Council's performance is reported in accordance with the financial standards and presents a fair account of the Council's activities.

Managing the Budget

- 6.20 Committees receive five budget monitoring reports throughout the year. These are jointly prepared by the Chief Financial Officer and the relevant Corporate Director.
- 6.21 The Corporate Management Team receive and discuss a budget overview every budget monitoring cycle covering key budget lines, employee costs, earmarked reserves, progress on the approved savings and key projects with financial implications.
- 6.22 All Services receive detailed budget information five times per year and in addition are sent FMS budget reports in intervening months plus having access to real time information held on the Council's Finance Management System.
- 6.23 The Council operates a risk based approach to budget monitoring ensuring that focus is given to larger and more volatile budgets. The identification of key budgets is agreed annually between Budget Holders and Finance.

7.0 Financial Outlook

- 7.1 Key financial issues are known or anticipated events and activities that have to be addressed within overall financial resources in the short-term (within 3 years), medium-term (within 5 years) or long-term (over 5 years).
- 7.2 Events and activities include efficiencies, planned savings, changes to service priorities and delivery, and known potential pressures. The financial impact of an event or activity may be one-off, recurring or time-limited.
- 7.3 The Council is due to receive Revenue Grant/Non-Domestic Rates Income of £163.552m in 2016/17.
- 7.4 When the Council's own projection of Council Tax Income based on 96.8% collection rate is added (£26.796m) then the income for the Council in 2016/17 is projected to be £190.348.
- 7.5 The Financial Strategy runs up to 2023/24 and beyond in terms of identifying potential issues, but the revenue forecasts are limited to the period which can be reasonably forecast.
- 7.6 The level of resources available to the authority to fund its revenue expenditure is also dependent on Council Tax and the approved budget shows no increase over 2016/17 although the Council has the option to increase Council Tax by up to 3.0% in 2017/18.
- 7.7 The Council has agreed a Reserve Strategy which requires a minimum unallocated General Fund Reserve of 2% of turnover. Based on the 2016/17 Budget this now equates to £3.8 million. The overall position of the Reserves shown in Appendix 6 and has been updated to reflect the latest projections. The Reserve Strategy was reviewed and approved by the Policy & Resources Committee in August 2013 and is being reviewed in September 2016.
- 7.8 The projected budget position in the short to medium term, is set out in the following tables and notes for both revenue and capital. Details of the short, medium and long-term issues identified in consultation with Services are contained at Appendices 1, 2 and 3.

Table 3

Finance Strategy - June 2016

| | <u>2016/17</u> | <u>2017/18</u> |
|--|----------------|----------------|
| | <u>£m</u> | <u>£m</u> |
| Base Budget for Prior Year | 195.855 | 190.348 |
| <u>UPLIFTS FROM PRIOR YEAR</u> | | |
| <u>Inflation (Note1)</u> | | |
| Pay Inflation | 2.110 | 1.745 |
| Other Inflation | 0.500 | 1.000 |
| Income | -0.110 | -0.110 |
| | <u>2.500</u> | <u>2.635</u> |
| <u>Budget Increases (Note 2)</u> | | |
| Unavoidable Pressures | 2.090 | 0.400 |
| Loan Charges | 0.400 | 0.400 |
| New Pressures - P&R November 2014 | 0.471 | - |
| New Pressures - Inverclyde Council March 2016 | 1.390 | - |
| | <u>4.351</u> | <u>0.800</u> |
| <u>Adjustments (Note 3)</u> | | |
| Reduce Inflation Allowance | -2.900 | - |
| 2015/16 Budgeted Surplus | -2.587 | - |
| Other Adjustments Applied | 0.301 | 0.020 |
| Funding from IJB (£250 million Share) | -1.269 | - |
| Net Revenue Budget Before Savings | <u>196.251</u> | <u>193.803</u> |
| <u>Funded by: (Note 4)</u> | | |
| Revenue Grant/NDR Income | 163.552 | 160.525 |
| Council Tax Income (Net of CTR) | 26.796 | 26.796 |
| | <u>190.348</u> | <u>187.321</u> |
| Annual Budget Before Savings (Surplus)/Deficit | <u>5.903</u> | <u>6.482</u> |
| Cumulative Budget Gap before Savings | <u>5.903</u> | <u>12.385</u> |
| <u>Savings Applied (Cumulative)</u> | | |
| Savings Applied February 2015 | -3.277 | -3.277 |
| Budget Topslice 2016/17 | -0.820 | -0.820 |
| Efficiencies & Adjustments Nov 2015 / Feb 2016 | -1.322 | -1.687 |
| Loans Charges Savings - September 2015 | - | -2.220 |
| Use of Reserves 2017/18 | - | - |
| Savings Agreed February 2016 | -0.484 | -0.976 |
| Savings Target Approved March 2016 | - | -0.600 |
| Approved Budget (Surplus)/Deficit | <u>0.000</u> | <u>2.805</u> |

Finance Strategy Notes – June 2016

Note 1 Inflation

- a) Pay – The allowance for pay inflation is an allowance available over the 2 year period to fund all pay related pressures including the annual pay award, impacts of living wage, equal pay etc, increases in employers national insurance/pension costs and movement in service bottom up employee budgets.

A two year pay award was agreed for 2015/16 and 2016/17. The approved 1% increase for 2016/17 cost approximately £350,000 for teachers and £700,000 for non-teachers.

- b) Other Inflation – Inflation has been at an unprecedented low rate in recent times and as such the allowances have been greatly reduced. Indications are that pressures are building on both construction and workforce related costs and as such the allowance has been increased to £1 million from 2017/18.
- c) Income – A review of the income lines for 2016/18 has resulted in anticipated income inflation of £110k for both years (2%).

Note 2 Budget Increases

- a) Unavoidable Pressures – Reflects approvals for Auto Enrolment, Teachers pension increase from August 2015 and abolition of National Insurance contracting out rebates from 2016/17.
- b) Loan Charges Movement – Figures reflect anticipated increase due to capital investment and further investment for RAMP/AMP in 2017/18
- c) New Pressures – P&R November 2014 – Reflects pressures approved during Budget setting February 2015.
- d) New Pressures – Inverclyde Council March 2016 – Reflects pressure approved during Budget setting March 2016.

Note 3 Adjustments

- a) Reduce Inflation Allowance – Reflects decisions taken during Budget setting February 2016.
- b) Funding from IJB Share £250 million – Reflects Councils share of £4.45 million allocated to Integrated Joint Boards used to alleviated pressures within Council Social Care Budget.
- c) Other Adjustments – Figure reflects decisions taken at September 2015 Policy and Resources Committee and Budget setting March 2016. The main adjustments relate to realigning School transport, increasing turnover target to 15% and increasing Internal Resources Income budget.

Note 4 Funded By

- a) Reflects 2016/17 Finance Settlement included in Scottish Government Circular 1/2016. The 2017/18 figures are estimated based on continuing grant loss due to Depopulation and estimated cash reductions per 2016 Autumn Statement.
- b) Council Tax Income is shown net of Council Tax Reduction (CTR) Scheme. Grant is included within Council General Revenue Grant for CTR.

7.9 *Other Short Term Revenue Issues*

The main remaining risks associated with the 2016/18 budget position will be around Pay Awards, non-pay inflation allowances and the 2017/18 Grant settlement. Regular reporting to Committee will ensure officers report any significant variances at the earliest opportunity.

7.10 *Medium to Long Term Revenue Issues*

Looking beyond 2017/18 becomes increasingly difficult with uncertainty around the level of funding likely to be available, the impact of the Scotland Act and the recent Scottish Parliamentary elections.

The incremental impact of current major initiatives including Riverside Inverclyde, Schools Estate Strategy, and Asset Management Plans will have been fully incorporated the overall Budget.

Post 2017/18 the main issues impacting on the revenue budget will be:

- **Funding will be impacted by future population change/demographic shifts and any changes to the way local government in Scotland is funded.**
- **Decisions of the new Scottish Government regarding any protection afforded to Local Government or other parts of the Budget plus the use that is made available tax raising powers.**
- **Welfare Reform changes and associated budget cuts will impact on DWP/Government grants to the Council, Service demands on the Council and employee numbers in certain Council Services.**
- **Health/Social Care integration will become embedded and the fundamental fact is that there is not enough money in current budgets to meet increasing demand.**
- **Pension costs influenced by the impact of auto-enrolment, the changes to LGPS and Teachers Pensions, plus costs associated with the Council resizing its workforce in order to balance its budgets and potential changes to Pension Tax Relief.**
- **Costs associated with sustainability including waste disposal and recycling, energy and fuel costs and general procurement inflation due to increased global demand for raw materials.**
- **As Loans Charges become a larger proportion of the Revenue Budget due to funding reductions and the Council's ambitious Capital Investment Programme then the impact of increases in interest rates will become greater.**
- **Overall global economic situation resulting in uncertainty around investment returns, inflation levels and further reductions in public sector funding.**

The fundamental issue for the Council is that at some point if the squeeze on public sector finances and the decline in population continues then the area could become unviable as a unit of administration and this will have an associated impact on other local services such as health, police and fire.

7.11 Table 4 shows the high level estimate of the 2017/20 budget gap based on the above.

Table 4a

2017/20 Budget Gap - High Level Estimate

| | 2017/18 £m | 2018/19 £m | 2019/20 £m | Cumulative £m |
|--|---------------|---------------|---------------|------------------|
| 1/ Estimated Block Grant Reduction | 1.8 | 3.7 | 2.9 | 8.4 |
| 2/ Continuing cash cut due to Depopulation | 1.0 | 1.0 | 1.0 | 3.0 |
| 3/ Inflation - Pay (2% per year) | 1.2 | 1.8 | 2.4 | 5.4 |
| - Non-Pay (As present) | 1.0 | 1.5 | 1.7 | 4.2 |
| 4/ Pressures (Known) | | | | |
| - Auto-enrolment (70% take up -Oct 2017) | 0.4 | 0.6 | - | 1.0 |
| - RAMP/AMP | 0.4 | 0.4 | 0.4 | 1.2 |
| - General Pressures | 0.3 | 1.0 | 1.0 | 2.3 |
| - Climate Charge Levy | - | - | 0.3 | 0.3 |
| - Apprenticeship Levy | 0.5 | - | - | 0.5 |
| 5/ Savings Identified to Date | (3.8) | - | - | (3.8) |
| | 2.8 | 10.0 | 9.7 | 22.5 |

- a/ This excludes a general allowance for demographic pressures coming through HSCP from 2017/18.
- b/ Allows for £4.6 million per year Prudential Borrowing for RAMP and £1.0 million per year for AMP.
- c/ Assumes no Council Tax increase. (3% annual increase would raise £0.81 million per year towards the gap).
- d/ 2018/19 Pressures includes £0.15 million increased funding for the Beacon Arts Centre.

| e/ Key Assumptions | 2017/18 % | 2018/19 % | 2019/20 % |
|--------------------|--------------|--------------|--------------|
| GRG/NDRI | -1.0 | -2.1 | -1.7 |
| Pay Inflation | 1.0 | 1.5 | 2 |

In line with good practice tables 4b and 4c provide two further scenarios based on different assumptions. Table 4b represents an “optimistic” scenario with a 2017/20 funding gap of £13.1 million before any Council Tax increase and Table 4c representing a “pessimistic” scenario with a pre-Council Tax increase funding gap of £37.4 million.

Table 4b**2017/20 Budget Gap - Optimistic Scenario**

| | 2017/18 £m | 2018/19 £m | 2019/20 £m | 2017/20 £m |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Block Grant Reduction | 0.0 | 1.9 | 1.2 | 3.1 |
| Continuing Impact of Depopulation | 1.0 | 1.0 | 1.0 | 3.0 |
| Inflation - Pay | 1.2 | 1.2 | 1.2 | 3.6 |
| - Non-Pay | 1.0 | 1.0 | 1.2 | 3.2 |
| Known Pressures - Auto Enrolment | 0.4 | 0.6 | - | 1.0 |
| - RAMP/AMP | 0.4 | 0.4 | 0.4 | 1.2 |
| - General Pressures | 0.0 | 0.5 | 0.5 | 1.0 |
| - Carbon Reduction Tax | - | - | 0.3 | 0.3 |
| - Apprenticeship Levy | 0.5 | - | - | 0.5 |
| Savings Identified | (3.8) | - | - | (3.8) |
| Funding Gap | 0.7 | 6.6 | 5.8 | 13.1 |

Table 4c**2017/20 Budget Gap - Pessimistic Scenario**

| | 2017/18 £m | 2018/19 £m | 2019/20 £m | 2017/20 £m |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Block Grant Reduction | 4.5 | 6.3 | 5.5 | 16.3 |
| Continuing Impact of Depopulation | 1.0 | 1.0 | 1.0 | 3.0 |
| Inflation - Pay | 2.4 | 3.0 | 3.6 | 9.0 |
| - Non-Pay | 1.5 | 2.0 | 2.4 | 5.9 |
| Known Pressures - Auto Enrolment | 0.4 | 0.6 | - | 1.0 |
| - RAMP/AMP | 0.4 | 0.4 | 0.4 | 1.2 |
| - General Pressures | 1.0 | 1.5 | 1.5 | 4.0 |
| - Carbon Reduction Tax | - | - | 0.3 | 0.3 |
| - Apprenticeship Levy | 0.5 | - | - | 0.5 |
| Savings Identified | (3.8) | - | - | (3.8) |
| Funding Gap | 7.9 | 14.8 | 14.7 | 37.4 |

The clear message from these three tables is that the next Council Administration will require to make large cost savings unless there is a significant improvement in the funding of Local Government in the forthcoming Spending Review.

7.12 *Short to Medium Term Capital Projections*

The Council agreed a 2 year Capital Programme covering 2016/18 in March 2016 which included significant extra investment in roads infrastructure and increased investment in Property Assets and an acceleration of the Schools Estate Management Plan.

In addition, the Council has already approved a significant level of Prudentially Funded capital projects including investment in schools, leisure, a new depot, rationalisation of offices and vehicles.

A 2017/20 Capital Programme will be developed over 2016 for member's consideration.

The Council has agreed an asset disposal strategy on the premise that assets are not sold whilst the market continues to be depressed unless the Council is clear it can demonstrate Best Value is being achieved.

7.13 *Long-Term Capital Projections*

There is greater certainty around capital spend for the post 2017/18 period due to the fact that the School Estate Strategy will use around 50% of projected capital grant in the medium term.

This will leave a limited amount for other projects which will be required to maintain the Council's existing infrastructure asset base i.e. Operational Properties, Roads, Lighting, Open Spaces and ICT.

Given the difficult position the Council faces on revenue expenditure, it is essential that future capital expenditure proposals are largely self – financing through the release of other capital assets, as well as delivering efficiencies which will secure ongoing revenue savings.

Indications are that Local Government Capital Grants will increase in the medium term. Given the major revenue financial pressures the Council needs to seriously consider using any increase in grant to reduce prudential borrowing/use of reserves rather than identifying new projects.

