Notice of Meeting and Agenda
Council

Date	Time	Venue
Thursday, 28 February 2019	09:30	Council Chambers (Renfrewshire), Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

KENNETH GRAHAM
Head of Corporate Governance

Membership

Councillor Jennifer Marion Adam-McGregor: Councillor Tom Begg: Councillor Derek Bibby: Councillor Bill Binks: Councillor Bill Brown: Councillor Stephen Burns: Councillor Jacqueline Cameron: Councillor Michelle Campbell: Councillor Carolann Davidson: Councillor Eddie Devine: Councillor Andy Doig: Councillor Audrey Doig: Councillor Natalie Don: Councillor Alison Jean Dowling: Councillor Edward Grady: Councillor Neill Graham: Councillor Jim Harte: Councillor John Hood: Councillor Lisa-Marie Hughes: Councillor Karen Kennedy: Councillor Scott Kerr: Councillor Paul Mack: Councillor Alistair Mackay: Councillor James MacLaren: Councillor Kenny MacLaren: Councillor Mags MacLaren: Councillor Eileen McCartin: Councillor Colin McCulloch: Councillor Marie McGurk: Councillor John McIntyre: Councillor John McNaughtan: Councillor Kevin Montgomery: Councillor Will Mylet: Councillor Emma Rodden: Councillor Jim Sharkey: Councillor John Shaw: Councillor James Sheridan: Councillor Andy Steel: Councillor Jane Strang: Provost Lorraine Cameron (Convener): Councillor Cathy McEwan (Depute Convener): Councillor Iain Nicolson (Leader): Councillor Jim Paterson (Depute Leader)

Further Information

This is a meeting which is open to members of the public.

A copy of the agenda and reports for this meeting will be available for inspection prior to the meeting at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley and online at http://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx
For further information, please either email democratic-services@renfrewshire.gov.uk or telephone 0141 618 7112.

Members of the Press and Public

Members of the press and public wishing to attend the meeting should report to the customer service centre where they will be met and directed to the meeting.

Webcasting of Meeting

This meeting will be filmed for live or subsequent broadcast via the Council's internet site – at the start of the meeting the Provost will confirm if all or part of the meeting is being filmed. Generally the public seating areas will not be filmed. The cameras focus on the main participants. If you have any queries regarding this please contact Committee Services on 0141 618 7112. To find the webcast please navigate to http://renfrewshire.cmis.uk.com/renfrewshire/meetings.aspx and select the meeting from the calendar.

Section 112 Statement

Members' attention is drawn to the enclosed statement regarding declarations in terms of Section 112 of the Local Government Finance Act, 1992.

Procedures

Copies of the notes of the procedures to be followed in respect of consideration of (i) the Revenue Estimates and Council Tax; and (ii) the Housing Revenue Account Budgets, Rent Levels and Capital Investment Plans are attached to the relevant reports.

Items of business

Apologies

Apologies from members.

Declarations of Interest

Members are asked to declare an interest in any item(s) on the agenda and to provide a brief explanation of the nature of the interest.

1	**Minutes of Meetings of Council, Boards and Panels** Minutes attached separately Council, 13 December 2018, pages 308-329 Communities, Housing and Planning Policy Board, 15 January 2019, pages 330-341 Regulatory Functions Board, 16 January 2018, pages 342-347 Education and Children's Services Policy Board, 17 January 2019, pages 348-353 Audit, Risk and Scrutiny Board, 21 January 2019, pages 354-361 Infrastructure, Land and Environment Policy Board, 23 January 2019, pages 362-369 Finance, Resources and Customer Services Policy Board, 30 January 2019, pages 370-393 Regulatory Functions Board, 31 January 2019, pages 394-402 Leadership Board, 20 February 2019, pages 403-410	
2	**Moving Forward Together - Council and NHS** Presentation by Johnathan Best, Chief Operating Officer, NHSGGC	
3	**Revenue Budget and Council Tax 2019/20** Report by Director of Finance and Resources	**11 - 64**
4	**Non-housing Capital Investment Programme 2019/20-21/22** Report by Director of Finance and Resources	**65 - 116**
5	**Housing Revenue Account Budget and Rent Levels 2019/20 and Housing Capital Investment Plan 2019/20 to 2021/22** Joint Report by Directors of Finance and Resources and Communities, Housing and Planning Services	**117 - 136**
6	**International Fair Trade Charter** Report by Chief Executive	**137 - 174**

7 Governance Arrangements - Membership of Boards and other Organisations 175 - 176

Report by Director of Finance and Resources

8 Statutory Review of Polling Places and Polling Districts 177 - 180

Report by Director of Finance and Resources

9 Review of Newly-introduced Speed Limit in Brookfield (A761) 181 - 186

Report by Lead Officer (David Wilson)

10 Notice of Motion 1 by Councillors McGurk and Paterson

"Care Experienced Bursary

Council welcomes the commitment of the Scottish Government to increase The Care Experienced FE and HE Bursary to £8,100, taking effect from financial year 2018/19.

As corporate parents, Renfrewshire Council recognises that care experienced people deserve a lifetime of equality, respect and love; one of the key foundations of that is receiving the full support to which they are rightly entitled.

Council resolves to take the necessary steps to ensure that no care experienced student should be made worse off as a direct result of the increased bursary."

11 Notice of Motion 2 by Councillors McCartin and Andy Doig

"CPR

Council notes the good work that is being done in a number of Renfrewshire's secondary schools to train senior pupils in CPR (Cardio Pulmonary Resuscitation) techniques.

Council also notes the comments made by Dr Andrew Lockey, Honorary Secretary of the UK Resuscitation Council who has warned against a postcode lottery of survival following Out of Hospital Cardiac Arrests.

Council recognises evidence of real health benefits in other countries:

"In Denmark, where CPR training in schools has been mandatory since 2005, the chances of recovery from an out-of-hospital cardiac arrest are triple those in the UK. In Norway, where CPR is also a mandatory part of the curriculum, survival rates from bystander CPR are an astounding 70%, compared to less than 10% in the UK" (Resuscitation Council UK).

Council are asked to support the roll-out and extension of this training to all secondary schools in Renfrewshire."

12 Notice of Motion 3 by Councillors Mack and Andy Doig

"Case No. LA/R/1800, (2016)

This Council upholds the ratio decidendi in Case No. LA/R/1800, (2016) Commission for Ethical Standards in Public Life in Scotland (aka Frankfurtergate). Commands Marks & Spencer to cease and desist from any further reference to their 'Love Sausage' and withdraw all offending sweetmeats from their outlets within the precincts of Renfrewshire County.

In parenthesis with reference to the case cited above M & S can only be considered 'wilfully disrespectful' to the good Burghers of Hunterhill, and surrounding areas, and this injunction should be made with immediate effect."

13 Notice of Motion 4 by Councillors Grady and Kennedy

"St Andrew's Academy - Transfer to Secondary School 2019

Council is dismayed at the handling of this year's intake arrangements at St Andrew's Academy as the lack of foresight and the failure to consult with parents and elected members has caused concern and therefore Council calls on the Administration to review the policy before there is a repeat of this situation."

14 Notice of Motion 5 by Councillors Steel and Brown

"Motion of Congratulation

Council is delighted to recognise the success of Richard Madden in being awarded a Golden Globe for Best Performance by an Actor in a Television Series for his performance in the BBC TV drama Bodyguard.