Table 5 - Capital Programme 2015/2018 (Medium Term Capital Projections)

Table 5

| <u>Expenditure/Projects by Committee</u> | <u>2015/16</u> <u>£m</u> | <u>2016/17</u> <u>£m</u> | <u>2017/18</u> <u>£m</u> | <u>Totals</u> <u>£m</u> |
|---|-----------------------------|-----------------------------|-----------------------------|---------------------------------|
| Policy & Resources | 0.81 | 0.41 | 0.58 | 1.8 |
| Environment & Regeneration | 17.51 | 16.16 | 19.45 | 53.12 |
| Education & Communities (Exc School Estate) | 3.06 | 3.65 | 3.64 | 10.35 |
| School Estate | 8.23 | 7.76 | 21.81 | 37.8 |
| CHCP | 0.16 | 1.73 | 1.46 | 3.35 |
| | 29.77 | 29.71 | 46.94 | 106.42 |
| <u>Financed By</u> | | | | |
| Government Grant | 12.3 | 8.92 | 7.4 | 28.62 |
| Sales/Contributions | 1.01 | 0.2 | 0.39 | 1.6 |
| Other Income | 0.54 | 0.19 | 0 | 0.73 |
| Revenue | 3.9 | 1.34 | 7.16 | 12.4 |
| Prudential Borrowing | 7.77 | 23.9 | 15.83 | 47.5 |
| Resources Carried Forward | 6.65 | | | 6.65 |
| | 32.17 | 34.55 | 30.78 | 97.5 |
| | | | | Shortfall in Resources |
| | | | | 8.92 |
| | | | | Planned Cashflow funding - SEMP |
| | | | | (8.08) |
| | | | | Actual Funding Gap |
| | | | | <u>0.84</u> |

Notes

1 As per May 2016 P&R Committee

8.0 Treasury Management

- 8.1 Inverclyde Council has adopted the CIPFA “Treasury Management in the Public Services – Code of Practice” which sets out good practice for treasury management governance. The Council complies with legal and regulatory requirements in relation to its Treasury Management activities and has appointed consultants to provide advice on Treasury Management issues, including technical issues and the formulation of views on interest rates.
- 8.2 In complying with the Code of Practice, the Council produces a Treasury Management Practices document which sets out how the Council will manage and control its Treasury Management activities. This document is submitted to Committee for approval every three years with approval also being sought for any amendments in the intervening period.
- 8.3 Some significant changes were made to the requirements for Treasury Management reporting following the implementation of the revised CIPFA Treasury Management Code of Practice in April 2010. This has resulted in the following:
- (a) An annual Treasury Management Strategy submitted at the start of the financial year and which includes the Council's Prudential Indicators and covers issues such as the economic situation, the prospects for interest rates, and the Council's borrowing and investment strategy for the coming year.
 - (b) A mid-year review of the Strategy which include details of the Council's debt and investment position, activity undertaken during the quarter, and performance to date against the Council's Prudential Indicators and agreed policy limits.
 - (c) An Annual Report for Treasury Management which is submitted to Members before the end of September each year and which advises Members of the Treasury Management activities during the previous financial year.

It should be noted that whilst all the above reports will go to the Policy & Resources Committee for initial scrutiny, all now require to go before the Full Council for approval.

- 8.4 The table on the next page shows the Council's debt and investments position as at 31/3/16.

Table 6 – Council's Debt and Investment Position – 31/3/16

The Council's treasury portfolio position at 31/3/16 comprised:

| | | Principal | | Average Rate |
|--------------------------|----------------|-------------------|----------------|--------------|
| | | £000 | £000 | |
| Fixed rate funding | PWLB Market | 110,684 71,000 | 181,684 | 4.05% |
| Variable rate funding | PWLB Market | 0 31,540 | 31,540 | 4.96% |
| TOTAL DEBT | | | 213,224 | 4.18% |
| TOTAL INVESTMENTS | | | 51,529 | 0.80% |

9.0 Reserves

9.1 A key aspect of the consideration of the Financial Strategy is the position of the General Fund Reserves. The Reserves Strategy was last reviewed and approved by Council in August 2013 and is currently being reviewed for later in 2016.

9.2 Reserves can be held for three main purposes:-

- A working balance to help cushion the impact of uneven cash flows - this forms part of General Reserves.
- A contingency to cushion the impact of unexpected events or emergencies which also forms part of General Reserves.
- A means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.

9.3 The Reserves Strategy is based on the core General Fund Reserve being maintained at a level of 2% of turnover. A turnover of approximately £190 million results in a core General Fund Reserve of £3.8 million. In the event that the Reserves are projected to fall below this level then Members must have a clear route for bringing Reserves back up to the level over the subsequent three financial years.

9.4 The Reserves Strategy also assumes the continued use of earmarked reserves. In this way, earmarked reserves can be separated from the core General Fund Reserve which should allow Members to more transparently track the underlying reserves position.

9.5 Within Inverclyde Council the main Reserves/Funds comprise; General Fund Reserve, Insurance Fund, Capital Fund and Repairs & Renewals Fund. The latest projected position is shown below.

9.6 (a) General Fund "Free" Reserves – This Reserve represents the Council's contingency for unforeseen/unquantifiable events. The level of the Reserve is determined by the Reserve Strategy whilst the projected balance is reported to each Policy and Resources Committee. See Appendix 6.

Projected Balance 31/3/17 = £7.42 million

(b) Insurance Fund – The Insurance Fund balance is required to meet Insurance Liabilities not covered by external Insurance Policies. The balance on the Fund is reviewed every 3 years by an independent actuary who comments upon not only the balance of the Fund but also the on-going internal contributions to the Fund.

Projected Balance 31/3/16 = £3.851 million

(c) Capital Fund – The Capital Fund is a Fund into which Capital Receipt income can be paid and used to fund either capital investment or repay the Principal element of debt repayments. The balance and planned usage of the Capital Fund is incorporated into the Financial Strategy. See Appendix 7.

Projected Balance 31/3/16 = £2.318 million

(d) Repairs & Renewals Fund – The Repairs & Renewals Fund consists of sums received from external parties or allocated directly from Council resources which are thereafter released on a phased basis to maintain specific assets. Use of specific allocations to the Fund are agreed by Policy & Resources Committee and the overall position will be reported as part of the Financial Strategy. See Appendix 8.

Projected Balance 31/3/16 = £3.184 million

10.0 Monitoring, Reporting and Review Processes

- 10.1 The Financial Strategy should be a dynamic, relevant document and will be monitored on an ongoing basis by Finance - it will also be formally reviewed twice yearly, in May and then in November.
- 10.2 The formal review of the Financial Strategy will be reported to CMT and Full Council on a six monthly basis – there will also be capacity to review the Strategy as and when required, particularly when a new issue arises or the impact of major policy or initiative becomes clearer.
- 10.3 The Financial Strategy will only be revised if there are material changes to estimates, projections or policy which will have a financial impact however issues which may impact will be flagged up in the regular General Fund Budget reports to Policy & Resources Committee.
- 10.4 The deminimus level for a major impact requiring immediate review is 50% of the core General Fund reserves, £1.9 million, subject to the opinion of the Chief Financial Officer.
- 10.5 The financial management principles and expectations have been communicated and are understood by all Chief Officers and budget holders.
- 10.6 The Financial Strategy has been drawn up with the full involvement of the CMT and, will be communicated throughout the organisation.

11.0 Risk Management

- 11.1 The Council has developed a Corporate Risk Register, Directorate Risk Registers and individual service risk registers where appropriate.
- 11.2 Further work has also been undertaken to develop a Risk Register for the Financial Strategy and the required actions to mitigate risks – these are set out in the table below.
- 11.3 The risk assessment below considers the risks to our financial position arising out of matters considered in this Financial Strategy and utilises the same methodology used for the Corporate, Directorate and Service Risk Registers.

| Risk | Management of Risk |
|---|---|
| <p>The Financial Strategy does not reflect in financial terms the objectives set out in other strategic plans of the Council.</p> | <p>The Financial Strategy provides a high level overview of the various strategic plans the Council has signed up to – it acknowledges that there will inevitably be financial implications arising from the SOA and Corporate Statement but it is not possible to quantify all of these at present.</p> <p>The Financial Strategy will be updated as further information becomes available regarding these strategic plans.</p> |
| <p>The directorate planning process will identify a range of additional budget pressures over and above those currently considered in this Financial Strategy.</p> | <p>The Directorate Planning Guidance identifies that Corporate Directorate Improvement Plans (CDIP) should reflect the resources allocated – the need for additional resources to achieve a particular priority should be specifically identified via the Financial Strategy prior to the preparation of the CDIP.</p> |
| <p>Forecasts within the Financial Strategy are not accurately determined or reviewed on a regular basis.</p> | <p>The Budget and Financial Strategy set out the expected levels of expenditure and income for the future. The forecasts are arrived at through careful consideration of historic trends and actual expenditure levels and any factors which may have an impact in the future.</p> <p>Three scenarios are included in the Strategy based on Pessimistic, Mid-Range and Optimistic. This provided a broad range of potential outcomes.</p> <p>Throughout the financial year, the Council regularly monitors its financial performance against its budgets and will revise them where necessary, subject to remaining within the agreed overall budget for the Council.</p> |
| <p>There is a continuing need to deliver significant cuts and efficiencies over the medium to long term. Robust and detailed plans will be required on an operational level to ensure that this risk is mitigated and savings are duly delivered.</p> | <p>The risks relating to the delivery of savings will be mitigated by robust monitoring and financial control through the budget monitoring process, with action plans being required to find compensating savings for any overspends identified.</p> <p>Individual savings are reviewed by lead officers on a regular basis and material issues reported to the CMT and if required, Committee.</p> |
| <p>Income budgets not achieved or become unsustainable.</p> | <p>Chief Officers are consulted on proposed increases in income budgets/fees and charges and have the opportunity determine the levels of individual charges to achieve the budgeted income target.</p> <p>Equally, income budgets are monitored throughout the financial year and where a shortfall in income is anticipated, this is highlighted in reports to Committee.</p> |

| | |
|---|--|
| | Proposals to increase fees and charges are reviewed in line with the Council's Charging Policy prior to reporting to Committee. |
| The Council has insufficient capital resources to sustain capital commitments. | <p>The Council has already identified through the Financial Strategy a reduced reliance on capital receipts and Government Grants in the medium term.</p> <p>The combination of reduced funding and the economic position mean that the Council has to focus on maintaining key infrastructure whilst utilising prudential borrowing for specific capital projects.</p> <p>The Council has identified the need to complete Asset Management Plans for all it's assets with the Open Space AMP due for completion in the near future.</p> |
| Bankruptcy of a major supplier or customer which could result in the Council having to pay twice for the same service or see artificially inflated prices if a replacement service needs to be obtained at very short notice. | <p>The Council has reviewed its procurement process and a procurement manual has been developed which includes supplier financial appraisal at PQQ stage. This will ensure that the financial position of new contractors is vetted prior to ITT stage and entering into any large contracts.</p> <p>Regular reviews of financial position are undertaken for key suppliers on an ongoing basis.</p> |
| Legislative changes are not anticipated and the financial impact is not addressed through the budget process of Financial Strategy. | <p>Chief Officers are required to highlight the impact of legislative changes through the strategic planning and budgeting process and the likely resource requirement.</p> <p>In addition COSLA has a key role in assessing the financial impact of changes in legislation and lobbying for Councils to be funded appropriately.</p> |
| Interest rates on borrowing may be higher than forecast. | Regular review of treasury management decisions. Prudent assumptions on likely interest rates have been incorporated into Financial Strategy. Borrowing is spread to reduce impact of short-term changes. |
| Reserves are required to cash flow unanticipated budget shortfalls and fall below minimum recommended level. | Reserve Strategy is in place which clearly states that these must be a clear route to bring reserves back up to the minimum level over the subsequent 3 financial years. |
| Large contracts are due to be re-tendered where costs are likely to be higher due to the current economic climate. | Assumptions have been built into the budget for increase in price of goods and services. |
| Revenue implications of capital programme/projects are not fully anticipated. | All capital projects identify revenue implications and link into Council priorities. All capital projects are subject to a robust approval process which includes a review of revenue implications. |

Short-Term Issues (2016/18)

The tables in Appendices 1, 2 and 3 have been developed through ongoing consultation with the CMT by the Chief Financial Officer to develop detailed knowledge of the issues to inform the Financial Strategy and future budget setting.

| <u>Service</u> | <u>Issues Identified</u> | <u>Issues & Potential Impacts</u> | <u>Action Taken</u> | <u>Responsible Officer</u> | <u>Timescale to report back</u> |
|----------------|--------------------------------|---|--|----------------------------|---------------------------------|
| Corporate | Equal Pay | Provision for outstanding claims may not be sufficient and new groups may claim. | Provision will continue to be monitored and reviewed taking account of relevant legal judgements and advice from the Council's legal advisors. | Steven McNab | Ongoing |
| | Inflation | Uncertainty over pay awards and other inflation pressures are not fully clear over the 2016/18 period. | Inflation allowances are regularly reviewed. Regular monitoring and reporting to CMT/Members. | Alan Puckrin | Ongoing |
| | Welfare Reform | Impact of Welfare Reform and increase in demand for Services can only be estimated. Longer term funding for Council Tax reduction scheme to be clarified. | £1.3 million recurring budget agreed Update reports going to Committee each cycle. | Alan Puckrin | Ongoing |
| | Auto-enrolment | Amount set aside for auto-enrolment is an estimate and full cost may be greater than estimated. | Close monitoring of impact from October 2017. | Steven McNab | From December 2017 |
| Social Care | Health/Social Care Integration | Impacts on Governance/Funding could be significant | Monitor developments, report to relevant Committees. Increased Government Funding will help offset some pressures. | Brian Moore | Ongoing |

| | | | | | |
|----------------------------|--------------------------------------|---|---|----------------|------------|
| | Self Directed Support | Implement robust Resource Allocation System, possible pressure from new clients, who may otherwise not engage with Service. | As above | Brian Moore | On Going |
| | Relationship with Service Providers. | Managing provider expectations whilst in a period of uncertainty over the future of the National Care Home Contract along with expectations from those providers out with this contract to fund inflation/impact of pensions/living wage. | As above | Brian Moore | Ongoing |
| Education & Communities | Children & Young Persons Act | Current funding is not sufficient to ensure appropriate provision is available for the increased demands. | SEMP reviewed January 2016 with Early Years investment agreed. | Wilma Bain | Ongoing |
| | Teacher Numbers | The Government threat of sanctions if teacher numbers are reduced limits options to balance the budget. | Continue to lobby for flexibility and monitor developments. | Wilma Bain | Ongoing |
| Environment & Regeneration | Waste Strategy | Significant cost increases expected in treating residual waste from 2017/18. | Monitor Waste Strategy and report to CMT/Committee at appropriate time. | Aubrey Fawcett | Summer2016 |

Appendix 2

Medium-Term Issues (2018/21)

| <u>Service</u> | <u>Issues Identified</u> | <u>Issues & Potential Impacts</u> | <u>Action to be Taken</u> | <u>Responsible Officer</u> | <u>Timescale to report back</u> |
|----------------|---|---|--|----------------------------|---------------------------------|
| Corporate | Reductions in other public sector partner's funding streams | As Public Sector funding reductions continue, partners are reducing their contributions to key Council priorities such as Riverside Inverclyde, HSCP, River Clyde Homes etc. | Continue dialogue with partners. | Corporate Directors | Ongoing |
| | Reduction in Council Funding | Funding over 2017/20 likely to be further reduced in line with UK Fiscal Policy. | Await next Scottish Government Spending Review figures and factor into revised Financial Strategy. | Alan Puckrin | December 2016 |
| | Government needs to reduce Public Sector Borrowing | Prudential Borrowing Capping would require revision of capital plans. | Rolling 3 Year Capital Programme developed annually and longer term loan charges projections undertaken. | Alan Puckrin | On Going |
| | Removal of key services from Council control. | Scottish Government could review Public Sector landscape which could result in loss of large parts of the Council remit and resultant impact on corporate viability. | Keep track of developments and report to Committee as required. | John Mundell | Ongoing |
| | Increased cost for externally provided contracts and services due to the Living Wage. | There is a clear desire to ensure suppliers of Council Services pay the Living Wage. This could add significant costs to the Council if passed on by suppliers. | Monitor developments and report to Committee when required. | Corporate Management Team | Ongoing |
| | Potential changes to funding of Local Government | New Scottish Government has undertaken to review and cap Council Tax. In addition assigning income tax to Councils has the potential to have a major impact on funding of Councils. | Monitor National developments and report as required. | John Mundell/Alan Puckrin | Ongoing |
| | Further increase in Pension Costs | Potential changes to Pension Tax Relief would add costs to both to Council and employees. | Monitor development and report to Committee when required. | Alan Puckrin/Steven McNab | Ongoing |

| <u>Service</u> | <u>Issues Identified</u> | <u>Issues & Potential Impacts</u> | <u>Action to be Taken</u> | <u>Responsible Officer</u> | <u>Timescale to report back</u> |
|----------------------------|---|--|--|------------------------------|---------------------------------|
| Social Care | Ongoing Demographic demand pressures across many Social Care areas and ongoing drive towards Self-Directed Support and Independent Living | Continuing increased demand will put considerable pressure on "flat cash" budgets. | Extra funding approved as part of the 2016/18 budget. Await IJB Strategic Plan/Budget. | Brian Moore | February 2017 |
| | Impact of inclusion of elements of the Acute Health Services within the IJB Budget. | Potential for the Council to have to meet a proportion of any overspend caused by increasing pressure on Health Budgets. | Regular monitoring of the IJB Strategic Plan and financial projections added to supporting robust financial scrutiny by the IJB. | Brian Moore | On Going |
| Environment & Regeneration | Asset Management Plans | Current RAMP funding ends 2017/18. Funding for continued investment to be identified. Other Property AMP identified need for significant investment. | Funding for 2018/19 onwards to be factored into the 2017 Budget proposals | Aubrey Fawcett/Alan Puckrin | March 2017 |
| | Climate Change Levy | Government to implement a new charge from 2019. Estimated Council cost is £300,000/year. | Build into medium term Strategy and continue to examine ways of reducing consumption. | Stuart Jamieson/Alan Puckrin | 2019 |
| Education & Communities | School Estate Management Plan | Reduced Capital resources and corporate cost pressures may make current timescales for delivery of SEMP unachievable. | Six monthly review off all aspects of SEMP to continue. Recent review reflects approved acceleration programme which is still affordable in line with plan for completion but resources getting tighter. | Wilma Bain/Alan Puckrin | Ongoing |

Long-Term Issues (Post 2021)

| <u>Service</u> | <u>Issues Identified</u> | <u>Issues & Potential Impacts</u> | <u>Action to be Taken</u> | <u>Responsible Officer</u> | <u>Timescale to report back</u> |
|----------------------------|--|---|---|--------------------------------|---------------------------------|
| Corporate | Depopulation and Change of Demographics | Continued loss of grant income, over provision of infrastructure. Viability of area under threat. | Population/Demographic trends to be monitored and reported to SOA/Alliance on a regular basis. | Wilma Bain | Ongoing |
| Social Care | Increase in number of Elderly and Adults with Learning Difficulties and resource implications of policy direction of Independent Living and Self Directed Support. | Significant costs associated with reshaping, expanding delivery models. | Develop as part of HSCP Strategic Plan.. | Brian Moore | Ongoing |
| Environment & Regeneration | Regeneration of Greenock and Port Glasgow Town Centres. | Reports to Committee have identified significant investment needs within the Greenock and Port Glasgow Town Centre areas. Whilst contributions will be sought from Partners and the Private Sector the Council will require to provide a large amount of the funding. | Develop a funding model with clear outputs and funding sources. | Aubrey Fawcett | Ongoing |
| | Global Warming/Climate Change leading to rising sea levels | Significant impact on Council area with increased flooding and expenditure on sea defenses. | 6 year SEPA Flood Plan includes funding for a number of Council projects to be approved by Summer 2016. | Aubrey Fawcett | Ongoing |
| | Closure of major local employer | Could further increase rate of depopulation and would significantly impact of areas regeneration efforts. | Regular review of the approved rl/Council Joint Operating Plan. | Aubrey Fawcett/Stuart Jamieson | As required |

Current Profile

Appendix 4

Riverside Inverclyde
Funding Profile
2006/7 → 2017/18

| <u>Year</u> | <u>Revenue</u> <u>£000</u> | <u>Capital</u> <u>£000</u> | <u>Other</u> <u>£000</u> | <u>Total</u> <u>£000</u> |
|-----------------------------|-------------------------------|-------------------------------|-----------------------------|-----------------------------|
| To 31/03/08 | 1,772 | 700 | 1,878 | 4,350 |
| 2008/9 | 1,840 | 85 | 1,112 | 3,037 |
| 2009/10 | 1,513 | - | - | 1,513 |
| 2010/11 | 2,100 | - | - | 2,100 |
| 2011/12 | 2,100 | - | - | 2,100 |
| 2012/13 | 1,900 | - | - | 1,900 |
| 2013/14 | 1,600 | - | - | 1,600 |
| 2014/15 | 1,500 | - | - | 1,500 |
| 2015/16 | 1,300 | - | - | 1,300 |
| 2016/17 | 1,175 | - | - | 1,175 |
| 2017/18 | 298 | - | - | 298 |
| 2018/19 | 77 | - | - | 77 |
| Gourock Redevelopment | - | - | 1,100 | 1,100 |
| PG Town Centre | - | - | 500 | 500 |
| Gourock - 1 way system | - | - | 1,000 | 1,000 |
| Area Renewal Fund | - | - | 200 | 200 |
| Reserves Substitute Funding | - | - | 250 | 250 |
| | 17,175 | 785 | 6,040 | 24,000 |

- a In addition to the £24 million the Council has provided an additional £4.05 million towards the two major projects at Gourock (£3.55 million) and Port Glasgow Town Centre (£0.5 million) over 2012/16.
- b In January 2016 Environment & Regeneration Committee allocated the residual Regeneration funding for 2018/19 (£0.298m) to Riverside Inverclyde as part of the Single Operating Plan covering the period to March 2019, £0.077m of which is included in the table above.
- c Further investments being delivered through Riverside Inverclyde include:
- | | |
|-----------------------------|--------|
| Gourock Municipal Buildings | £0.3m |
| Broomhill Regeneration | £0.86m |
| Lower Port Glasgow | £0.5m |
| Bakers Brae Re-alignment | £1m |
| Kilmacolm Self Build | £0.25m |
| Tourism | £0.15m |
- d Reduction between 2016/17 & 2017/18 is £400,000 for Depot AMP and £400,000 for City Deal.

2020 Scenario 1 - Jan 16 RPI Update & 15/16 Actuals

Appendix 5

School Estate - Earmarked Reserves

| | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> | <u>2019/20</u> | <u>2020/21</u> | <u>2021/22</u> | <u>2022/23</u> | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> | <u>2029/30</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | <u>£000</u> |
| Earmarked Reserve b/fwd | 2,942 | 3,231 | 1,258 | 3,096 | 2,184 | 1,611 | 1,256 | 1,533 | 1,791 | 1,910 | 2,129 | 2,326 | 2,501 | 2,653 | 2,778 |
| Available Savings added (a) | 4,682 | 4,682 | 4,682 | 4,682 | 4,682 | 4,682 | 4,682 | 4,682 | 4,682 | 4,682 | 4,682 | 4,682 | 4,682 | 4,682 | 4,682 |
| Extra Financing (b) | 3,305 | 3,130 | 3,145 | 3,145 | 3,145 | 3,145 | 3,795 | 3,795 | 3,795 | 3,795 | 3,795 | 3,795 | 3,795 | 3,795 | 3,795 |
| Prudential Schools Loan Charges (c) | -3,920 | -4,166 | -4,394 | -5,011 | -5,098 | -5,106 | -5,115 | -5,124 | -5,134 | -5,144 | -5,155 | -5,167 | -5,179 | -5,192 | -5,206 |
| Unitary Charge Payment (d) | -8,942 | -8,942 | -8,942 | -8,942 | -8,942 | -8,942 | -8,942 | -8,942 | -8,942 | -8,942 | -8,942 | -8,942 | -8,942 | -8,942 | -8,942 |
| Unitary Charge Inflation Element (e) | -481 | -723 | -996 | -1,279 | -1,573 | -1,880 | -2,198 | -2,529 | -2,874 | -3,232 | -3,605 | -3,992 | -4,395 | -4,814 | -5,250 |
| Unitary Charge Funding from Inflation Contingency | 522 | 723 | 996 | 1,279 | 1,573 | 1,880 | 2,198 | 2,529 | 2,874 | 3,232 | 3,605 | 3,992 | 4,395 | 4,814 | 5,250 |
| One Off Costs (f) | -697 | -1,577 | -945 | -669 | -235 | 0 | 0 | 0 | -120 | 0 | 0 | 0 | 0 | 0 | 0 |
| Extra Revenue Repairs (g) | -276 | -196 | -204 | -213 | -221 | -230 | -239 | -249 | -258 | -268 | -279 | -289 | -300 | -314 | -326 |
| Unitary Charge RSG | 6,096 | 6,096 | 6,096 | 6,096 | 6,096 | 6,096 | 6,096 | 6,096 | 6,096 | 6,096 | 6,096 | 6,096 | 6,096 | 6,096 | 6,096 |
| Written Back to / from General Reserves (h) | 0 | -1,000 | 2,400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Earmarked Reserve c/fwd | <u>3,231</u> | <u>1,258</u> | <u>3,096</u> | <u>2,184</u> | <u>1,611</u> | <u>1,256</u> | <u>1,533</u> | <u>1,791</u> | <u>1,910</u> | <u>2,129</u> | <u>2,326</u> | <u>2,501</u> | <u>2,653</u> | <u>2,778</u> | <u>2,877</u> |

(a) £4,682k of savings have been achieved to date. Savings now complete as Sacred Heart building remains.

(b) Compensating loan charges for receipts transferred to the Capital Fund come in from 2015/16. Annual Saving of £175k applied 2016/17 and a further saving of £200k taken from 2017/18 onwards. £45k per year funding for St Stephen's added 2015/16 & 2016/17. Additional £260k added from 2017/18 to 2020/21 increasing to £910k per year thereafter.

(c) Uses a pool fund rate of 3.95% for 2015/16 and 2016/17, 3.90% for 2017/18 and 2018/19 and 4.00% from 2019/20 onwards. £50k contingency added from 2016/17. £200k saving taken from 2017/18 onwards. £260k additional costs added 2017/18 and £910k added per year there after.

(d) Based on Actual Unitary Charge at Jan 2011 RPI of £8.842 million plus £100k contingency from 2013/14.

(e) Base at Jan 2016 RPI. Assumes 2.7% annual inflation (4% RPI discounted by factor of 1.5)

(f) Includes cost of QIO for period April 2016 to June 2018, full NDR for St Stephen's decant building for 2015/16 to 2017/18, £45k per year rent in 2015/16 to 2017/18 for St Stephen's land, £497k provision for St Stephen's demolition made in 2014/15. After 2023/24 all one-off costs cease.

(g) Saving of £75k per year taken from 2016/17.

(h) £1.0m written back to General Reserves in 2016/17. £2.4m added 2017/18 per Inverclyde Council Budget approved 10/03/16.

Finance Strategy
General Fund "Free" Reserves
2015/17 Balance Projection

| | £000 |
|--|----------|
| Reserves Balance at 31st March 2015 | 4,988 |
| Budgeted Contribution to Reserves: Note 1 | |
| 2014/15 Outturn Earmarked for 2015/17 | 4,826 |
| 2015/16 | 2,587 |
| 2016/17 | 0 |
| | 7,413 |
| Contribution to Reserves 2015/17 Note 2 | 4,494 |
| Planned Use of Reserves 2015/17 Note 3 | (15,896) |
| Projected Surplus (Defecit) Note 4 | 6,422 |
| Free Reserves Balance 31st March 2017 | 7,421 |

RSG/NDR/Council Tax will be £196 million from 2016/17. Recommended minimum level of reserves is 2% / £3.9 million.

Notes:

- 1/ 2015/16 Figures are based on surplus reported as part of 2015/17 Budget, 2016/17 figures are based on those reported as part of the 2016/18 Budget Update report.
- 2/ 2014/17 Figures represent decisions taken as part of the 2013/16 Budget process and further decisions taken in February 2014 and February 2015 as detailed below:

| | 2015/16 £000 | 2016/17 £000 | 2017/18 £000 | 2018/19 £000 | Total £000 |
|---|-----------------|-----------------|-----------------|-----------------|---------------|
| RAMP Funding 2013/14 - £300k | 100 | 0 | 0 | 0 | 100 |
| Contribution from Common Good/ Birkmyre | 150 | 0 | 0 | 0 | 150 |
| CFCR Transfer from Capital | 1,260 | 0 | 0 | 0 | 1,260 |
| Write Back Earmarked Reserves | 724 | 0 | 0 | 0 | 724 |
| SEMP Loans Charges not required until 2017/18 | 0 | 260 | 0 | 0 | 260 |
| Reduction to Watt Museum/Library Project | 0 | 2,000 | 0 | 0 | 2,000 |
| | 2,234 | 2,260 | 0 | 0 | 4,494 |

- 3/ Represents decisions taken as part of the 2013/16 Budget, February 2014, 2015/17 Budget and 2016/18 Budget and based on latest phasings:

| | 2015/16 £000 | 2016/17 £000 | 2017/18 £000 | 2018/19 £000 | Total £000 |
|--|-----------------|-----------------|-----------------|-----------------|---------------|
| Approved Use of Reserves | | | | | |
| February 2015 - £5.305m | (2,361) | (669) | (2,275) | 0 | (5,305) |
| February 2015 - £0.670m (MBWG Proposals) | (79) | (591) | 0 | 0 | (670) |
| February 2015 - Temp Use of Reserves £3.298m | 0 | 0 | 0 | 0 | 0 |
| September 2015 - £3.503m | (507) | (150) | (2,050) | 0 | (2,707) |
| November 2015 - Temp Use of Reserves £2m | 0 | 0 | (2,000) | 0 | (2,000) |
| November 2015 - Former Tied Houses | (248) | 0 | 0 | 0 | (248) |
| March 2016 - £4.966m | 0 | (1,101) | (2,325) | (1,540) | (4,966) |
| | (3,195) | (2,511) | (8,650) | (1,540) | (15,896) |

- 4/ Figure reflects projected surplus reported to Policy & Resources Committee May 2016 plus further underspends for Auto Enrolment, loans charges and unallocated inflation contingencies as detailed below:

| | 2015/16 £000 | 2016/17 £000 | 2017/18 £000 | 2018/19 £000 | Total £000 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
| Projected Surplus (May 2016 P&R) | 6,072 | 0 | 0 | 0 | 6,072 |
| Auto Enrolment not required | 100 | 0 | 0 | 0 | 100 |
| Loan Charge Underspend to EMR | 250 | 0 | 0 | 0 | 250 |
| | 6,422 | 0 | 0 | 0 | 6,422 |

Finance Strategy
Capital Fund

Appendix 7

| | | 2015/16 £'000 | 2016/17 £'000 | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 |
|----------------------------|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Balance B/fwd | | (2,590) | (2,318) | (2,661) | (2,294) | (2,878) |
| Additions (Estimate) | a | | (739) | (853) | (1,800) | (731) |
| Interest (Estimate) | | (13) | (12) | (20) | (24) | (58) |
| Principal Repayments | b | 285 | 285 | 240 | 240 | 240 |
| Other Payments | c | | 123 | 1,000 | 1000 | 1000 |
| Balance at Year End | | <u>(2,318)</u> | <u>(2,661)</u> | <u>(2,294)</u> | <u>(2,878)</u> | <u>(2,427)</u> |

Notes

- a Estimated Receipts:
- 2016/17 SEMP Receipts, £0.05m, remainder of Kings Glen site.
AMP receipts £0.33m, Strone Office, Wellington Academy & 9 William St.
Other Receipts, £0.359m, Former Kempock Hse (Initial payment), McLeans Yard, Hunters Place, Coronation Park.
 - 2017/18 SEMP Receipts, £0.304m, Highlanders, Lilybank & Barmoss Nursery.
Other Receipts, £0.549m, Former Kempock House (payment on completion).
Wateryetts Drive, Kilmacolm, Orchard & Cumberland Walk.
 - 2018/19 SEMP Receipts, £1.8m, Greenock Academy.
 - 2019/20 Recovery of Scottish Enterprise Clawback, £0.731m
- b £240k SEMP from 2015/16.
Further £45k SEMP 2015/16 & 2016/17 to fund lease back of St Stephen's.
- c Other Payments:
- 2016/17 £0.013m purchase of solum, Trafalgar St.
 - 2016/17 £0.11m clearance of Cumberland Walk.
 - 2017/20 £3.0m payment to fund Loan Charges smoothing exercise.