Council congratulates Richard, who hails from Elderslie and who carries on the proud Renfrewshire tradition of success among PACE theatre alumni such as Paolo Nutini, Scott Reid, James McAvoy and David Tennant."

15 Notice of Motion 6 by Councillors McIntyre and Kerr

"International Holocaust Remembrance Alliance (IHRA)

As part of Renfrewshire Council's ongoing equalities work we resolve to join with the UK and Scottish Governments and the major political parties in the UK in signing up to the internationally recognised International Holocaust Remembrance Alliance (IHRA) guidelines on antisemitism which defines antisemitism thus:

"Antisemitism is a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of antisemitism are directed toward Jewish or non-Jewish individuals and/or their property, towards Jewish Community Institutions and religious facilities."

The guidelines highlight manifestations as including:

1. Calling for, aiding, or justifying the killing or harming of Jews in the name of a radical ideology or an extreme view of religion.

2. Making mendacious, dehumanising, demonizing or stereotypical allegations about Jews as such or the power of Jews as collective such as, especially but not exclusively, the myth about a world Jewish conspiracy or of Jews controlling the media, economy, government or other social institutions.

3. Accusing Jews as a people of being responsible for real or imagined wrongdoing committed by a single Jewish person or group, or even for acts committed by non-Jews.

4. Denying the fact, scope, mechanisms (e.g. gas chambers) or intentionality of the genocide of the Jewish people at the hands of National Socialist Germany and its supporters and accomplices during World War II (the Holocaust).

5. Accusing the Jews as a people, or Israel as a state, of inventing or exaggerating the Holocaust. Accusing Jewish citizens as being more loyal to Israel, or to the alleged priorities of Jews worldwide, than to the interests of their own nations.

6. Denying the Jewish people their right to self determination, e.g. by claiming that the existence of the State of Israel is a racist endeavour.

7. Applying double standards by requiring of it behaviour not expected or demanded of any other democratic nation.

8. Using the symbols and images associated with classic antisemitism (e.g. claims of Jews killing Jesus or blood libel) to characterise Israel or Israelis.

9. Drawing comparisons of contemporary Israeli policy to that of the Nazis.

10. Holding Jews collectively responsible for the actions of the state of Israel.

Council resolves to:

Restate its condemnation of all forms of racism in all its manifestations and adopts the IHRA definition of antisemitism as the working model for challenging and confronting incidents of this form of racism."

16 Notice of Motion 7 by Councillors Harte and Brown

"Re-regulation of buses

Given the latest debacle from McGill's buses and the ongoing uncertainty over services and prices, it is time that this Council calls on the Scottish Government to re-regulate the buses and to introduce municipal ownership."

17 Notice of Motion 8 by Councillors Sheridan and Hood

"Bin Charges

Given that other Local Authorities in Scotland are introducing charges to uplift brown bins, this Council gives assurances that there will be no charges for the uplift of any household waste recycling."

18 Notice of Motion 9 by Councillors J MacLaren and Binks

"Road condition

Council agrees that maintaining our roads is costly but recognises the need to keep them safe. Council agrees that all adopted roads in Renfrewshire be checked for safety at least once per year and that it be council policy to ensure all road markings are in place and in good condition and to arrange renewal where they are missing or worn away."

LOCAL GOVERNMENT FINANCE ACT 1992 - SECTION 112

RESTRICTIONS ON VOTING BY MEMBERS

The attention of Members is drawn to the provisions of Section 112 of the Local Government Finance Act, 1992. This section has the effect of restricting the voting rights of Members on certain issues if they are in arrears with Council Tax payments.

The legislation applies to a Member in attendance at a meeting of the Council, or of a Committee or Sub-Committee of the Council or representing the Council's interest at a Joint Committee meeting or Sub-Committee thereof.

If at the time of the meeting a Member is 2 months or more in arrears in payment of the Council Tax, the Member will be restricted in voting on matters which relate to:

1. Setting or adjusting the rate of Council Tax;

2. Matters relating to the administration, enforcement and collection of the Council Tax or Council Water Tax.

If a Member falls into arrears as defined by the legislation, the Member is required to disclose this fact at any relevant meeting as soon as practical after it starts. The Member may participate in any debate on the relevant agenda item but the Member should not vote on any matters related to the agenda item.

If the Member does not disclose the restriction due to arrears of Tax and/or votes on a restricted issue the Member will have committed an offence, and on convictions, will be liable to a fine not exceeding level 3 on the standard scale (currently £1,000). The Member will not be guilty of the offence if he/she can prove he/she did not know:

(a) that Section 112 of the 1992 Act applied to him/her at the time of the meeting;

(b) the tax item was the subject of consideration at that meeting.

The responsibility for identifying whether a Member is in arrears with Council Tax rests with the Member.

PROCEDURE TO BE FOLLOWED AT THE MEETING OF RENFREWSHIRE COUNCIL TO BE HELD ON 28 FEBRUARY 2019 DURING CONSIDERATION OF ITEM 3 CONCERNING REVENUE ESTIMATES AND COUNCIL TAX FOR THE FINANCIAL YEAR 2019/20

The purpose of this note is to give Members advance notice of the procedure which Provost Cameron has agreed should be followed at the Meeting of the Council on 28 February 2019.

1. The Convener of the Finance, Resources & Customer Services Policy Board (the Convener) will make his budget statement for financial year 2019/20 and move as appropriate. He will then speak to the principal points of his proposals. The motion will require to be seconded.

2. The Leader of the Council will second the motion and may address the meeting then or reserve the right to speak at a later stage of the debate.

3. For the purposes of the subsequent discussion and voting, the Convener's proposals will be taken as one motion.

4. An opportunity will then be given to the Leaders of the opposition groups and any other Members to move, and to have duly seconded, comprehensive amendments to the motion (i.e. taking together proposals for resource allocations, budget proposals, revenue estimates and the level of the council tax for the financial year 2019/20).

5. The motion and any amendments will require to be produced in writing and a copy given to each of the Members present prior to being spoken to at the meeting. Provost Cameron may then adjourn the meeting to allow Members to consider the terms of the motion by the administration and any amendments by the opposition groups.

6. There shall be no formal restriction upon the length of time given to the Convener and the Leaders of the opposition groups to move their respective budget statements and speak in support of the principal points of their proposals. However, Provost Cameron shall have the power to require any person speaking to limit their speech in order to facilitate the conduct of the meeting.

7. Provost Cameron will then invite other Members to take part in the debate including Conveners of the Policy Boards who may wish to take the opportunity to respond concerning the services for which they have responsibility.

8. The debate will conclude with Provost Cameron giving the Convener the opportunity to reply.

9. A vote or votes will then be taken in accordance with the provisions of standing orders.

Renfrewshire Council

To: Council

On: 28 February 2019

Report by: Director of Finance & Resources

Heading: Revenue Budget and Council Tax 2019/20

1. SUMMARY

1.1. This report provides members with an overview of the Council's anticipated financial position on the General Fund revenue budget and sets out the information required for the Council to set its budget and council tax for 2019/20. Members are expected to bring forward proposals to secure a balanced budget, and to assist in this, Directors have been providing details of the financial, service and equality implications of any changes to current service levels, as requested by members.

1.2. In setting the 2019/20 budget, members will wish to consider carefully the medium term financial context for the Council and the ongoing financial pressures and challenges facing the public sector more generally as set out in more detail in the main body of this report.