Finance Strategy
Repairs & Renewals Fund

Appendix 8

| | 2015/16 £'000 | 2016/17 £'000 | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 |
|--|------------------|------------------|------------------|------------------|------------------|
| Balance B/fwd | (2,959) | (3,184) | (3,080) | (3,161) | (3,330) |
| Additions: | | | | | |
| Inverkip Footbridge | | | | | |
| Leisure Strategy | a (277) | (215) | (180) | (180) | (180) |
| Former Housing Repairs & Renewals Fund | | | | | |
| Affordable Housing Fund | | | | | |
| Central Energy Efficiency Fund | | (5) | (9) | (9) | (9) |
| Maintenance Payments: | | | | | |
| Greenock Cut | 2 | 14 | 14 | 14 | 14 |
| Gallaghers/Port Glasgow Development | 36 | 36 | 36 | 36 | 36 |
| Inverkip Footbridge | | 2 | 6 | 2 | 2 |
| Leisure Strategy | b | 194 | 45 | | 16 |
| Former Housing Repairs & Renewals Fund | | | | | |
| Affordable Housing Fund | | | | | |
| Contribution to Energy Efficiency Administration | c 27 | 94 | 30 | | |
| Interest | | | | | |
| Greenock Cut | (1) | (2) | (2) | (2) | (5) |
| Gallaghers/Port Glasgow Development | (1) | (1) | (1) | (1) | 0 |
| Inverkip Footbridge | (1) | (2) | (2) | (3) | (7) |
| Leisure Strategy | (3) | (5) | (7) | (11) | (26) |
| Former Housing Repairs & Renewals Fund | (6) | (5) | (9) | (12) | (24) |
| Affordable Housing Fund | 0 | 0 | (1) | (2) | (1) |
| Central Energy Efficiency Fund | (1) | (1) | (1) | (1) | (3) |
| Balance: | | | | | |
| Greenock Cut | (299) | (287) | (275) | (263) | (254) |
| Gallaghers/Port Glasgow Development | (176) | (141) | (106) | (71) | (35) |
| Inverkip Footbridge | (304) | (304) | (300) | (301) | (306) |
| Leisure Strategy | (957) | (983) | (1,125) | (1,316) | (1,506) |
| Former Housing Repairs & Renewals Fund | (1,176) | (1,181) | (1,190) | (1,202) | (1,226) |
| Affordable Housing Fund | (66) | (66) | (67) | (69) | (70) |
| Central Energy Efficiency Fund | (206) | (118) | (98) | (108) | (120) |
| Balance at Year End | (3,184) | (3,080) | (3,161) | (3,330) | (3,517) |

Notes a Future contribution to Leisure Strategy subject to confirmation of available funds.

b Leisure Strategy commitments:

2016/17 £160k Contribution to Inverkip Community Facility
2016-20 Pitches/MUGA's Lifecycle costs

c Central Energy Efficiency Fund commitments:

2015/16 Ardgowan Primary School
2016/17 LED Lighting, Ingliseton MRF
2016/17 LED Lighting, Greenock Municipal Building
2016/18 £90k contribution to Spend to Save Earmarked Reserve

Finance Strategy
Asset Management Plan - Offices

Appendix 9a

| Earmarked Reserve Offices | <u>2015/16</u> £000's | <u>2016/17</u> £000's | <u>2017/18</u> £000's | <u>2018/19</u> £000's | <u>2019/20</u> £000's |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Earmarked Reserve b/fwd | 492 | 648 | 445 | 138 | 155 |
| Additional Funding (Note d) | 500 | 375 | 375 | 375 | 375 |
| Available Savings/(Cost) Added (Note a) | 260 | 285 | 327 | 326 | 386 |
| Loan Charges (Note b) | (398) | (492) | (634) | (684) | (684) |
| Further One Off Costs (Note c) | (206) | (371) | (375) | 0 | 0 |
| Net Saving/(cost) for year | 156 | (203) | (307) | 17 | 77 |
| Earmarked Reserve c/fwd | 648 | 445 | 138 | 155 | 232 |

Notes

- a Net Revenue Savings & Costs Excluding Loan Charges
- b Assumes an interest rate of 4%
- c Further One Off costs relate to the temporary appointment of an Asset Manager and costs for various decants, demolitions and rental of storage area as well as an allowance for dilapidations of leased properties and a £300k contribution towards William St refurb.
- d Additional funding consists of original funding allocation of £1m adjusted for:
 - £200k Workstream Saving from 2011/12
 - £30k Topslice saving from 2012/13
 - £60k Workstream Saving from 2013/14
 - £100k Workstream Saving from 2014/15
 - £45k BPRA scheme saving from 2015/16
 - £65k Revenue saving from 2015/16
 - £125k further Revenue saving from 2016/17
- e In addition the Business Store has been declared surplus to requirements, financial implications of this have not been reflected at this stage.
- f Model reflects officer recommendation not to proceed with BPRA scheme for William St refurb.

Finance Strategy
Asset Management Plan - Depots

Appendix 9b

| Earmarked Reserve Depots | <u>2015/16</u> £000's | <u>2016/17</u> £000's | <u>2017/18</u> £000's | <u>2018/19</u> £000's | <u>2019/20</u> £000's |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Earmarked Reserve b/fwd | 1,011 | 635 | 683 | 930 | 975 |
| Additional Funding (Note d) | 0 | 400 | 800 | 800 | 800 |
| Available Savings/(Cost) Added (Note a) | (6) | 131 | 174 | 97 | 97 |
| Loan Charges (Note b) | (301) | (421) | (677) | (852) | (865) |
| Further One Off Costs (Note c) | (69) | (62) | (50) | 0 | 0 |
| Net Saving/(cost) for year | (376) | 48 | 247 | 45 | 32 |
| Earmarked Reserve c/fwd | 635 | 683 | 930 | 975 | 1,007 |

Notes

- a Net Revenue Savings & Costs Excluding Loan Charges
b Assumes an interest rate of 4%
c Further One Off costs relate to the temporary appointment of an Asset Manager
d Additional funding made up of:
- | | | |
|--------------------------------------|---------|--|
| Contribution from Zero Waste Fund | £200k | From 2010/11 |
| Contribution from Revenue Budget | £300k | From 2012/13, original £500k allocation reduced by £200k Workstream Saving |
| One off reduction in EMR balances | £(500)k | 2015/16 |
| Reduction in funding | £(100)k | from 2016/17 & as a result of reduction in capital spend of £1.5m |
| Additional Contribution from Revenue | £400k | From 2017/18, diversion of Riverside Inverclyde budget. |

Finance Strategy
Vehicle Replacement Programme

Appendix 10

| Earmarked Reserve | <u>2015/16</u> £000's | <u>2016/17</u> £000's | <u>2017/18</u> £000's | <u>2018/19</u> £000's | <u>2019/20</u> £000's | <u>2020/21</u> £000's | <u>2021/22</u> £000's |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Capital Requirements: | | | | | | | |
| Vehicle Purchases | 1,973 | 721 | 2,179 | 582 | 1,442 | 2,139 | 613 |
| Residual Value | (300) | (623) | (385) | (134) | (337) | (543) | (159) |
| Net Capital Requirement | 1,673 | 98 | 1,794 | 448 | 1,105 | 1,596 | 454 |
| | | | | | | | |
| Earmarked Reserve b/fwd | 256 | 222 | 257 | 324 | 337 | 346 | 342 |
| | | | | | | | |
| Loan Charges | (1,145) | (1,096) | (1,064) | (1,118) | (1,122) | (1,135) | (1,063) |
| Additional Revenue Costs, Tracking System | (28) | (28) | (28) | (28) | (28) | (28) | (28) |
| | (1,173) | (1,124) | (1,092) | (1,146) | (1,150) | (1,163) | (1,091) |
| | | | | | | | |
| Funding Available | | | | | | | |
| Loan Charges | 1,109 | 1,129 | 1,129 | 1,129 | 1,129 | 1,129 | 1,129 |
| Other Adjustments | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Total Funding Available | 1,139 | 1,159 | 1,159 | 1,159 | 1,159 | 1,159 | 1,159 |
| | | | | | | | |
| Annual Funding Surplus/(Shortfall) | (34) | 35 | 67 | 13 | 9 | (4) | 68 |
| | | | | | | | |
| Earmarked Reserve c/fwd | 222 | 257 | 324 | 337 | 346 | 342 | 410 |

It should be noted that the model:

- a Assumes continuation of Food Waste collection and includes replacement of Food Waste Vehicles, 2017/18.
- b Excludes Low Carbon Vehicles, due for replacement 2016/17. The purchase of these vehicles was heavily subsidised by Government Grants which may not be available in future years. If a decision is made to replace these vehicles it is assumed any replacement costs will be met from available grants and Service Revenue budgets.
- c Includes Glass Recycling Vehicles purchased in 2014/15 using a combination of grants and prudential borrowing and assumes replacement in 2019/20.
Funding Available has been increased by £35k from 2015/16 to reflect the initial purchase. A further £30k is required from 2020/21 however this funding has yet to be specifically identified and has not been reflected.
- d Other Adjustments:
 - From 2015/16 includes £30k additional funding vired from underspend in Fuel.
 - From 2016/17 includes further £20k additional funding vired from underspend in Fuel.

Finance Strategy
Roads Asset Management Plan

Appendix 11

| | <u>2012/13</u> <u>Actual</u> <u>£000's</u> | <u>2013/14</u> <u>Actual</u> <u>£000's</u> | <u>2014/15</u> <u>Approved</u> <u>£000's</u> | <u>2015/16</u> <u>Approved</u> <u>£000's</u> | <u>2016/17</u> <u>Proposed</u> <u>£000's</u> | <u>2017/18</u> <u>Proposed</u> <u>£000's</u> | <u>2013/16</u> <u>3 Year</u> <u>£000's</u> | <u>2013/18</u> <u>5 Year</u> <u>£000's</u> |
|--|--|--|--|--|--|--|--|--|
| <u>Funding Available</u> | | | | | | | | |
| Core/Supported Borrowing | | 1,300 | 1,300 | 1,300 | 1,400 | 1,400 | 3,900 | 6,700 |
| Prudential Borrowing | | | 2,100 | 2,100 | 4,600 | 4,600 | 4,200 | 13,400 |
| CFCR: | | | | | | | | |
| Early Allocation (Feb 2012) | b 1,373 | 1,627 | | | | | 3,000 | 3,000 |
| Further Allocation (Feb 2013) | c | 1,100 | 2,400 | 2,400 | | | 5,900 | 5,900 |
| Total Funding Available | 1,373 | 4,027 | 5,800 | 5,800 | 6,000 | 6,000 | 17,000 | 29,000 |
| <u>Allocation of Expenditure</u> | | | | | | | | |
| Carraigeways | 1,220 | 2,997 | 3,654 | 4,111 | 2,349 | 3,100 | 11,982 | 17,431 |
| Footways | 153 | 248 | 295 | 575 | 525 | 1,500 | 1,271 | 3,296 |
| Lighting | | 113 | 266 | 890 | 1,000 | 1,910 | 1,269 | 4,179 |
| Road Markings | | | 50 | 50 | 50 | 50 | 100 | 200 |
| Drainage | | | 75 | 50 | 50 | 50 | 125 | 225 |
| Structures | | 3 | 515 | 192 | 300 | 765 | 710 | 1,775 |
| Fees & Staffing Costs | | 269 | 326 | 433 | 433 | 433 | 1,028 | 1,894 |
| Total Allocation of Expenditure | 1,373 | 3,630 | 5,181 | 6,301 | 4,707 | 7,808 | 16,485 | 29,000 |
| Over/(Under) Allocation | 0 | (397) | (619) | 501 | (1,293) | 1,808 | (515) | 0 |

Notes

- a 2016/18 funding approved February 2015.
- b Funds were set aside during February 2012 budget process prior to the formal approval of the RAMP model.
- c CFCR part funded from underspends due to reduced requirement for Loan Charges in early years.
- d Lighting programme has been delayed due to delays in carrying out the column surveys and development of the outline business case and strategy. It is now anticipated that the original intended programme will not be completed within the initial 3 year period but will be extended into 16/17 and 17/18.

Finance Strategy
Loan Charges

Appendix 12

| | | 2015/16 £'000 | 2016/17 £'000 | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 |
|--------------------------------|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Balance B/fwd | | 1,118 | 2,068 | 2,085 | 5,077 | 3,344 | 1,376 | (1,862) | (1,543) | (974) |
| Projected Loan Charges | a | 12,660 | 14,276 | 15,274 | 15,457 | 15,662 | 15,902 | 11,695 | 11,445 | 11,301 |
| Available Budget | b | 13,935 | 14,293 | 12,766 | 12,724 | 12,694 | 12,664 | 12,014 | 12,014 | 12,014 |
| Loan Charge Surplus/(Deficit) | | 1,275 | 17 | (2,508) | (2,733) | (2,968) | (3,238) | 319 | 569 | 713 |
| Additional Funding: | | | | | | | | | | |
| Contribution from Reserves | c | | | 4,500 | | | | | | |
| Contribution to Reserves | d | (325) | | | | | | | | |
| Contribution from Capital Fund | e | | | 1,000 | 1,000 | 1,000 | | | | |
| Balance at Year End | | 2,068 | 2,085 | 5,077 | 3,344 | 1,376 | (1,862) | (1,543) | (974) | (261) |

- Notes
- a Revised projections as at July 2015 and excludes Loan Charges relating to funded models (SEMP, AMP, VRP, City Deal, Birkmyre Trust). Does not include the effect of decisions on SEMF acceleration taken in March 2016 except for the £650k annual budget transferred to SEMF from 2021/22.
From 2018/19 onwards, general capital grant is applied to core allocations only and not to individually funded models (e.g. VRP).
Includes £1 million per year from 2018/19 for increased core Property investment plus £4.5 million extra Prudential Borrowing in 2016/17.
- b Adjustments to Available Budget:
For 2016/17
£400k added to ongoing budget for loan charges on Additional Capital Expenditure, as agreed November 2014
£30k removed for ICT saving agreed February 2015 (additional sum removed each year until last year 2020/21)
£12k removed for ICT saving agreed February 2013 (additional sum removed each year until last year 2018/19)
For 2017/18
Further £400k added to ongoing budget for loan charges on Additional Capital Expenditure, as agreed November 2014
£140k added to ongoing budget for loan charges on Children's Homes
Saving of £2.025m applied from 2017/18 in lieu of major saving from 2021/22. Deficit in 2020/22 to be funded from core Reserves
For 2021/22
£650k removed from ongoing budget and transferred to SEMF relating to SEMF acceleration, as agreed in March 2016
- c Allocation of £4.5million in 2017/18 to address medium term Loan Charges funding issue.
- d Of the £1.2m originally allocated from Reserves only £0.975m had been generated from Loan charges surpluses by 31/3/15 leaving £0.225m to be returned to Free Reserves. In addition, £0.1m is added back to Reserves in 2015/16 for RAMP funding.
- e Allocation from Capital Fund. It should be noted that this contribution is dependent on receipts from property disposals and as such cannot be guaranteed.

Appendix 13

City Deal - Medium Term Financing

| <u>Capital</u> | <u>£m</u> |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | Total |
| Overall Grant | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 70 | 60 | 60 | 400 |
| Regional Projects | 0.32 | 1.49 | 2 | 3 | 4.5 | 30 | 30 | 70 | 23 | 10 | 174.31 |
| Grant Available | 29.5 | 28.51 | 28 | 27 | 25.5 | 0 | 0 | 0 | 37 | 50 | 225.69 |
| Inverclyde's Grant Share | 0.856 | 0.827 | 0.812 | 0.783 | 0.740 | 0.000 | 0.000 | 0.000 | 1.073 | 1.450 | 6.540 |
| <u>Project Spend</u> | | | | | | | | | | | |
| Ocean Terminal | 0.030 | 1.002 | 5.603 | 4.115 | 0.250 | 0 | 0 | 0 | 0 | 0 | 11.000 |
| Inverkip | 0.004 | 1.789 | 1.388 | 0.069 | 0 | 0 | 0 | 0 | 0 | 0 | 3.250 |
| Inchgreen | 0 | 0 | 0 | 0 | 0 | 0 | 4.714 | 4.713 | 0 | 0 | 9.427 |
| Total Cost | 0.034 | 2.791 | 6.991 | 4.184 | 0.250 | 0 | 4.714 | 4.713 | 0 | 0 | 23.677 |
| Annual Grant Shortfall | 0.822 | -1.964 | -6.179 | -3.401 | 0.490 | 0.000 | -4.714 | -4.713 | 1.073 | 1.450 | -17.137 |
| Cumulative Grant Shortfall | 0.822 | -1.143 | -7.322 | -10.723 | -10.233 | -10.233 | -14.947 | -19.660 | -18.587 | -17.137 | |
| <u>Revenue</u> | <u>£m</u> | |
| | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | |
| Revenue Budget | 0 | 0 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | |
| Interest Charge | 0 | (2) | (74) | (203) | (288) | (307) | (378) | (563) | (669) | (625) | |
| Balance at Year End | 0 | (2) | 284 | 441 | 513 | 566 | 548 | 345 | 36 | (229) | |

Notes

- 1/ The project spend profiles are initial high level estimates and will be firmed up as part of the detailed Business Case preparation. Figures do not include any partner contributions and represent the worst case scenario.
- 2/ The Council will require to finance the interest costs associated with the grant shortfall and has set aside up to £400,000 per year for this purpose of which £40,000 is set aside for the Programme Management Office.
- 3/ Interest rates based on 7 day LIBOR rates projected for the year.

| | | | |
|-------------------------|--|--------------------|---------------------|
| Report To: | Inverclyde Council | Date: | 2 June 2016 |
| Report By: | Corporate Director Environment, Regeneration & Resources | Report No: | SL/LP/046/16 |
| Contact Officer: | Sharon Lang | Contact No: | 01475 712112 |
| Subject: | Administrative Arrangements: Cycle of Council, Committee, Sub-Committee and Board Meetings to June 2017 | | |

1.0 PURPOSE

1.1 The purpose of this report is to set out for approval the schedule of Committee cycles for the period to June 2017.

2.0 SUMMARY

2.1 The proposed cycle of Council/Committee/Sub-Committee/Board meetings for the period is detailed in the timetable appended to the report.

2.2 The timetable is based on a cycle of five meetings of the Thematic Committees, the Policy & Resources Committee and the Council. The Planning Board and the General Purposes Board, as Regulatory Committees, have a date set aside each month for the determination of applications and associated business.

2.3 The result is two cycles starting towards the end of August and concluding at the start of December and two cycles beginning early January and concluding in early April 2017.

2.4 The Local Government Elections are set for 4 May 2017 and the statutory meeting of the new Council must take place within 21 days of the date of the elections. Following the last elections on 3 May 2012, the statutory meeting was held on 17 May.

2.5 At a similar point in the Council's cycle in 2011, it was agreed to provide for one cycle to be arranged between the statutory meeting and the summer recess on the basis that a new Administration would be unlikely to effect changes to the political management arrangements prior to the summer recess.

2.6 This final cycle is a compressed cycle ending with a meeting of the Council on 29 June 2017. It is, of course, not possible at this stage to fix dates for the pre-agenda meetings in this cycle.

2.7 Additionally, as in previous years, it is proposed to hold a meeting of the Policy & Resources Committee on Tuesday 9 August 2016 to deal with any items of business requiring consideration during the summer recess period.

2.8 The timetable runs as follows:-

- (a) The Planning Board will meet on the first Wednesday and the General Purposes Board on the second Wednesday respectively of each month;
- (b) All ordinary meetings of the Thematic Committees (excepting the Education & Communities Committee), the Policy & Resources Committee, the Planning Board and the General Purposes Board will normally be held at 3pm; and
- (c) The ordinary meeting of the Council will take place at 4pm.

- 2.9 In respect of the Education & Communities Committee, it was agreed, when setting last year's timetable, that the option of a 2pm start for the Communities business and a 4pm start for the Education business (with provision for a later start if necessary), be adopted for a trial period of a year. All Members of the Committee, including the five non-Council Members, have been contacted for their views on the arrangement.
- 2.10 The feedback from those responding is generally positive. The issue is the time between conclusion of the Communities business and the start of the Education business which obviously alters from meeting to meeting. It would not, however, be possible to arrange the start times of either parts of the agenda on an ad hoc basis as this would not allow for proper notice to be given.
- 2.11 It is therefore proposed for the Education & Communities Committee, to continue the current arrangement for a further year and, during that period, to monitor the length of time between conclusion of the Communities business and start of the Education items of business for each meeting held, with a view to reviewing the position before setting the timetable for 2017/18 after the Council election.
- 2.12 With regard to the administrative and governance arrangements arising from Health and Social Care integration, it is proposed that the Health & Social Care Committee continue to meet each cycle on the Tuesday of week 1. The Inverclyde Integration Joint Board has agreed to convene five meetings in the period to June 2017 and the dates of these meetings, which were agreed by the Board on 10 May 2016, are included in the timetable.
- 2.13 The Local Police & Fire Scrutiny Sub-Committee has been meeting before the Inverclyde Council and it is proposed to continue this arrangement on four of the five occasions on which the Council meets.
- 2.14 The timetable also includes proposed dates for the Petitions Committee established by the Council on 8 October 2015 although these meetings will, of course, only be convened when there is relevant business to consider.

3.0 RECOMMENDATION

- 3.1 The Council is asked to approve the proposed cycle of Council/Committee/Sub-Committee/Board meetings for the year to June 2017 as set out in the report and appendix.

Gerard Malone
Head of Legal & Property Services

4.0 IMPLICATIONS

Finance

4.1 There are no financial implications.

Financial Implications:

One Off Costs

| Cost Centre | Budget Heading | Budget Years | Proposed Spend this Report | Virement From | Other Comments |
|-------------|----------------|--------------|----------------------------|---------------|----------------|
| N/A | N/A | N/A | N/A | N/A | N/A |

Annually Recurring Costs/ (Savings)

| Cost Centre | Budget Heading | With Effect from | Annual Net Impact | Virement From (If Applicable) | Other Comments |
|-------------|----------------|------------------|-------------------|-------------------------------|----------------|
| N/A | N/A | N/A | N/A | N/A | N/A |

Legal

4.2 There are no legal implications arising from this report.

Human Resources

4.3 There are no HR implications arising from this report.

Equalities

4.4 There are no equalities implications arising from this report.

Repopulation

4.5 There are no repopulation implications arising from this report.

6.0 CONSULTATIONS

6.1 This report has been considered by the Corporate Management Team.

7.0 BACKGROUND PAPERS

7.1 None.

DRAFT

| | August/September 2016 | | | | October/November/December 2016 | | | |
|--|------------------------|------------------------|--------------|-----------------------|--------------------------------|--------------------------|--------------|-----------------|
| Committee/Inverclyde Council | Submission Date - 9 am | Pre-Agenda Date | Issue Agenda | Date of Meeting | Submission Date - 9 am | Pre-Agenda Date | Issue Agenda | Date of Meeting |
| Policy & Resources Committee | 15 July | Tues 26 July – 12 noon | 29 July | 9 Aug | | | | |
| Audit Committee | 29 July | Mon 8 Aug - 10 am | 12 Aug | 23 Aug | 23 Sept | Mon 3 Oct - 10 am | 7 Oct | 18 Oct |
| Health & Social Care Committee | 29 July | Mon 8 Aug - 3 pm | 12 Aug | 25 Aug | 23 Sept | <u>Tues</u> 4 Oct - 3 pm | 7 Oct | 20 Oct |
| Environment & Regeneration Committee | 5 Aug | Tues 16 Aug - 2 pm | 19 Aug | 1 Sept | 30 Sept | Tues 11 Oct - 2 pm | 14 Oct | 27 Oct |
| Education & Communities Committee | 12 Aug | Mon 22 Aug - 3 pm | 26 Aug | 6 Sept | 7 Oct | Mon 17 Oct - 3 pm | 21 Oct | 1 Nov |
| Inverclyde Integration Joint Board | 22 July | Mon 1 Aug – 3 pm | 5 Aug | <u>18 Aug</u> | 14 Oct | Mon 24 Oct – 3 pm | 28 Oct | 8 Nov |
| Petitions Committee | - | - | - | 15 Sept | - | - | - | 10 Nov |
| Policy & Resources Committee | 26 Aug | Tues 6 Sept – 12 noon | 9 Sept | 20 Sept | 21 Oct | Tues 1 Nov – 12 noon | 4 Nov | 15 Nov |
| Local Police & Fire Scrutiny Sub-Committee | 8 Sept | n/a | 22 Sept | <u>29 Sept</u> | NO MEETING | | | |
| Inverclyde Council | 12 Sept | Mon 19 Sept - 10 am | 22 Sept | <u>29 Sept</u> | 14 Nov | Mon 21 Nov - 10 am | 24 Nov | 1 Dec |

DRAFT

| | January/February 2017 | | | | February/March/April 2017 | | | |
|--|------------------------|---------------------------|--------------|----------------------|---------------------------|----------------------|--------------|-----------------|
| Committee/Inverclyde Council | Submission Date - 9 am | Pre-Agenda Date | Issue Agenda | Date of Meeting | Submission Date - 9 am | Pre-Agenda Date | Issue Agenda | Date of Meeting |
| Audit Committee | 2 Dec | Mon 12 Dec - 10 am | 16 Dec | <u>10 Jan</u> | 27 Jan | Mon 6 Feb - 10 am | 10 Feb | 21 Feb |
| Health & Social Care Committee | 2 Dec | <u>Tues</u> 13 Dec - 3 pm | 16 Dec | 5 Jan | 27 Jan | Mon 6 Feb - 3 pm | 10 Feb | 23 Feb |
| Environment & Regeneration Committee | 2 Dec | Tues 13 Dec - 2 pm | 16 Dec | 12 Jan | 3 Feb | Tues 14 Feb - 2 pm | 17 Feb | 2 Mar |
| Education & Communities Committee | 9 Dec | <u>Wed</u> 4 Jan - 1 pm | <u>9 Jan</u> | 17 Jan | 10 Feb | Mon 20 Feb - 3 pm | 24 Feb | 7 Mar |
| Inverclyde Integration Joint Board | 16 Dec | Mon 9 Jan – 3 pm | 13 Jan | 24 Jan | 17 Feb | Mon 27 Feb – 3 pm | 3 Mar | 14 Mar |
| Petitions Committee | - | - | - | 26 Jan | - | - | - | 16 Mar |
| Policy & Resources Committee | 6 Jan | Tues 17 Jan – 12 noon | 20 Jan | 31 Jan | 24 Feb | Tues 7 Mar – 12 noon | 10 Mar | 21 Mar |
| Local Police & Fire Scrutiny Sub-Committee | 26 Jan | n/a | 9 Feb | 16 Feb | 16 Mar | n/a | 30 Mar | 6 Apr |
| Inverclyde Council | 30 Jan | Mon 6 Feb - 10 am | 9 Feb | 16 Feb | 20 Mar | Mon 27 Mar - 10 am | 30 Mar | 6 Apr |

NB As usual, the submission and pre-agenda dates for this cycle have been altered to avoid holding meetings in the week before Christmas and the week between Christmas and New Year.

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| | May/June 2017 | | | |
|--|------------------------|-----------------|--------------|-----------------------|
| Committee/Inverclyde Council | Submission Date - 9 am | Pre-Agenda Date | Issue Agenda | Date of Meeting |
| Audit Committee | 5 May | n/a | 19 May | 30 May |
| Health & Social Care Committee | 5 May | n/a | 19 May | 1 June |
| Environment & Regeneration Committee | 12 May | n/a | 26 May | 8 June |
| Education & Communities Committee | 19 May | n/a | 2 June | 13 June |
| Inverclyde Integration Joint Board | 12 May | n/a | 26 May | <u>6 June</u> |
| Petitions Committee | - | - | - | <u>15 June</u> |
| Policy & Resources Committee | 26 May | n/a | 9 June | 20 June |
| Local Police & Fire Scrutiny Sub-Committee | 8 June | n/a | 22 June | 29 June |
| Inverclyde Council | 12 June | n/a | 22 June | 29 June |

DRAFT

| PLANNING BOARD | | | |
|------------------------|-----------------|--------------|-----------------|
| Submission Date - 9 am | Pre-Agenda Date | Issue Agenda | Date of Meeting |
| 21 July | n/a | 26 July | 3 Aug |
| 25 Aug | n/a | 30 Aug | 7 Sept |
| 22 Sept | n/a | 27 Sept | 5 Oct |
| 20 Oct | n/a | 25 Oct | 2 Nov |
| 24 Nov | n/a | 29 Nov | 7 Dec |
| 8 Dec | n/a | 13 Dec | 4 Jan |
| 19 Jan | n/a | 24 Jan | 1 Feb |
| 16 Feb | n/a | 21 Feb | 1 Mar |
| 23 Mar | n/a | 28 Mar | 5 Apr |
| 25 May | n/a | 30 May | 7 June |

| GENERAL PURPOSES BOARD | | | |
|------------------------|-----------------|--------------|-----------------|
| Submission Date - 9 am | Pre-Agenda Date | Issue Agenda | Date of Meeting |
| 22 July | n/a | 28 July | 10 Aug |
| 26 Aug | n/a | 1 Sept | 14 Sept |
| 23 Sept | n/a | 29 Sept | 12 Oct |
| 21 Oct | n/a | 27 Oct | 9 Nov |
| 25 Nov | n/a | 1 Dec | 14 Dec |
| 9 Dec | n/a | 16 Dec | 11 Jan |
| 20 Jan | n/a | 26 Jan | 8 Feb |
| 17 Feb | n/a | 23 Feb | 8 Mar |
| 24 Mar | n/a | 30 Mar | 12 Apr |
| 26 May | n/a | 1 June | 14 June |

Report To: THE INVERCLYDE COUNCIL **Date:** 2 JUNE 2016

Report By: CORPORATE DIRECTOR
ENVIRONMENT, REGENERATION &
RESOURCES **Report No:** LP/074/16

Contact Officer: CAROLINE SHAW **Contact No:** 712115

Subject: PROPOSED TRAFFIC REGULATION ORDER – JAMAICA LANE,
GREENOCK (ONE WAY ONLY) ORDER 2016

1.0 PURPOSE

- 1.1 The purpose of this report is to request the Council to consider a remit from the Environment & Regeneration Committee.

2.0 SUMMARY

- 2.1 The Environment & Regeneration Committee held on 28 April, 2016 after consideration of a report by the Corporate Director Environment, Regeneration & Resources on the proposed Traffic Regulation Order – Jamaica Lane, Greenock (One Way Only) Order 2016 recommended that the Inverclyde Council be asked to make the Traffic Regulation Order and remit it to the Head of Environmental and Commercial Services and the Head of Legal and Property Services to arrange for its implementation.

3.0 RECOMMENDATION

- 3.1 That the Inverclyde Council approve the making of the Traffic Regulation Order – Jamaica Lane, Greenock (One Way Only) Order 2016, all as detailed in the copy of the proposed Order forming a supplement to the principal Minute hereof, and that the Head of Environmental and Commercial Services and the Head of Legal and Property Services be authorised to take all necessary action in connection therewith. Appendix 1

Gerard Malone
Head of Legal and Property Services

4.0 BACKGROUND

- 4.1 Local Authorities are empowered to make Orders under the Road Traffic Regulation and Roads (Scotland) Acts 1984 and under the Council's Scheme of Administration the Head of Environmental and Commercial Services is responsible for the making, implementation and review of Traffic Management Orders and Traffic Regulation Orders.
- 4.2 The Council is asked to note that, if approved, the Order may not be implemented until the making of the Order has been advertised to allow any persons who so wish a period of six weeks to question the validity of the Order in terms of the Road Traffic Regulation Act 1984.