1.3. The Scottish Government has not provided detailed spending plans beyond 2019/20 but has during 2018 published its first Medium Term Financial Strategy (MTFS) and have committed to providing three year local government funding settlements from 2020/21 onwards. The MTFS sets out detail of the Government's financial assessment of the funding required to deliver on its key policy priorities over the course of this parliamentary period covering for example its policy commitments to spending on Health, Police and Education as well as the commitment to the expansion of free Early Learning and Childcare provision across Scotland. A report on the MTFS was presented to the 26th June 2018 Council meeting and which outlined the clear commitment the Scottish Government has made to the delivery of each of these policy priorities and also confirmed that all other areas of the public sector, which would include the core local government budget, would require to be accommodated within the overall envelope of resources remaining each year after meeting the funding commitments to the stated policy priorities.

1.4. Moving forward and as outlined in the Scottish Government's medium term financial plan, the broad outlook for the Scottish Government's overall revenue resources presents shallow growth through to 2022/23. As members will be aware and as outlined in the Financial Outlook report to the Council on 27th September 2018 and most recently in their budget publication, the Scottish Government has re-affirmed their commitment to the delivery of their stated policy priorities over the course of the current parliamentary period.

1.5. In the context of this outlook for public finances in Scotland coupled with the Government's stated policy and spending commitments, the medium term prospects for the local government core budget are likely to remain challenging and subject to further year on year contraction.

1.6. Members should also remain aware that as previously reported to Council, a much larger proportion of the Scottish Budget is driven by devolved tax powers, which brings additional risk to the level of funding available for public services in Scotland. Forecast tax receipts in turn are intrinsically linked to the overall health of the economy – most recent forecasts of GDP growth in Scotland produced by the Scottish Fiscal Commission over the medium term average at just over 1% - lagging that of the of the UK. In addition, updated forecasts for income tax yield in Scotland for 2019/20 were downgraded from those previously forecast, largely offsetting gains the Scottish Government had made through devolved tax decisions taken when the 2017/18 and 2018/19 budgets were set. Therefore, significant uncertainty remains over the scale of the reduction in resources which local government may experience over the medium term, which along with an expected continuation of annual cost pressures will drive a need for further significant and sustained savings in the Council's planned spending just to achieve a balanced and sustainable budget position each year.

1.7. Members should note that similar to previous years and as detailed in paragraphs 3.2 and 3.6 of this report, the Council's financial settlement for 2019/20 is conditional upon the package of measures linked to the local government finance settlement. To date the Cabinet Secretary for Finance Economy and Fair Work has not provided any confirmation of the financial sanction of not agreeing to the full package of measures.

1.8. In setting out the terms of the draft local government finance settlement, the Scottish Government initially continued the obligation not to increase council tax by any more than 3%. This condition was subject to revision on the 31st January, where the cap for 2019/20 has been re-expressed from a 3% cash terms cap to a 4.79% real terms cap, providing local authorities with additional capacity to increase council tax levels in 2019/20 by up to 4.79%. No element of the grant award is directly linked to this condition but equally no detail has been provided by the Scottish Government of any adjustment that would be made to the financial settlement were the Council to increase council tax beyond the 4.79% cap.

1.9. The Council has over the past number of years taken a medium term view of its financial position, agreeing savings measures which have supported temporary investment in priority areas, principally covering economic and cultural regeneration, tackling poverty and inequality, digital connectivity in Renfrewshire's town centres, community venues refurbishment and investment in parks across Renfrewshire. Over the past number of months, budget assumptions have been updated and confirmed, including most notably the confirmed grant available to the Council in 2019/20 and the associated conditions, the impact of the updated multi-year pay offer made to trade unions covering the period 2018/19 – 2020/21, the impact of new statutory obligations, the likely impact of increasing demographic and demand pressures and expected council tax yield levels for 2019/20. In addition, the Council has continued to take a number of decisions as part of the medium term financial strategy linked to the Better Council Change Programme and Debt Smoothing Strategy that support the release of mitigating savings in 2019/20, as well as Directors continuing to identify areas of existing resource that can be re-directed to mitigate the impact of emerging cost pressures. After taking account of the cumulative impact of each of these issues there is, as presented in this report, a temporary revenue surplus of £5.832 million for 2019/20 subject to any further decisions taken by members.

1.10. Members should note that this movement to an in year revenue surplus from the forecast deficit for 2019/20 outlined in previous Financial Outlook reports is <u>temporary in nature</u> and is linked to positive movements on areas of previous uncertainty, the better than anticipated outcome on the Council's grant settlement received from the Scottish Government for 2019/20, as well as the actions the Council has progressed in the intervening period to deliver budget savings and mitigate cost growth.

1.11. Given the anticipated financial outlook beyond 2019/20, with a forecast gross budget deficit of between £24 million - £55 million over the period 2020/21 – 2022/23, the in year surplus for 2019/20 is temporary in nature and consequently it is strongly recommended by the Director that members should consider carefully any investment decisions that are not one-off or temporary in nature.

1.12. The Council's financial projections beyond 2019/20 include, by necessity, a range of key assumptions and there remains significant and in some cases increasing uncertainty in relation to key elements of the Council's future financial position. Most notably the areas of key uncertainty continue to focus upon:

- *Future grant settlement* – as referred to above, the Scottish Government has not provided any material details of spending plans beyond 2019/20 but only high level figures which present an indication of relatively shallow cash growth in their anticipated revenue budget over the medium term. In addition, and as outlined to members in previous Financial Outlook reports, the Scottish Government's budget now carries increased risk as more revenue raising powers are devolved as part of the Scotland Act 2016. As the transition of powers moves the Scottish budget towards approximately 50% of spending being supported by devolved tax raising powers, the economic performance of the Scottish economy relative to the UK becomes a key risk factor and determinant in the overall level of resources that will be available to the Scottish Government's budget each year. Although more recently Scotland's relative economic performance compared with the UK has performed favourably (1.4% in 2018 against 1.3% across the UK), over the medium term economic growth in Scotland is not forecast to sustain this short term boost with growth expected to remain relatively sluggish at or around 1% and importantly to continue to lag that of the UK. In this context, the Scottish Government's budget will continue to experience new and uncharted levels of uncertainty and risk. This context, coupled with the Scottish Government's stated commitments over the course of the current parliamentary period in relation to growing in real terms spending in the NHS, protecting Police spending in real terms, and the commitment to almost double the level of free early years nursery hours over the course of the this Parliament, presents what is likely to be material levels of uncertainty over the medium term for the core local government grant levels in Scotland. In 2018/19 and 2019/20, in addition to positive Barnett consequential emerging from the UK government budget for Scotland, the Scottish Government also exercised devolved tax raising powers to generate an increase in their budgeted resources which provided additional spending capacity to support local government, improving the confirmed grant settlement outcome for 2018/19 and 2019/20 from that previously anticipated as part of the Council's medium term planning. It would be anticipated that the opportunity for the Scottish Government to generate similar resource growth of this nature and at this scale in the short to medium term may be more limited, in addition and as referred to earlier, income tax forecast for 2019/20 have been downgraded by the SFC from those previously forecast for this period as more accurate information has become available. In this context and taking account of the relatively flat growth in revenue resources over the medium term that are expected to be available to the Scottish Government, it remains the expectation that core revenue grant levels made available to local government are likely to experience a further medium term period of cuts, with uncertainty over both the scale and period of reductions. As referred to earlier, the Scottish Government have committed to providing multi year financial settlements for local government from 2020/21, which will represent a significantly positive step in facilitating greater certainty for the Council's financial outlook.

- *Future Pay Settlements* - Financial provision for the current pay offer covering the period 2018/19 – 2020/21 is included within the figures outlined in this report. These offers are still subject to formal acceptance through the national negotiating arrangements. However, the move to multi year settlements does provide a degree of certainty of pay pressures through to 2020/21 albeit the levels of the offer now on the table are at the upper end of the provisions included within medium term financial projections over this period. This has therefore intensified the overall cost pressures for the Council and impacted negatively on the financial outlook. The sustainability of future pay awards at similar levels in the context of an expectation of further reductions in resources will be a key challenge for local government in Scotland to balance.

- *Demand led Pressures* – demographic and socio-economic demand led cost pressures, in particular on both Children's Services and Adult Social Care, continue to be a key financial risk moving forward. In response, the Council in partnership with Renfrewshire Health and Social Care Partnership continues to actively progress a range of key demand and cost management actions which seek to mitigate the ongoing growth in costs. As detailed later in the report, it is recommended that financial provision of £1.424 million of a recurring provision is made by the Council to uplift the resources made available to the HSCP to manage the net impact of new service and cost pressures in 2019/20 and ongoing implementation of the Carers Act. In addition to this, it is expected that approximately £1 million of resources will remain available from flexibility funding held specifically by the Council to manage financial risk and pressures across Adult Social Care services, providing total additional resources in 2019/20 of £2.424 million. This is after applying the applicable efficiency/cost mitigation adjustment of 2.2% against the 2018/19 budget as outlined in paragraph 3.6, which equates to £1.4 million. As detailed later in the report it is proposed that this £1.4million efficiency/cost mitigation adjustment, is earmarked by the Council in 2019/20 to provide resources to mitigate both the risk of HSCP cost mitigation measures not fully addressing the estimated £1.9 million residual cost pressure in 2019/20 and also to provide resource capacity to support the HSCP to deliver its change and transformation programme in 2019/20.

1.13. The nature of the Council's financial outlook beyond 2019/20, both in scale and potential for movement, means that the Council should continue to adopt a strategic and sustainable financial plan linked to the delivery of priorities approved in the Council Plan and agreed with partners in the Community Plan. These strategic priorities will continue to provide a focus in future budget decisions, where the delivery of core services must be balanced with the resources that will be available to the Council. It is also important that the Council's underlying financial strategy maintains a medium term perspective focused on financial sustainability, recognising the uncertainty around key elements, the variation in potential scale of savings that will be required over the medium term and the ambitions of the Council to direct investment to support the delivery of key outcomes.

1.14. In addition, members should continue to be alert to the timing of future spending plan announcements from the Scottish Government. Although it is acknowledged that the Scottish Government have committed to three year funding settlements from 2020/21 onwards, it remains likely that the next budget announcement from the Scottish Government with regards local government funding will not be until December next year, after the planned UK Government Comprehensive Spending Review which would be expected in late October or November and therefore will again leave limited time to address budget considerations for 2020/21. The Council should therefore continue to progress financial planning on the basis that for 2020/21 at least, there may be limited time to respond to the confirmed grant settlement. Moving beyond 2020/21 it would be expected that multi year financial settlements will go some way to mitigating the risk that the long period of annualised financial settlements has brought to local government financial planning arrangements. Consequently, it is important that the Council continues to pro-actively progress financial planning work in the context of the medium term outlook through the Better Council Change Programme and to plan for a continuation of the current financial uncertainty, at least in the short term.

1.15. In setting the 2019/20 budget, members should remain aware that any commitments to additional recurring expenditure will increase the projected medium term deficit in future years unless they are offset by sustainable savings or increased resources arising from an increase in Council Tax. Finally, members are encouraged to take a holistic view of the Council's total resources, covering both capital and revenue. In coming to final budget decisions, members' attention is drawn to unallocated capital resources available to the Council of £4.2 million, as detailed at Item 4 of this agenda.

2. RECOMMENDATIONS

Members are asked to:-

2.1 Submit for approval proposals for any savings and/or investments and any service changes as part of delivering a balanced budget for 2019/20, and in doing so, to consider the equality impact of any proposed service changes as referred to at paragraph 8.7 and also to assess whether adequate provision is being made in the 2019/20 budget to deliver against the specified commitments linked to the Council's grant settlement for 2019/20, as detailed at paragraph 3.2 and 3.6.

2.2 Approve the provisions for inflationary pressures as recommended at Section 5.

2.3 Approve the revenue estimates for all services for 2019/20 subject to adjustment for the allocation of central support costs, central repairs costs, capital charges, specific grants, inflationary allowances and any proposals for service changes approved by Council.

2.4 Approve the continuation of the agreed mechanism to manage the release of additional resources being made available in 2019/20 to Renfrewshire Health and Social Care Partnership as set out in paragraph 4.7.

2.5 Approve that the Council retains unallocated general fund balances of at least £7 million in 2019/20 and that any excess above this on the closure of the 2018/19 accounts is transferred to the Investment Programme Capital Fund to support the medium term debt smoothing strategy.

2.6 Submit for approval the council tax banding levels A to H inclusive to apply for 2019/20.

3. GRANT SETTLEMENT

3.1 On the 12th December 2018 the Scottish Government published their draft budget for 2019/20 which is subject to parliamentary approval over the course of January and February 2019. Shortly thereafter, on 17th December, the draft local government finance settlement was published as set out in the Local Government Finance Circular 8/2018, which provided details of the provisional revenue and capital funding allocations for 2019/20 for local government across Scotland.

3.2 Circular 8/2018 confirmed 2019/20 Scottish Government revenue grant funding for the Council of £315.487 million. The Cabinet Secretary for Finance Economy and Fair Work has outlined the set of associated conditions in a letter to all Council Leaders that set out specific commitments that should be read in conjunction with the detail of the financial settlement that make up the provisional funding allocation and which constitute: -

1. Maintaining at a national level the overall pupil teacher ratio (PTR) and providing places for all probationers who require one.

2. The continued prioritisation of financial support for social care. Included within the local government settlement, the Government has provided £160m nationally to support Social Care broken down as follows:

   - £108m to support cost and demand pressures
   - £10m to support the ongoing implementation of the Carers Act
   - £12m to support School Mental Health Services
   - £30m to support Care for the under 65s (commonly referred to as Frank's Law)

   The government confirmed that taken together, the total additional funding of £160 million allocated to Social Care and Mental Health is to be additional to each Council's 2018-19 recurrent spending on social care and not substitutional. The Government confirmed this means that Local Authority social care budgets for allocation to Integration Authorities (plus those retained for non-delegated social care functions) and funding for school counselling services must nationally be £160 million greater than 2018-19 recurrent budget. As outlined below, this specific condition was subject to additional clarification on the 31st January 2019.

3. The continuation of the Council Tax cap of 3%, representing the maximum increase that can be applied locally by an individual council as part of setting the 2019/20 budget. Again, as outlined below, the application of this condition was subject to subsequent change which has revised the cap to 4.79%.

3.3 The grant floor (which doesn't include all revenue funding but the majority) was set by the Scottish Government at a maximum reduction of 2.52%. Nine councils are immediately on the floor, with a further eight pulled down onto the floor once the floor calculation mechanism is applied. There are therefore seventeen, of the thirty two councils, on the grant floor with the grant change ranging from a grant cut of 1.30% increasing to a cut of 2.52%. Renfrewshire is 13th on the floor calculation table, one of 15 councils not on the floor, with an initial grant reduction of 1.10%, which increases to 2.35% after the application of the floor mechanism. This results in Renfrewshire surrendering £3.493 million of grant to support the floor compensation measures for the nine councils immediately on the floor.