5.0 IMPLICATIONS

Finance

- 5.1 There are no financial implications arising from this report.

Legal

- 5.2 There are no legal implications arising from this report.

Human Resources

- 5.3 There are no HR implications arising from this report.

Equalities

- 5.4 There are no equalities implications arising from this report.

Repopulation

- 5.5 There are no repopulation implications arising from this report.

6.0 CONSULTATIONS

- 6.1 The proposals have been advertised in the Greenock Telegraph and full details of the proposals have been made available for public inspection during normal office hours at the offices of the Head of Environmental and Commercial Services, the Head of Legal and Property Services and at Central Library.
- 6.2 No objections have been received to the proposed Order.

7.0 LIST OF BACKGROUND PAPERS

- 7.1 None.

THE INVERCLYDE COUNCIL

**JAMAICA LANE, GREENOCK
(ONE WAY ONLY) ORDER 2016**

TRAFFIC REGULATION ORDER

DRAFT

THE INVERCLYDE COUNCIL

JAMAICA LANE, GREENOCK (ONE WAY ONLY) ORDER 2016

We, The Inverclyde Council in exercise of the powers conferred on us by Sections 1(1) and 2(1) to (3) of the Road Traffic Regulation Act 1984 (as amended) ("the Act") and of all other enabling powers and after consulting the Chief Constable of the Police Service of Scotland (Seirbheis Phoilis na h-Alba) in accordance with Part III of Schedule 9 to the Act hereby make the following Order:

1.0 Commencement and citation

- 1.1 This Order may be cited as "The Inverclyde Council, Jamaica Lane, Greenock (One Way Only) Order 2016" and shall come into operation on 20th July, 2016.

2.0 Interpretation

- 2.1 In this Order, except where the context otherwise requires, the following expression has the meaning hereby respectively assigned to it:

"Vehicle" means a vehicle of any description and includes a machine or implement of any kind drawn or propelled along roads whether or not by mechanical power.

3.0 Prohibition and restriction

- 3.1 No person shall drive or cause or permit to be driven any Vehicle on the lengths of road specified in Column 1 of the Schedule to this Order otherwise than in the direction specified in Column 2 of the said Schedule as referred to in the plan annexed to this Order.

Sealed with the Common Seal of The Inverclyde Council and subscribed for them and on their behalf by

SCHEDULE

**JAMAICA LANE, GREENOCK
(ONE WAY ONLY) ORDER 2016**

**Length of Road in Inverclyde
within the Town of Greenock**

Permitted Direction of Travel

Jamaica Lane

For its entire length, from the junction
with Kelly Street to the junction
with Jamaica Street.

Southeastwards

DRAFT

INVERCLYDE COUNCIL

JAMAICA LANE, GREENOCK

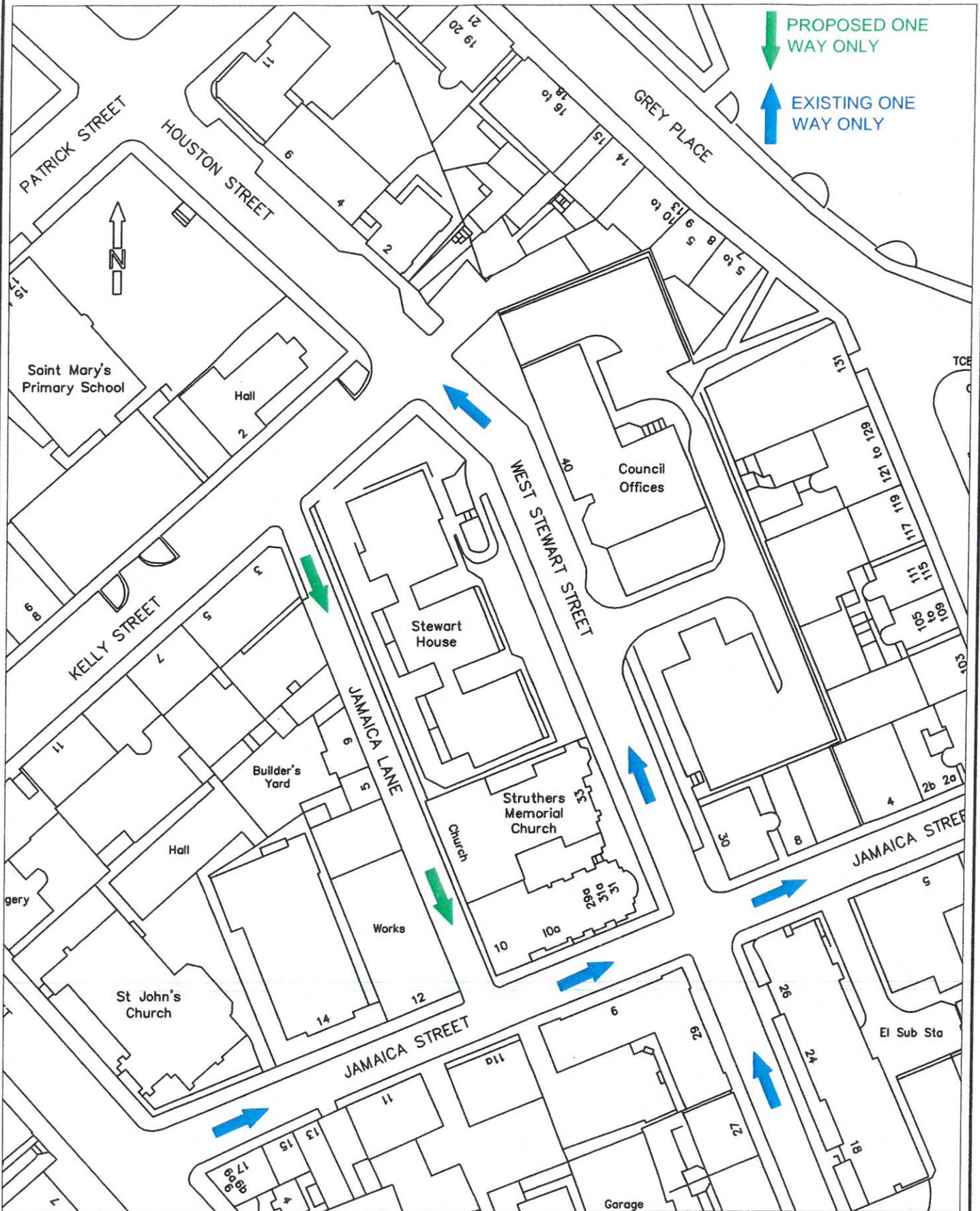
ONE WAY ONLY

Statement of Reasons for Proposing to Make the above Order

It is considered necessary to make the above Order to avoid danger to persons and other traffic using the road.

Ian Moffat
Head of Environmental & Commercial Services

1 Ingleston Park
Cartsburn Street
GREENOCK
PA15 4UE



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|---|---|--|---------------------------------|-------------------------|
| <p><i>Consultancy Section</i></p> <p>Original Drawing Size 297x210 (A4)</p> | <p>HEAD OF SERVICE Ian Moffat</p> | <p>TRAFFIC REGULATION ORDER C173 JAMAICA LANE, GREENOCK ONE WAY ONLY</p> | <p>Scale : 1:1,000</p> | <p>Date : Dec 2015</p> |
| | <p>71 EAST HAMILTON STREET GREENOCK, PA15 2UA</p> | | <p>Prepared by : R.Mackay</p> | <p>Checked by : -</p> |
| | | | <p>Drawn by : R.Mackay</p> | <p>Approved by : -</p> |
| | | | <p>Drawing No. : TR/TRO/139</p> | <p>File No. : 19/38</p> |

| | | |
|-------------------------|--|-----------------------------|
| Report To: | THE INVERCLYDE COUNCIL | Date: 2 JUNE 2016 |
| Report By: | CORPORATE DIRECTOR ENVIRONMENT, REGENERATION & RESOURCES | Report No: LP/075/16 |
| Contact Officer: | CAROLINE SHAW | Contact No: 712115 |
| Subject: | PROPOSED TRAFFIC REGULATION ORDER – UNION STREET, GREENOCK (18 TONNE WEIGHT RESTRICTION) ORDER 2016 | |

1.0 PURPOSE

- 1.1 The purpose of this report is to request the Council to consider a remit from the Environment & Regeneration Committee.

2.0 SUMMARY

- 2.1 The Environment & Regeneration Committee held on 28 April, 2016 after consideration of a report by the Corporate Director Environment, Regeneration & Resources on the proposed Traffic Regulation Order – Union Street, Greenock (18 Tonne Weight Restriction) Order 2016 recommended that the Inverclyde Council be asked to make the Traffic Regulation Order and remit it to the Head of Environmental and Commercial Services and the Head of Legal and Property Services to arrange for its implementation.

3.0 RECOMMENDATION

- 3.1 That the Inverclyde Council approve the making of the Traffic Regulation Order – Union Street, Greenock (18 Tonne Weight Restriction) Order 2016, all as detailed in the copy of the proposed Order forming a supplement to the principal Minute hereof, and that the Head of Environmental and Commercial Services and the Head of Legal and Property Services be authorised to take all necessary action in connection therewith. Appendix 1

Gerard Malone
Head of Legal and Property Services

4.0 BACKGROUND

- 4.1 Local Authorities are empowered to make Orders under the Road Traffic Regulation and Roads (Scotland) Acts 1984 and under the Council's Scheme of Administration the Head of Environmental and Commercial Services is responsible for the making, implementation and review of Traffic Management Orders and Traffic Regulation Orders.
- 4.2 Structure No. 27/1 carries Union Street over a disused rail line and is in the ownership of the Highways Agency Historical Railways Estate.
- 4.3 There is an existing weight restriction Traffic Regulation Order on this structure: "The Inverclyde Council Union Street, Greenock (7.5 Tonne Weight Restriction) Order 2014".
- 4.4 As a result of the recent structural inspection the load carrying capacity of the structure has been assessed as 18 tonnes.
- 4.5 The Council is asked to note that, if approved, the Order may not be implemented until the making of the Order has been advertised to allow any persons who so wish a period of six weeks to question the validity of the Order in terms of the Road Traffic Regulation Act 1984.

5.0 IMPLICATIONS

Finance

- 5.1 There are no financial implications arising from this report.

Legal

- 5.2 There are no legal implications arising from this report.

Human Resources

- 5.3 There are no HR implications arising from this report.

Equalities

- 5.4 There are no equalities implications arising from this report.

Repopulation

- 5.5 There are no repopulation implications arising from this report.

6.0 CONSULTATIONS

- 6.1 The proposals have been advertised in the Greenock Telegraph and full details of the proposals have been made available for public inspection during normal office hours at the offices of the Head of Environmental and Commercial Services, the Head of Legal and Property Services and at Central Library.
- 6.2 No objections have been received to the proposed Order.

7.0 LIST OF BACKGROUND PAPERS

- 7.1 None.

THE INVERCLYDE COUNCIL
UNION STREET, GREENOCK
(18 TONNE WEIGHT RESTRICTION) ORDER 2016
TRAFFIC REGULATION ORDER

THE INVERCLYDE COUNCIL

**UNION STREET, GREENOCK
(18 TONNE WEIGHT RESTRICTION) ORDER 2016**

The Inverclyde Council in exercise of the powers conferred on it by Sections 1(1) and 2(1) to (3) of the Road Traffic Regulation Act 1984 ("the Act") and of all other enabling powers and after consultation with the Chief Constable of Police Scotland in accordance with Part III of Schedule 9 of the Act hereby make the following Order:

1. This Order may be cited as "The Inverclyde Council Union Street, Greenock (18 Tonne Weight Restriction) Order 2016" and shall come into operation on 20 July, 2016.
2. In this Order the following expressions have the meanings hereby assigned to them:-

"Vehicle" unless the context otherwise requires, means a vehicle of any description and includes a machine or implement of any kind drawn or propelled along roads whether or not by mechanical power.
3. No person shall drive or cause or permit to be driven any vehicle exceeding 18 Tonnes Maximum Gross Weight (m.g.w) on the length of road specified in Schedule 2 to this Order.
4. The Weight Restriction currently in force and specified in Schedule 1 annexed to this Order is hereby revoked.

Sealed with the Common Seal of The Inverclyde Council and subscribed for them on their behalf by #####, Proper Officer, at Greenock on the ##### day of #####, Two thousand and sixteen.

SCHEDULE 1

THE INVERCLYDE COUNCIL

UNION STREET, GREENOCK

REVOCAATION

Order to be revoked entirely

“The Inverclyde Council, Union Street, Greenock (7.5 Tonne Weight Restriction) Order 2014”

SCHEDULE 2

THE INVERCLYDE COUNCIL

UNION STREET, GREENOCK

18 TONNE WEIGHT RESTRICTION

Road in Inverclyde within
the town of Greenock

Union Street
Structure No. 27/1

Length of road to which
restriction applies

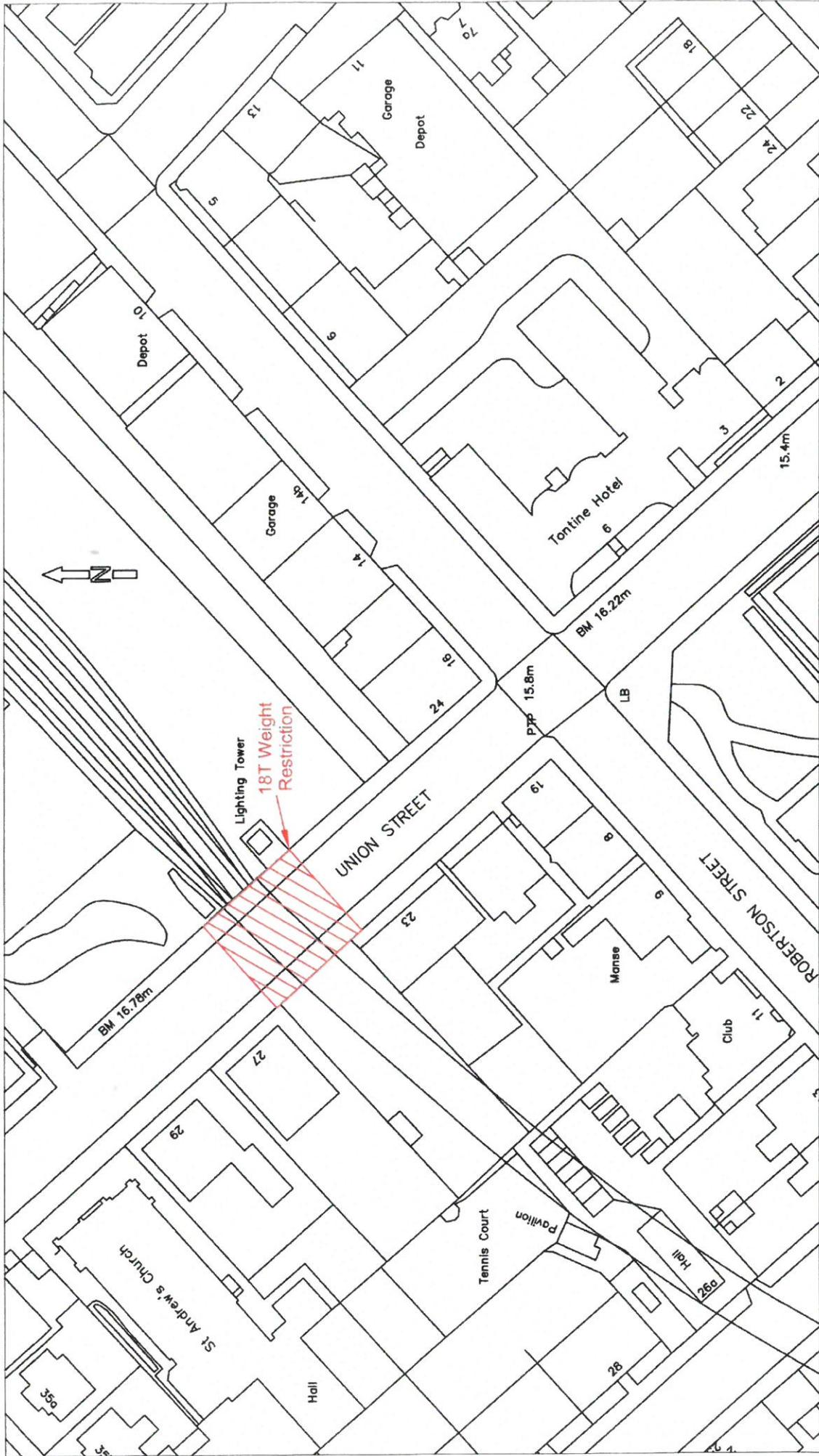
From a point 51.5 metres
Northwest of the Northwest
kerbline of Robertson Street
Northwestwards for a distance of
22 metres or thereby.