3.4 The Council's settlement figure includes a number of adjustments for new spending burdens and responsibilities, totalling £10.353m million linked primarily to the ongoing implementation of both the expansion in free Early Years Childcare and the Carers (Scotland) Act. There is also a range of differences in the planned timing of distribution of resources linked to discretionary housing payments, and languages grant from the settlement position outlined for 2018/19. In addition, the confirmed funding allocations for 2019/20 at present do not include a number of as yet undistributed new burden funding streams linked predominantly to Frank's Law (£30 million nationally), School Mental Health Services (£12 million nationally) and Barclay Review Burdens (£3 million nationally).

3.5 After adjusting for these areas of new burdens funding, new responsibilities and timing differences in the distribution of funding, the Council's 2019/20 grant figure as set out in the provisional local government finance settlement has, on a like for like basis, decreased by 1.4% from 2018/19. The Council's share of the overall local government revenue funding settlement has increased marginally from 3.19% to 3.21%.

3.6 Subsequent to the draft local government settlement announcement on 12th December, the Cabinet Secretary for Finance Economy and Fair Work on 31st January announced the planned release of additional resources to local government in 2019/20 following the Budget Bill Stage 1 debate in Parliament. These changes are subject to final approval as part of the final stages of the Budget Bill and ultimately the Local Government Finance (Scotland) Order, but were confirmed as the following:

- An increase in the core resource local government settlement of £90 million of which the confirmed share for Renfrewshire Council is £2.941 million;

- Continue to provide an earmarked £160 million from the Scottish Government for health and social care investment to support social care and mental health services – including those under the direction of Integration Authorities – whilst, as part of this package, allowing local authorities the flexibility to offset their adult social care allocations to Integration Authorities in 2019-20 by 2.2% compared to 2018-19, i.e. by up to £50 million across all local authorities to help them manage their own budgets.

- Provide local authorities with the flexibility to increase the Council tax by 3% in real terms, which equates to 4.79% in 2019/20 year.

- Bringing forward a three-year funding settlement for local government from 2020-21 budget onwards; and to develop a rules based framework for local government funding in partnership with COSLA that would be introduced for the next Parliament.

- Agreeing to consider a number of legislative changes to devolve to local government tax power changes, specifically being to consult on the principles of a locally determined tourist tax; to enable those council who wish to introduce a workplace parking levy; and to devolve non-domestic rate empty property relief to local authorities in time for the next revaluation.

3.7 The availability of this additional £90 million of revenue grant nationally, of which the Council will receive £2.941 million, reduces the like for like reduction in government grant for the Council in 2019/20 from the 1.4% reduction reflected in the provisional local government finance settlement to a decrease of approximately 0.5% against an all Scotland decrease of 0.4%.

3.8 In addition, the Scottish Government has also confirmed that they will pass on in full any Barnett consequential arising from the UK Government funding announcement for increased employer contributions for teacher's pension costs, which apply from 1st April 2019. This commitment provides a greater degree of certainty for the Council's budget planning, but it is subject to the as yet unknown value associated with the announcement from the UK Government, which will not be confirmed until March. The Scottish Government have however indicated that they anticipate the level of funding that will be provided by the UK Government will equate to 79% of the expected cost. At this indicative funding level suggested by the Scottish Government, it is estimated that approximately £3.3 million of additional funding would be made available to the Council in 2019/20. Given the specific level of funding is still subject to future confirmation, it would be recommended that members consider carefully how such resources are applied and or committed as part of the 2019/20 budget and that appropriate flexibility is utilised to manage an outcome where the confirmed grant made available to the Council after the UK Government March announcement varies either positively or negatively from this £3.3 million estimate.

Table 1 – Grant Settlement 2019/20

	2019/20 £000
Allocated Government Grant Funding	
Specific Grants	18,398
Non Domestic Rate Income	104,417
Revenue Support Grant	195,613
TOTAL CONFIRMED ALLOCATED GOVERNMENT GRANT FUNDING	**318,428**
Anticipated Revenue Support Grant for Teachers Pensions	3,300
TOTAL CONFIRMED GOVERNMENT GRANT	**321,728**

3.9 There is sufficient resource included within the proposed budget set out in this report to meet the conditions set out as part of the offer to local government with the condition in relation to Council Tax being subject to elected member's decisions in setting the budget for 2019/20. If the Council elects not to take up this package on offer from the Scottish Government, it has not at this stage been confirmed what action the Scottish Government may take in response.

3.10 As detailed above, beyond 2019/20, although no specific grant figures are available for local government across Scotland and consequently for Renfrewshire, it is anticipated that local government in Scotland will continue to face a challenging medium term financial outlook with further reductions in the levels of revenue grant made available by the Scottish Government. At present there is significant uncertainty over what the scale of this reduction will be, however the economic outlook provided by the Scottish Fiscal Commission outlines economic growth averaging around 1% over the next 5 years – lower than the OBR forecast for the UK over the same period. Sustained low annual growth forecasts of this nature increases the risk of more limited growth in future tax receipts which in turn is an additional constraining factor on future spend across the public sector in Scotland. This coupled with the Scottish Government's stated commitments to fully fund the delivery of key policy priorities, which the core local government grant not does feature within, presents an overall challenging financial outlook for the future prospects for the local government portfolio within the Scottish Government's overall budget.

3.11 There also remain wider risks, in particular the potential outcome that may unfold over coming weeks and months in respect to Brexit. This could as yet further influence significantly the level of resources made available to the Scottish Government budget through what continues to be a fluid and fast changing political and economic environment. Should the UK exit the EU without a deal, the Chancellor of the Exchequer has made clear the expectation of an emergency UK budget shortly thereafter which is likely to have negative implications for public finances in Scotland both in 2019/20 and beyond. Moving forward, members will be kept appropriately briefed and informed as announcements are made by the Scottish Government during the course of 2019 and in addition, of any significant developments in the wider UK economy which are likely to materially change the future financial outlook for the Council.

4. SPENDING PRESSURES, MANAGING DEMAND, AND AGREED SAVINGS

4.1 An analysis has been enclosed with this report detailing, for each service, the proposed budget changes between 2018/19 and 2019/20. The budget has been adjusted to reflect:-

(i) the continuing costs of the current level of service;

(ii) the financial impact of any decisions already taken by the Council or its Policy Boards; and

(iii) the implementation of the approved medium-term debt smoothing strategy which will support the delivery of further budget savings on financing charges in 2019/20;

4.2 Demographic and socio-economic factors continue to play a major role in driving spending pressures for the Council, specifically in relation to both Adult and Children's Services and relating mainly to:-

- older people's services linked to the shift in the balance of care, supporting older people to live safely at home for as long as possible, and facilitating prompt discharge from hospital;
- the increasing number and complexity of care packages required to support adult clients to live as independently as possible in the community; and

4.3 The Council has for a number of years and more recently in conjunction with the Health and Social Care Partnership been taking forward a range of mitigation strategies designed to dampen the impact of demand led growth. These strategies have extended across multiple perspectives including:-

- Seeking to provide more cost effective services - for example Children's Services has been focusing on a long term strategy to shift a number of care arrangements to in-house provision, reducing reliance on arrangements sourced through more expensive external agencies.
- Investing in preventative measures and redesigned services to reduce longer term demand growth - for example within Adult Service delivering intensive short term reablement service to support older people to be cared for at home when they leave hospital and reduce demand for more expensive residential care.
- Better service provision to reduce ongoing demand - for example Children's Services has focused on delivering a long term strategy to improve how well the service is able to support children through to places of permanency, principally aimed at delivering better sustainable outcomes for the children but at the same time reducing ongoing demand for temporary care arrangements.

4.4 As a result of the ongoing positive impact of the range of measures implemented over the years, the Director of Children's Services has confirmed that there is no requirement for any additional resources to manage demographic and socio-economic pressures. There is however uncertainty in relation to the scale of service pressures that will gradually emerge in relation to the impact of the extension of statutory responsibilities to provide services for looked after children through until they are 25. The scale, shape and extent of the cost pressure in this regard is likely to develop over time and will require careful monitoring. However, in 2019/20, an initial provision of up to £0.700 million been accommodated within the proposed 2019/20 budget. This pressure, along with other cost pressures on social care functions within Children's Services has been funded through the Social Care resources provided as part of the local government finance settlement.

4.5 In relation to Adult Social Care Services, although a similar impact is being achieved through demand and cost mitigation strategies, the scale of demand led and cost pressures remains more significant. In addition, over the course of 2019/20 Adult Services will again be exposed to expected cost pressures arising from contractual arrangements that will come to an end and are subject to renewal, the financial impact of the negotiated application of the increased living wage across the sector, legislative changes impacting upon the cost of delivering support to Carers and the negotiated increase on the National Care home contract, agreement of which remains outstanding. Based upon the conditions set out by the Scottish Government for the transfer of resources to the Health and Social Care Partnership for Adult Services, an uplift in the recurring budget provision of £1.424 million has been made (note that this includes provision to meet pay pressures in 2019/20). In addition to this, it is expected that approximately £1 million of resources will remain available from flexibility resources held specifically by the Council to manage financial risk and pressures across Adult Social Care services, providing total additional resources in 2019/20 of £2.424 million. This is after applying an efficiency/cost mitigation adjustment of 2.2% against the 2018/19 budget, which equates to £1.4 million and which the Scottish Government have confirmed is an appropriate applicable adjustment as part of determining the resource uplift for Integration Joint Boards in order to support councils wider financial arrangements.

4.6 The Chief Financial Officer for the HSCP is currently projecting gross spending pressures of approximately £4 million (excluding new burdens such as the Carers Act) moving into 2019/20. Based on the planned resource uplift this would leave a balance of approximately £1.9 million to be addressed through cost mitigation measures arising from service redesign and modernisation to achieve a balanced budget for 2019/20. It is recognised that the HSCP is progressing a range of service transformation and redesign projects, however such change takes time to fully develop and implement. In addition, the delivery of redesign and transformation will inevitably require a degree resource to support the delivery of change and where appropriate transition from existing service arrangements to new ones. In this context, it is proposed that the £1.4million efficiency/cost mitigation adjustment, is earmarked by the Council in 2019/20 to provide resources to mitigate the risk of change, transformation and cost mitigation measures not fully addressing the estimated £1.9 million residual cost pressure in 2019/20 and also providing resource capacity to support the HSCP to deliver its change programme in 2019/20.

4.7 Similar to arrangements agreed in the previous two financial years, it would be proposed that the actual level of drawdown from these flexibility/risk resources over the course of 2019/20 will be agreed between the Council Director of Finance & Resources and the Chief Finance Officer of the Partnership as requirements emerge over the course of the financial year. Full updates in relation to the application of this resource drawdown mechanism will be appropriately reported over the course of the year through the existing budget monitoring arrangements within both the Council and the Health and Social Care Integrated Joint Board.

4.8 Table 2 below summarises the recommended base budget adjustments to reflect the pressures facing the Council in 2019/20. Also included in the table is an adjustment arising from the ongoing implementation of the Council's medium term debt smoothing strategy and Better Council Change Programme which continue to support the delivery of significant budget savings in 2019/20.

Table 2 - Summary of Recommended Base Budget Adjustments 2019/20

	2019/20	
	£000	**£000**
Net Impact of previous Council and Board Decisions		
Reversal of 2018/19 single year investments	(15,610)	
Debt Smoothing Saving against Financing Costs	(4,000)	
Total (Net Reductions)		**(19,610)**
Add:		
Landfill tax increase	107	
Financial Settlement adjustments	333	
Specific Grant adjustments	14,105	
Adult Services Cost and Demand Provision	1,847	
Contract Payment Adjustments	1,453	
Teachers superannuation rate change	4,250	
Other Unavoidable Pressures	2,375	
Total Increases		**24,470**
Net Base Budget (Reduction)/Increase		**4,860**

5. <u>PAY AND PRICE PRESSURES</u>

5.1 The 2019/20 budget position detailed in Table 3 at paragraph 8.1, includes a provision for pay inflation at £7.231 million. This provides for the enhanced level of pay offer made for 2018/19 which was over and above the budget provision made in 2018/19. In terms of teacher pay costs, the budgeted provision provides only for the public sector pay policy level in 2019/20 with all costs associated with the pay offer above this level in both 2018/19 and 2019/20, along with the costs associated with the policy intervention to teacher pay in January 2019 to support teacher recruitment and retention, to be fully funded by the Scottish Government. This funding commitment was confirmed by the Cabinet Secretary for Finance Economy and Fair Work on the 31st January albeit the associated funding has yet to be distributed and is therefore not included within the figures outlined in section 3 above.

5.2 In setting previous budgets, the Council decided not to apply any general inflationary uplift to non-pay budgets. Given the financial challenges facing the Council, in particular over the medium term and in line with historic practice, general non pay inflation is not provided for in the 2019/20 budget.

5.3 The Financial Regulations require charges for services to be reviewed at least annually. The overview of the Council's spending in Table 3 at paragraph 8.1 makes provision of £0.154 million for an inflation adjustment to charges at 2% along with a proposed additional 5% adjustment to cemetery charges across Renfrewshire. Although this will move Renfrewshire Council cemetery charges marginally closer to those applying across the rest of Scotland, the revised charges would still retain Renfrewshire's position as being within the lowest charges operating across the country.

6. FINANCING COSTS

6.1 The provision for financing costs includes both debt charges payable as a result of the Council's capital investment programme and the interest gained on temporary investment of cash. In assessing financing cost requirements, an assumed average interest rate of 4.69% has been applied. A minor adjustment has been made to the temporary interest income budget reflecting existing cash management approaches, the anticipated temporary cash deposits levels over the course of 2019/20 and an expectation that interest rate levels are unlikely to materially increase over the course of the year.

6.2 As previously reported to members, a strategy of debt smoothing, with the intention of releasing budget savings over the medium term, is incorporated into the Council's medium term financial planning assumptions. As referred to earlier in this report, a further tranche of £4 million of savings are being released from the financing cost budget in 2019/20 as part of the strategy to address the underlying medium term budget deficit and overview position outlined in section 7. It should be noted that it is anticipated this will represent the final tranche of Debt Smoothing in its current form. Moving forward therefore, the Council will be more heavily reliant upon service and transformation savings to support the delivery of cost savings over the medium term. This change will represent a significant milestone in the Council's long term financial strategy arrangements and will place increased emphasis and need for the Change and Transformation programme to deliver significantly higher levels of savings than it has delivered in recent years.