THE INVERCLYDE COUNCIL
UNION STREET, GREENOCK
(18 TONNE WEIGHT RESTRICTION)

**Statement of Reasons for Proposing to Make
the Above Order**

It is considered necessary to make the above Order to avoid danger to persons and other traffic using the road.

Ian Moffat
Head of Environmental & Commercial Services
1 Ingleston Park
Cartsburn Street
GREENOCK
PA15 4UE



Consultancy Section
Original Drawing Size
297x210 (A4)

HEAD OF SERVICE
Ian Moffat
71 EAST HAMILTON STREET
GREENOCK, PA15 2UA

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TRAFFIC REGULATION ORDER C170
UNION STREET, GREENOCK
18 Tonne WEIGHT RESTRICTION

Scale : 1:1,000
Prepared by : R. Macklay
Checked by :
Drawn by : R. Macklay
Approved by :
Drawing No. : TR/TRO/141
File No. : 19/38
Date : Oct 2015

| | | | |
|-------------------------|---|--------------------|---------------------|
| Report To: | Inverclyde Council | Date: | 2 June 2016 |
| Report By: | Head of Legal & Property Services | Report No: | SL/LP/081/16 |
| Contact Officer: | Sharon Lang | Contact No: | 01475 712112 |
| Subject: | Representatives on Outside Bodies: Scottish Local Government Forum Against Poverty – Remit from Policy & Resources Committee | | |

1.0 PURPOSE

1.1 The purpose of this report is to request the Council to approve the recommendation of the Policy & Resources Committee relative to the appointment of Elected Members as representatives on the outside body, the Scottish Local Government Forum Against Poverty.

2.0 SUMMARY

2.1 A report was submitted to the Policy & Resources Committee at its meeting on 17 May 2016 on a request from Councillor McCabe that consideration be given to an invitation from the Scottish Local Government Forum Against Poverty for the Council to become a member of the Forum. A copy of the report is attached as Appendix 1.

2.2 The Policy & Resources Committee decided:

- (1) That Inverclyde Council become a member of the Scottish Local Government Forum Against Poverty at a cost of £800 per annum; and
- (2) That it be recommended to Inverclyde Council that the Welfare and Financial Inclusion Champion, currently Councillor McCabe, and the Welfare Spokesperson of the largest Minority Group, currently Councillor MacLeod, be appointed to the Forum and that there also be provision for substitute members.

3.0 RECOMMENDATION

3.1 The Council is asked to approve the appointments to the Scottish Local Government Forum Against Poverty as set out in paragraph 2.2 above and also agree the appointment of substitute members.

| | | | |
|-------------------------|---|--------------------|---------------------|
| Report To: | Policy & Resources Committee | Date: | 17 May 2016 |
| Report By: | Head of Legal & Property Services | Report No: | LP/069/16 |
| Contact Officer: | Sharon Lang | Contact No: | 01475 712112 |
| Subject: | Scottish Local Government Forum Against Poverty – Request by Councillor McCabe | | |

1.0 PURPOSE

1.1 The purpose of this report is to ask the Policy & Resources Committee to consider a request from Councillor McCabe.

2.0 SUMMARY

2.1 Councillor McCabe has requested that the Committee consider an invitation from the Scottish Local Government Forum Against Poverty for the Council to become a member of the Forum. A copy of the letter from the Forum is attached (**APPENDIX**).

3.0 RECOMMENDATION

3.1 That the Committee consider the request from Councillor McCabe.

Gerard Malone
Head of Legal & Property Services



Membership Invitation

9 April 2016

Dear Councillor McCabe

On behalf of Councillor Matt Kerr, Chair of the Scottish Local Government Forum Against Poverty, I write to cordially and formally invite Inverclyde Council to become members of the Forum.

The Forum is a cross-party group of elected members, supported by officer, which meets six times each year at various venues around Scotland. I know Councillor Kerr was delighted to see you at our recent meeting in Paisley and I trust you found it informative and useful.

The Forum is now in its 20th year and in 2016 will be seeking to drive forward some anti-poverty campaigns and ensure that local authorities are fully engaged in the ongoing debate around the nature, design and implementation of extended welfare powers to the Scottish Parliament.

Membership of the Forum entitles a local authority to nominate two elected members to each meeting and play a full part in shaping the direction of the Forum's activities and its governance.

The Forum shares a co-ordinator with Rights Advice Scotland (RAS) – the representative body of local authority welfare rights workers. RAS is an organisation in which the Inverclyde Service Manager, Derek Flood, and Philip Cole, WRO, have played an active part.

The membership fees for the Forum are related to the population within the authority, up to a maximum of £3750. The population of Inverclyde at 80,000 means the fee for your authority would be £800 per annum.

If you require further information please do not hesitate to contact me.

Yours faithfully

Graham Kerr
Co-ordinator
Scottish Local Government Forum Against Poverty

SLGFAP, c/o 4 Parkgrove Avenue, Giffnock G46 6HT Tel: 07584 630746

| | | | |
|-------------------------|--|--------------------|------------------------|
| Report To: | Trustees of Council's Charities | Date: | 02 June 2016 |
| Report By: | Honorary Treasurer | Report No: | FIN/64/16/AP/CM |
| Contact Officer: | Matt Thomson | Contact No: | 01475 712223 |
| Subject: | Accounts of Charitable Trust | | |

1.0 PURPOSE

1.1 The purpose of this report is to ask the trustees:

- a) To adopt the annual accounts of SC019228 Lady Alice Shaw Stewart Memorial Fund and approve its filing with the Office of the Scottish Charity Regulator.
- b) To consider the audit findings report [ISA260] submitted by Grant Thornton for this charity.

2.0 SUMMARY

- 2.1 The Annual Accounts for the year ended 31 March 2016 are to be submitted to the Office of the Scottish Charity Regulator (OSCR) by the statutory deadline of 31 December 2016 (no later than 9 months after the financial year end). OSCR requires that the charity trustees approve the annual accounts and sign and date the annual report and balance sheet.
- 2.2 The independent audit of the accounts of the Lady Alice Shaw Stewart Memorial Fund has been completed by Grant Thornton, the approved auditor of Inverclyde Council. A full audit is required to be carried out by the appointed auditor of the local authority following guidance from Audit Scotland regarding the requirements of the Local Government (Scotland) Act 1973. The auditor's report confirms that the Trustees' Annual Report and Financial Statements give a "true and fair view".
- 2.3 Grant Thornton have submitted a report of their audit findings. Pages 2 and 3 of the report provide their review of the financial statements. No control weaknesses are identified. The draft accounts were of a good quality and no errors were found.

3.0 RECOMMENDATIONS

3.1 It is recommended that the trustees:

- a) Review and adopt the Annual Accounts for the above charity for the year ended 31 March 2016 and approve its onward transmission to OSCR.
- b) Note the findings in Grant Thornton's audit report.

4.0 BACKGROUND

- 4.1 This is the last remaining charitable trust of the Council. OSCR has approved the re-organisation scheme to transfer all assets to Action for Children. Officers will prepare a formal agreement with Action for Children to secure their commitment to utilise the funds to (i) continue provision of a support/mentoring service to women in Inverclyde involved in offending (by way of one and a half dedicated practitioner posts for a one-year period) and (ii) continue to administer small awards scheme of the type currently in place to assist individual female service users in their rehabilitation. The agreement will then be novated to Inverclyde Council and the trust wound up and removed from the Scottish Charity Register.

5.0 IMPLICATIONS

5.1 Finance

There are no financial implications arising from this report.

Financial Implications:

One off Costs

| Cost Centre | Budget Heading | Budget Years | Proposed Spend this Report £000 | Virement From | Other Comments |
|-------------|----------------|--------------|---------------------------------|---------------|----------------|
| N/A | | | | | |

Annually Recurring Costs/ (Savings)

| Cost Centre | Budget Heading | With Effect from | Annual Net Impact £000 | Virement From (If Applicable) | Other Comments |
|-------------|----------------|------------------|------------------------|-------------------------------|----------------|
| N/A | | | | | |

5.2 Legal

Officers in Legal Services will secure the formal agreement of Action for Children to the utilisation of the funds in the manner outlined in 4.1 above prior to the winding up of the trust.

5.3 Human Resources

There are no human resources implications arising from this report.

5.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

5.5 Repopulation

There are no repopulation implications arising from this report.

6.0 CONSULTATIONS

6.1 The Head of Property and Legal Services has been consulted about the matters in this report.

7.0 LIST OF BACKGROUND PAPERS

7.1 None.

Lady Alice Shaw Stewart Memorial Fund

Audited Annual Report and Financial Statements

For the Year to 31 March 2016



Scottish Charity Number SC019228



Lady Alice Shaw Stewart Memorial Fund

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| Balance Sheet | 9 |
| Notes to the Accounts | 10-12 |

The Elected Members of the Council are the trustees. The Chief Financial Officer of Inverclyde Council in his role as the treasurer of the charity is responsible for making arrangements for the proper administration of the trust's financial affairs and reports to the trustees.

Lady Alice Shaw Stewart Memorial Fund was established under a minute of agreement dated 3 July 1947 between the Trustees of the Female Branch of the Greenock Discharged Prisoners Aid Society and the Corporation of Greenock.

The Committee handed over the capital sum of £1,923 upon the winding up of the Branch. Female prisoners no longer served their sentences in HM Prison in Greenock and the purpose of the Branch could not be carried out. The officers of the Corporation undertook to utilise the funds for purposes similar or akin to the purpose of the Branch.

The funds were to be designated thereafter "Lady Alice Shaw Stewart Memorial Fund" in memory of Lady Alice of Ardgowan who died in January 1942.

During her life, Lady Alice set up benevolent societies for the army, navy and air force, had been awarded the CBE, and was a Justice of the Peace. She was active in the Greenock School Board and a primary school in Greenock was named after her in which local children are educated to this day.

Interest on the capital sum was to be used to "give monetary or other assistance to females recommended by the Probation Officer of the Burgh of Greenock."

Following the closure of the women's prison in Greenock, payments from the Trust fell into abeyance. In recent years, a revived scheme was introduced under which a limited number of small award payments were made by the trustees in cases recommended by the Criminal Justice Social Work Service.

Officers from that service worked closely with Action for Children, a national charity with strong local links, in the provision of support services for women involved in offending.

At the meeting of 9 October 2015, trustees took the decision to transfer all assets to Action for Children, having regard to the financial, administrative and regulatory burdens involved with the continuation of the Memorial Fund, in order that funds be put to more effective use in the assistance and rehabilitation of women offenders in the Inverclyde area.

OSCR approved the re-organisation scheme in February 2016. A full and final transfer of all assets will be made in 2016-2017.

Lady Alice Shaw Stewart Memorial Fund
Trustees' Annual Report
For the Year to 31 March 2016

The trustees present their annual report together with the financial statements for the year to 31 March 2016.

Reference and administrative information

- Charity Name Lady Alice Shaw Stewart Memorial Fund
- Charity Number SC019228
- Principal Address C/o Inverclyde Council, Municipal Buildings,
Clyde Square, Greenock, PA15 1LY

Current trustees

- Provost Robert Moran, Chair
- Councillor Ronnie Ahlfeld
- Councillor Martin Brennan
- Councillor Keith Brooks
- Councillor Math Campbell-Sturgess
- Councillor Jim Clocherty
- Councillor Gerry Dorrian
- Councillor Jim Grieve
- Councillor Vaughan Jones
- Councillor Terry Loughran
- Councillor Stephen McCabe
- Councillor James McColgan
- Councillor Michael McCormick
- Councillor Chris McEleny
- Councillor Joe McIlwee
- Councillor Jim MacLeod
- Councillor Innes Nelson
- Councillor Luciano Rebecchi
- Councillor Kenny Shepherd
- Councillor David Wilson

Other trustees who served during the year

- None

Honorary Secretary

- Role fulfilled by officers in Inverclyde Council's Legal and Property Services

Honorary Treasurer

- Role fulfilled by Alan Puckrin CPFA, Chief Financial Officer

Bankers

- All monies are held and managed by Inverclyde Council.

Structure, Governance and Management

Governing Document

The legal name of the charity is Lady Alice Shaw Stewart Memorial Fund. The trust is an unincorporated Scottish charity governed on the basis of the available evidence of its constitution, a minute of agreement dated 3 July 1947 between the trustees of the Female Branch of the Greenock Discharged Prisoners Aid Society and the Corporation of Greenock, and as approved by the Policy and Strategy Committee of 6 August 1996. Grants are made in accordance with the terms of the charity.

Appointment of Trustees

The councillors of Inverclyde Council are assumed as trustees on their appointment to the Council. Councillors receive training on the responsibilities of being a charity trustee and the accounts of the trust.

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the AGM to consider and adopt the annual report and financial statements. Trustees consider the income and expenditure levels during the financial year and that suitable arrangements are in place to manage the remaining funds of the trust. The trustees delegate the day to day administration of the charities to officers of the Council.

The Council provides all administrative support to the charity including financial, legal and secretarial support and deals with any applicants on behalf of the charity. The Council also administers any payments from the charity.

The Council makes a charge for these services as agreed by trustees at a meeting of 3 December 2009.

Related Parties

Trustees hold this position because they are elected councillors of Inverclyde Council. Inverclyde Council provides support services to the trust.

Management of Funds and Investment Policy

The trustees rely upon the expertise of officers of Inverclyde Council to manage the investments to ensure the maximum return at least risk to the charity.

Finance Services of Inverclyde Council have taken the steps required by charity trustees under the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 for the reporting period. The funds of the charity are deposited with Inverclyde Council and receive interest at the average market rate for the Council's borrowing. The interest received from Inverclyde Council is shown in the Statement of Financial Activities.

Objects and Activities

Objects

Its charitable object is "interest on the capital sum is to be used to give monetary or other assistance to females recommended by the Probation Officer of the Burgh of Greenock".

At the meeting of 9 October 2015, trustees took the decision to transfer all assets to Action for Children, having regard to the financial, administrative and regulatory burdens involved with the continuation of the Memorial Fund, in order that funds be put to more effective use in the assistance and rehabilitation of women offenders in the Inverclyde area.

Activities

The charity makes grants in accordance with its purposes to individuals and organisations. No awards were made during the year.

Financial Review

Overview

The charity did not make any awards during the year in view of the decision to wind-up. Expenditure of £1,210 was incurred on charitable activities; £960 for audit fees and £250 for the cost of accountancy, legal and administrative support. Income of £223 was received from interest earned on the funds deposited with Inverclyde Council.

The net deficit of £987 for the year was taken from the unrestricted funds brought forward to give unrestricted funds carried forward of £43,007 plus unchanged permanent endowment funds of £1,923. This entire sum is deposited with Inverclyde Council.

Reserves Policy

The trust has no explicit reserves policy, but the “capital” of the fund is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserves. The unrestricted free reserves are available for the objectives of the trust. The unrestricted reserves at the financial year-end were £43,007. The terms of the trust deed are very restrictive which has resulted in a gradual accumulation of reserves over time.

Winding Up

On 9 October 2015, the trustees decided to wind up the trust and transfer all assets to a local charity, Action for Children. OSCR approved the reorganisation scheme in February 2016. The transfer will be made during 2016-2017.