6.3 Notwithstanding this, the Cabinet Secretary for Finance Economy and Fair Work has confirmed on 31st January, an intention to bring forward as early as is possible changes to legislation which will allow Councils to vary loans fund repayments for advances made before 1 April 2016. This planned change to legislation is expected to provide clarity on the ability to review loans fund advances made prior to 2016 following the new regulations that were brought in at that time and which introduced the prudent write down principle for loans fund advances. Once confirmed, these adjusted regulations may potentially provide an avenue to secure a further tranche of debt smoothing savings as part of the 2020/21 strategy. It is anticipated that work in this regard will be progressed over the course of 2019.

7. SPENDING OVERVIEW

7.1 The Council approved spending for 2018/19 at the meeting on 2nd March 2018 of £390.880 million. It is estimated that £402.816 million (as detailed in Table 3) is needed to fund the costs of maintaining present service levels, provide for new responsibilities and cost burdens and addressing known pressures and demands in 2019/20.

Table 3 – Estimated Spending Need 2019/20

	£000
Spending approved 2018/19 budget	**390,880**
Add:	
Recommended Budget Adjustments (per Table 2)	24,470
Net reductions Applied (per Table 2)	(19,610)
Revised Budget per Appendix 1	395,740
Net Increase in Provision for inflationary pressures	7,076
Estimated spending need for 2019/20	**402,816**

7.2 Significant cost pressures are anticipated to persist beyond 2019/20 for the Council. Some cost pressures, such as those related to some contractual commitments and cost increases linked to landfill taxation are easier to predict for future years. With the expectation of the multi-year pay offer covering 2018/19 – 2020/21 being accepted, a greater degree of certainty exists in relation to pay pressures, albeit this is at the top end of previous medium term projects. Others such as the impact of legislative and national policy changes, movement on key commodity prices and increasing demand led pressures are more difficult to estimate and are not necessarily within the direct control of the Council. In addition, and as referred to in section 3 above, there is continuing uncertainty in respect to how much of a reduction is likely to be experienced in government grant levels over the medium term, albeit it is recognised that the Scottish Government have committed to providing multi-year finance settlements from 2020/21 which at that point in time will represent a positive step forward in facilitating the ability to plan over the medium term with a greater degree of financial certainty.

7.3 It is also recognised that shorter term uncertainty is being exacerbated by what may emerge over coming weeks and months in relation to Brexit and the potential impact this may have on the economy and public finances at both a UK and Scottish level in both the immediate term and moving forward over the medium to longer term. As referred to earlier, should a no deal Brexit unfold, the Chancellor of the Exchequer has made clear his intention to have an emergency UK budget which is likely to have immediate negative impacts on the Council's future financial outlook.

7.4 In this context there remains a material degree of uncertainty in relation to the scale of savings that the Council may be required to deliver in the medium term period through to 2022/23. Based on existing assumptions, the position for 2019/20 presented in this report and subject to any decisions taken by Council for 2019/20, it is forecast that a residual funding gap of approximately £24 million - £55 million is likely to emerge for the medium term period 2020/21 – 2022/23 (for the purpose of clarity this forecast budget gap is prior to the impact of any council tax level change applying in any of these financial years).

7.5 Consequently, the Council will continue to operate with a medium term financial outlook that remains inherently uncertain, both in scale and potential for variability. It is important therefore that the Council continues to adopt a flexible medium term perspective to the delivery of savings and maintains a strategic and sustainable focus to its financial planning linked to the delivery of priorities approved in the Council Plan and agreed with partners in the Community Plan. The Council should plan for the possibility that over the future financial years, in particular for 2020/21, there may continue to be limited time to respond to confirmed grant settlements and manage both unexpected and higher levels of cost pressures than is currently being forecast. Consequently, the Council needs to continue to pro-actively progress financial planning work for 2020/21 and beyond through the Better Council Change Programme to prepare for what is anticipated to be a continuation of a highly challenging and uncertain financial period for the Council.

7.6 Members will continue to be updated on developments for future years, but should be aware that in setting the 2019/20 budget any commitments to additional recurring expenditure will increase the projected deficit in future years unless they are offset by recurring savings or increases in Council Tax. Similarly, any decisions taken now to address the future year budget deficits provides greater certainty for service planning and the workforce, and also supports the future financial stability of the Council.

7.7 Where the Council is making decisions in relation to its spending priorities, it is obliged to comply with the public sector equality duty set out in the Equalities Act 2010. This means that the Council must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct
- Advance equality of opportunity between people who share a relevant characteristic and those who do not; and
- Foster good relations between people who share a protected characteristic and those who do not.

7.8 To meet this requirement, where necessary the Council must assess the impact of applying a new policy or decision against these three "needs" and at the point where a decision is made elected members must have sufficient information available to them to assess that impact. Members in considering their budget proposals prior to presentation at the Council meeting are therefore encouraged to seek advice from Directors on the equality implications of each proposal.

8. RESOURCE ALLOCATIONS

8.1 Appendix 1 attached summarises the provisional resource allocation for each service in terms of the revenue estimates which accompany this report at Appendix 2. The resource allocations will be subject to amendment to reflect the Council's views on budget proposals, inflationary pressures and the allocation of central support costs, specific grants and capital charges.

9. PROBABLE OUTTURN 2018/19, BALANCES AND RESERVES

9.1 Appendix 3 to this report details an overview of the Probable Outturn for 2018/19.

9.2 The Council's general fund balances as at 1st April 2018 were £45.208 million, and as outlined in Table 4 below, the majority of this was earmarked for specific purposes. The Council in setting the budget for 2018/19 planned to draw £1.132 earmarked reserves, representing revenue support grant which formed part of the 2018/19 financial settlement, but which had been paid early to the Council prior to the closure of the 2017/18 accounts. As reported to members during the course of 2018/19, a year-end break-even position is being projected and the position on unallocated reserves on the closure of the 2018/19 accounts is expected to remain at £7.094 million. This projected year end position is after accounting for planned adjustments arising from the Council's ongoing debt smoothing strategy.

9.3 It is important that the Council maintains sufficient reserves to protect it during the course of the financial year. Audit Scotland will continue to closely monitor the Council's position to ensure unallocated general working balances remain at an appropriately prudent level and it is recommended that in the context of the Council's risk profile moving into 2019/20, unallocated reserves are maintained at least at £7.0 million, approximately 1.7% of the Council's net expenditure. In addition, it is recognised that the Council will be required to continue to progress its transformation and change agenda at a greater scale over the medium term and in this context the Council's Service Modernisation and Reform Fund, which provides support to enable change and transformation programmes to be progressed has been refreshed through a transfer from the capital fund held within specific reserves.

9.4 Table 4 below summarises the forecast movement and year end position of the General Fund balances, including those earmarked for agreed purposes and estimated future liabilities.