Approved by the trustees on Second June, Two Thousand and Sixteen and signed on behalf of all trustees by:

Provost Robert Moran

Chair of the trustees

This Trustees' Annual Report is also counter-signed by the Chief Financial Officer of Inverclyde Council in his capacity as the Honorary Treasurer.

Alan Puckrin CPFA

Honorary Treasurer

Lady Alice Shaw Stewart Memorial Fund
Independent Auditor's Report
For the Year ended 31 March 2016

Independent auditor's report to the trustees of Lady Alice Shaw Stewart Memorial Fund and the Accounts Commission for Scotland

We certify that we have audited the financial statements of Lady Alice Shaw Stewart Memorial Fund for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standard (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

The trustees are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2016 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We are required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Michael Thomas, (for and on behalf of Grant Thornton UK LLP)
Royal Liver Building
Liverpool
L3 1PS

June 2016

Michael Thomas is eligible to act as an auditor in terms Part VII of the Local Government (Scotland) Act 1973.

Lady Alice Shaw Stewart Memorial Fund
Statement of Financial Activities for the Year ended 31 March 2016

| | Unrestricted Funds | Permanent Endowment Funds | Total 2016 (Note 1) | Total 2015 (Note 2) | Further details |
|--|-----------------------|---------------------------------|---------------------------|---------------------------|--------------------|
| | £ | £ | £ | £ | |
| Income from: | | | | | |
| Investments | 223 | 0 | 223 | 224 | 1 |
| Total | 223 | 0 | 223 | 224 | |
| Expenditure on: | | | | | |
| Charitable activities | | | | | |
| - Grant funding | 0 | 0 | 0 | 221 | 2 |
| - Support costs | 1,210 | 0 | 1,210 | 1,210 | 3 |
| Total | 1,210 | 0 | 1,210 | 1,431 | 4 |
| Net income/(expenditure) | (987) | 0 | (987) | (1,207) | |
| Transfers between funds | 0 | 0 | 0 | 0 | 5 |
| Net movement in funds | (987) | 0 | (987) | (1,207) | |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | 43,994 | 1,923 | 45,917 | 47,124 | |
| Total funds carried forward | 43,007 | 1,923 | 44,930 | 45,917 | |
| <p>The Lady Alice Shaw Stewart Memorial Fund has no recognised gains or losses other than the results for the year as set out above. The activities of the trust are not classed as continuing. The notes on pages 10 to 12 form an integral part of these accounts.</p> | | | | | |

Lady Alice Shaw Stewart Memorial Fund
Balance Sheet as at 31 March 2016

| | Total funds 31 March 2016 | Total funds 31 March 2015 | Further details |
|--|--|--|--------------------|
| | £ | £ | |
| Current assets | | | |
| Cash at bank | 44,930 | 45,917 | 6 |
| Current liabilities | | | |
| Creditors: Amounts falling due within one year | 0 | 0 | |
| Net current assets | 44,930 | 45,917 | |
| Total net assets | 44,930 | 45,917 | |
| The funds of the charity: | | | |
| Endowment funds | 1,923 | 1,923 | |
| Unrestricted funds | 43,007 | 43,994 | |
| Total charity funds | 44,930 | 45,917 | |
| The notes on pages 10 to 12 form an integral part of these accounts. | | | |
| Approved 02 June 2016: | | | |
| | Provost Robert Moran Chair of the trustees | Alan Puckrin CPFA Honorary Treasurer | |

Lady Alice Shaw Stewart Memorial Fund

Notes to the Accounts

Note 1 Accounting Policies

1.1 Basis of Preparation and Assessment of Going Concern

(a) The accounts (financial statements) have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounting in accordance with the Financial Reporting Standard for smaller entities published on 16th July 2014, the Financial Reporting Standard for Smaller Entities (FRSSE), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

(b) These accounts have been prepared on the basis of historic cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to the accounts.

(c) The accounts for 2016 are for the twelve month period 1 April 2015 to 31 March 2016. Figures for 2015 are shown as appropriate for purposes of comparison. The prior year figures cover a twelve month period ended 31 March 2015.

(d) The accounts are prepared on a 'discontinuing basis' as the Trustees have decided to wind up the Trust with the intent to transfer its assets to another local charity within 12 months of the signing of the financial statements.

1.2 Funds Structure

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable activities. The permanent endowment fund was created by the gift of a capital sum from the trustees of the Female Branch of the Greenock Discharged Prisoners Aid Society under a minute of agreement dated 3 July 1947. Interest on the capital sum is to be used "to give monetary or other assistance to females recommended by the Probation Officer of the Burgh of Greenock".

1.3 Income Recognition

All income is recognised once the charity has entitlement to the income, there is sufficient certainty of receipt and so it is probable that the income will be received, and the amount of the income can be measured reliably. Where incoming resources have related expenditure, the incoming resources and related expenditure are reported gross in the statement of financial activities.

Interest on deposits with Inverclyde Council is recognised in the accounts when receivable.

1.4 Expenditure Recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to the expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis.

1.5 Irrecoverable VAT

The charity is not registered for VAT. Irrecoverable VAT is charged against the expenditure heading for which it was incurred. The charity is not liable to income tax or capital gains tax on its charitable activities.

1.6 Support Costs

All support costs relate to charitable activities. Support costs include the costs of preparation and audit of the statutory accounts, the cost of trustee meetings and the cost of any legal advice to trustees on governance matters.

1.7 Charitable Activities

The cost of charitable activities includes grants made and support costs related to governance.

Note 2 Grant Funding

The charity did not make any awards during the year in view of the decision to wind-up. The trustees agreed at the meeting of 9 October 2015 that all assets be transferred to Action for Children. OSCR approved the reorganisation and winding up in February 2016. The transfer will take place in 2016-2017.

Action for Children [AfC] has agreed that the transferred assets will be used to provide:

- short term funding of the provision by AfC of a support/mentoring service for women involved in offending in particular, funding 1.5 full time practitioner posts in the year 2016 to 2017; and
- the continued administration of a small awards scheme of the type presently undertaken by the Lady Alice Shaw Stewart Memorial Fund.

| | 2016 £ | 2015 £ |
|-----------------------------------|-----------|------------|
| Grants to Organisations | 0 | 0 |
| Grants to Individuals | 0 | 221 |
| Total for Reporting Period | 0 | 221 |

Note 3 Support Costs

| | 2016 £ | 2015 £ |
|---|--------------|--------------|
| Audit Fee* ¹ | 960 | 960 |
| Charges from Inverclyde Council for accountancy and legal support* ² | 250 | 250 |
| Total for Reporting Period | 1,210 | 1,210 |

*¹ An audit is a statutory requirement for local authority charities, irrespective of turnover and assets.
*² Lady Alice Shaw Stewart Memorial Fund has no staff. All support functions are provided by Inverclyde Council.

Note 4 Total Resources Expended

| 2016 | Basis of Allocation | Unrestricted Funds | | 2016 |
|-----------------------------------|---------------------|--------------------|---------------|--------------|
| | | Grants Funding | Support Costs | Total |
| | | £ | £ | £ |
| Awards & Contributions | Direct | 0 | 0 | 0 |
| Auditors Fee | Direct | 0 | 960 | 960 |
| Charge from Inverclyde Council | Direct | 0 | 250 | 250 |
| Total for Reporting Period | | 0 | 1,210 | 1,210 |

| 2015 | Basis of Allocation | Unrestricted Funds | | 2015 |
|-----------------------------------|---------------------|--------------------|--------------|--------------|
| | | Grants | Support | Total |
| | | Funding | Costs | |
| | | £ | £ | £ |
| Awards & Contributions | Direct | 221 | 0 | 221 |
| Auditors Fee | Direct | 0 | 960 | 960 |
| Charge from Inverclyde Council | Direct | 0 | 250 | 250 |
| Total for Reporting Period | | 221 | 1,210 | 1,431 |

Note 5 Transfers between Funds

There are no transfers. OSCR has agreed, as part of the reorganisation scheme, that all funds (both Unrestricted Funds and the Endowment Fund) can be transferred to Action for Children.

Note 6 Cash at Bank

During the year the trust's balances were held by Inverclyde Council. The Council acts as the banker for the charity and all transactions incoming and outgoing are made via the Council's bank accounts. The balance is repayable on demand. Interest is paid on balances.

| | 2016 | 2015 |
|----------------------------|---------------|---------------|
| | £ | £ |
| Balance at 31 March | 45,917 | 47,124 |
| Funds placed on deposit | 223 | 224 |
| Funds withdrawn | (1,210) | (1,431) |
| Balance at 31 March | 44,930 | 45,917 |

Note 7 Related Parties and Trustees' Expenses and Remuneration

No trustees were remunerated during the year or any persons connected with them during the year (2015: Nil), nor was there any requirement for any expenses to be paid (2015: Nil).

The trustees are the elected members of Inverclyde Council. The Council provided support services at a cost of £250 (2015: £250). During the year, the charity received interest of £223 from the Council (2015: £224). At the year-end, cash of £44,930 was held by Inverclyde Council for the charity (2015: £45,917).



Inverclyde
council

Finance Services, Municipal Buildings, Greenock PA15 1LY
Tel: 01475 712090 Fax: 01475 712202 www.inverclyde.gov.uk

The Trustees of the Lady Alice Shaw Stewart Memorial Fund
Inverclyde Council
Municipal Building
Cathcart Street
Greenock
PA15 1LY

6 May 2016

Grant Thornton UK LLP
Royal Liver Building
LIVERPOOL
L3 1PS

T +44 (0)161 214 6368

www.grant-thornton.co.uk

Dear Sirs

Introduction

Under section 106 of the Local Government (Scotland) Act 1973, charitable trusts where a council is the sole trustee require a full audit in line with the Charities and Trustee Investment (Scotland) Act 2005.

Audit Scotland appointed Grant Thornton UK LLP as the auditor of all charitable trusts at Inverclyde Council (the Council) which meet the section 106 criteria.

Following an Office of the Scottish Charity Regulator (OSCR) authorised decision to wind up the Lady Alice Shaw Stewart Memorial Fund (the Fund), a transfer of funds to Action for Children is due to take place in 2016/17. The 2015/16 financial statements were therefore prepared on a 'break up' basis.

Our annual audit report is addressed to those charged with governance for the Fund and the Controller of Audit. The report summarises our opinion and conclusions on significant issues arising from our audit.

The Trustee's Responsibilities

It is the responsibility of the Trustee's (the Council) and the Accountable Officer to prepare the financial statements in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE SORP).

This means the Trustee's must:

- prepare financial statements which give a true and fair view of the financial position of the Fund and its income and expenditure for the period to 31 March 2016.
- ensure accounts are prepared in line with the Charities and Trustee Investment (Scotland) Act 2005
- maintain proper accounting records which are up to date
- take steps to prevent and detect fraud and other irregularities.

Our Responsibilities

We have been appointed as auditor of the Lady Alice Shaw Stewart Memorial Fund (the Fund) as part of the Audit Scotland Code of Practice (the Code). We are required to report whether, in our opinion, the Funds' financial statements present a true and fair view of the financial position.

Our audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. Weaknesses or risks are only those that have come to our attention during our normal audit work and may not be all that exist.

Under the requirements of the International Standard of Auditing (UK and Ireland) ('ISA') 260: Communication with those charged with governance, we are required to communicate audit matters arising from the audit of the financial statements to those charged with governance (the Council as Trustees). This annual report to the Council, together with our Audit Plan previously reported to the Council, discharges our ISA 260 commitments.

Communication of the matters arising from our audit work does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

A reminder of our approach

We operate a risk based audit approach. The starting point for our audit was to consider the inherent risks to the Fund and how these may result in a material misstatement in the accounts. There are two presumed significant risks which are applicable to all audits under International Standards on Auditing (ISA 240) which are listed below:

- Revenue cycles include fraudulent activities
- Management override of controls.

Due to the nature of the balances we have conducted a wholly substantive approach and tested all balances above performance materiality. As part of our testing we considered the risk of management override of controls and did not identify any issues.

We considered all disclosures in the financial statements and ensure compliance with the FRSSE SORP and whether disclosures are consistent with the information gathered from our audit work.

We did not identify any new areas of risk or change our approach over the course of the audit.

Materiality

We outlined in our Audit Plan that the auditor is required under ISA 320 to establish a level of overall materiality and performance materiality. Performance materiality is defined by ISA 320 as the amount set for the financial statements as a whole to reduce the probability of the aggregate uncorrected and undetected misstatements exceeds materiality.

Overall materiality is set for the financial statements as a whole and is based on our perception of the needs of users of the financial statements. When calculating materiality we have judged that for the Fund, gross expenditure is an appropriate benchmark as there is very little activity on the Fund.

We have applied an overall materiality of £29 (2%) to the benchmark figure as reported in the draft accounts. Performance materiality is based on our experience of the Fund in prior years and has been set at £21 (75%) of materiality for the Fund.

In addition to the guidance on materiality ISA 450 requires the auditor to accumulate and report misstatements identified during the audit, other than those that are clearly trivial. For the purposes of the audit of the Fund we have set a trivial level of 5% of materiality.

Our Review of the Financial Statements

The draft financial statements were of good quality and we identified no significant errors or misstatements.

As part of our work on the financial statements we are required to review the narrative elements. We review the narrative elements of the financial statements for compliance with required FRSSE SORP disclosures, for consistency with other areas of the financial statements and our knowledge of the Fund.

We have reviewed the narrative commentary and disclosures against the requirements of the FRSSE SORP and agreed some minor changes to improve presentation.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- review of the final version of the Fund's financial statements
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

Financial Statements Opinion

Our audit did not identify any adjustments and there were no unadjusted misstatements in the primary financial statements of the Fund.

Subject to the satisfactory completion of our testing, we intend to issue an unqualified opinion on the financial statements of the Fund.

Other Communication Requirements

In respect to written representations, disclosures, matters in relation to fraud, laws and regulations, related parties we have nothing to report.

We have considered the factors, which may reasonably be brought to bear on the firm's independence and the objectivity of the audit engagement lead and all audit staff, and ensured that appropriate safeguards are in place. We confirm that in our professional opinion, the firm is independent under regulatory and professional rules and the objectivity of the audit engagement lead, Mike Thomas and the audit staff assigned to the Fund's audit is not impaired.

Acknowledgement

Finally, we would like to take this opportunity to record our appreciation for the kind assistance provided to us by the Council staff during our audit.

Yours faithfully

Mike Thomas

For Grant Thornton UK LLP

Chartered Accountants

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THE INVERCLYDE COUNCIL

AGENDA AND ALL PAPERS TO:

All Councillors 20

Officers:

| | |
|--|---|
| Chief Executive | 1 |
| Corporate Communications & Public Affairs | 1 |
| Chief Officer, Health & Social Care Partnership | 1 |
| Head of Children & Families & Criminal Justice | 1 |
| Head of Community Care & Health | 1 |
| Head of Planning, Health Improvement & Commissioning | 1 |
| Head of Mental Health & Addictions | 1 |
| Clinical Director | 1 |
| Corporate Director Education, Communities & Organisational Development | 1 |
| Head of Education | 1 |
| Head of Inclusive Education, Culture & Corporate Policy | 1 |
| Head of Safer & Inclusive Communities | 1 |
| Head of Organisational Development, Human Resources & Communications | 1 |
| Corporate Director Environment, Regeneration & Resources | 1 |
| Chief Financial Officer | 1 |
| Head of Legal & Property Services | 1 |
| S Lang, Legal & Property Services | 1 |
| R McGhee, Legal & Property Services | 1 |
| N Duffy, Legal & Property Services | 1 |
| F Denver, Legal & Property Services | 1 |
| L Carrick, Legal & Property Services | 1 |
| Members' Services Manager | 1 |
| Chief Internal Auditor | 1 |
| Head of Environmental & Commercial Services | 1 |
| Head of Regeneration & Planning | 1 |
| File Copy | 1 |

TOTAL 46

AGENDA AND ALL NON-CONFIDENTIAL PAPERS TO:

Community Councils 10

TOTAL 10