Table 4 – General Fund Balances 2018/19

	Balances as at 1/4/2018	**Forecast In Year Change and Year End Transfers**	**Forecast Closing Position as at 31/3/19**
	£000	**£000**	**£000**
Service Modernisation and Reform Fund	3,681	5,560	9,241
PPP Reserve	12,670	-	12,670
M74 Contribution	566	-	566
Development Contribution - Paisley Town Centre	1,059	(5)	1,054
Early Years Strategy	2,461	(1,700)	761
Waste Management Strategy	1,783	(1,783)	-
Invest in Renfrewshire	479	(479)	-
Community Safety	31	-	31
Private Sector Housing Grant	2,399	100	2,499
Renfrewshire HSCP	1,656	(800)	856
Paisley Town Centre Heritage Strategy	3,195	(50)	3,145
City Deal	1,481	(230)	1,251
Tackling Poverty	703	3,242	3,945
Service Year End Flexibility	1,171	230	1,401
Public Wi Fi Project	503	(160)	343
Pupil Equity Funding	1,613	-	1,613
Culture Bid Legacy	1,531	600	2,131
2018/19 Government Grant rec'd in 2017/18	1,132	(1,132)	-
Villages Improvement Fund	-	370	370
Community Empowerment Fund	-	500	500
Digital Infrastructure	-	450	450
Employability	-	4,500	4,500
Environment and Place	-	2,000	2,000
Unallocated General Fund Balances	7,094	-	7,094
Total General Fund Balances	**45,208**	**11,213**	**56,421**

9.5 As previously reported to Council in its consideration of the 2017/18 accounts, and as detailed in Table 5 below, other specific reserves continue to be maintained.

Table 5 – Specific Reserves 2018/19

	Balances as at 1/4/2018	Forecast In Year Movement	Forecast Balance as at 31/3/19
	£000	£000	£000
Insurance Fund	2,543	-	2,543
Reservoir Repair Fund	315	-	315
Education Capital Items Fund	1,132	168	1,300
Investment Programme Capital Fund	85,785	(9,300)	76,485
Total Specific Reserves	**89,775**	**(9,132)**	**80,643**

9.6 The Insurance Fund covers the main classes of insurance and is earmarked for insurance purposes such as the cost of insurance excesses and premiums.

9.7 The Reservoir Repairs Fund represents funding received from a developer for repairs in perpetuity in relation to the Thornly Dam.

9.8 The Education Capital Items fund is earmarked for specific schools for the planned purchases of a capital nature such as computers and information communication technology equipment.

9.9 The Investment Capital Fund is used to hold planned contributions to the delivery of the ongoing capital investment programmes as well as resources which support the debt smoothing strategy operating across the General Fund. These debt smoothing resources are utilised to manage both the debt levels linked with the capital investment programme and the associated debt servicing costs charged to the revenue account each year.

10. COUNCIL TAX

10.1 The Council's council tax (Band D) for 2018/19 is £1,199.63 and is £8.22 (0.7%) below the Scottish average. It is estimated that in 2019/20 each £1 of council tax will yield £72,040 which is higher than 2018/19. The increase in the yield reflects actual and anticipated growth in the council tax base in the context of the recovery being experienced in the housing development market along with a drop in the level of discounts being awarded, primarily linked to the Council Tax Reduction Scheme.

10.2 A maximum net yield of £86.420 million can be anticipated from the expected Council Tax base and present council tax levels. Within the context of the current service resources, specific collection initiatives continue to be implemented to support the collection of council tax, including the recovery of arrears for prior years. It is anticipated that £0.500 million will be collected next year from prior years.

10.3 Members are required to determine the level of council tax for Bands A to H inclusive which should apply for 2019/20, and in doing so, are reminded of the grant conditions detailed at paragraph 3.2 and 3.6.

11. BUDGET OVERVIEW – 2019/20

11.1 The overview budget position for the Council for 2019/20, prior to any changes in service levels or council tax levels, is outlined in Table 6 below. This overview position confirms an in year revenue surplus for 2019/20, subject to decisions by members in setting the final budget for 2019/20.

Table 6 – Budget Overview 2019/20

	£000
Income:	
Government Grant (per table1)	321,728
Council Tax Income	86,420
Council Tax / Community Charge Arrears Recovery	500
Total Income	**408,648**
Less: Estimated Spending Need (Table 3)	402,816
Estimated Funding Surplus 2019/20	**5,832**

12. BUDGETARY CONTROL

12.1 Directors are expected to manage their approved budgets on a bottom line basis in accordance with the Financial Regulations. If an overspend emerges during the year on any approved budget line the Director is expected to take corrective action, seeking Policy Board approval for any policy changes involved in such actions.

13. FURTHER ACTION

13.1 Members wishing clarification of the details of this report or the enclosed Revenue Estimates pack should contact the Director of Finance & Resources or the Chief Executive or any Director in relation to their specific service responsibilities.

13.2 Members wishing advice on budget proposals should contact the appropriate service Director.

Implications of this Report

Financial – The report and enclosures provide the background information on the 2019/20 budget, identifying a temporary in year surplus. As detailed in the report, if the Council does not formally agree to the specified set of commitments as part of agreeing the 2019/20 budget, it would be anticipated that a further grant reduction will be applied by the Scottish Government, albeit the extent of this reduction has not been confirmed.

HR & Organisational Development - Employee numbers will be subject to any budget proposals agreed.

Community/Council Planning – implications will be subject to any budget proposal agreed. Members should however keep in mind that over the medium term the Council is anticipated to have less resources in both cash and real terms and as such there will be a requirement to increasingly make key choices to direct reducing resources to support the delivery of those outcomes of greatest priority as defined in the Council Plan.

Legal - The Council is required to set a balanced budget for 2019/20.

Property/Assets – implications will be subject to any budget proposals agreed.

Information Technology - implications will be subject to any budget proposals agreed.

Equality & Human Rights - in considering the budget proposals, the Council must have due regard to any impact on equalities and human rights and complying with the public sector equality duty.

Health & Safety - implications will be subject to any budget proposals agreed.

Procurement – implications will be subject to any budget proposals agreed.

Risk - As outlined in the report, the Council continues to be faced with risk and uncertainty in setting its 2019/20 budget and future financial outlook over the medium term, principally in relation to factors outwith its direct control. In addition, the scope of ongoing change underway within the Council and scale of ongoing budget reduction necessary to realign Council spending with available resources over the medium term brings with it additional risk for the Council. In recognition of this it is important that the Council's unallocated balances remain at an appropriately prudent level and that decisions taken by the Council pay due regard to the medium term financial outlook.

Privacy Impact - implications will be subject to any budget proposals agreed.

Cosla Policy Position – implications will be subject to any budget proposals agreed.

List of Background Papers

(a) Background Papers - none

Author – Alan Russell, Director of Finance & Resources

APPENDIX 1

REVENUE ESTIMATES 2019/20
PROVISIONAL RESOURCE ALLOCATION STATEMENT
(subject to amendment for any budget proposals approved by Council)

Service	RESOURCES ALLOCATION £000
Chief Executive's Service	9,578
Children's Services	176,090
Leisure Services	10,386
Environment & Infrastructure	35,445
SPTA	3,168
Finance and Resources	33,204
Valuation Joint Board	1,302
Community, Housing and Planning	9,744
Adult Services	64,115
Miscellaneous Services	54,276
NET EXPENDITURE PER APPENDIX 2	**397,307**
Less: Recoveries from accounts outwith service resource allocations	1,567
Total per Table 3	**395,740**

(Note: No allowance has been included in the resource allocations at this stage for inflation identified in section 5 of the report)

PAPER 1

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
DEPARTMENT : CHIEF EXECUTIVE

Analysis of Change between 2018-2019 and 2019-2020

	£	£	£
2018-2019 Estimates			**1,124,814**
Adjustments for items outwith Resource Allocation			
less: capital charges	-		
		-	
Central support costs	(554,440)		
Central support recoveries	4,907,482		
Corporate and Democratic core costs	-		
		4,353,042	
			4,353,042
Adjusted 2018-2019 Estimates			5,477,856
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		19,000	
Transfers (PAPER 3)		4,081,290	
			4,100,290
2019-2020 Estimates			**9,578,146**
(Before budget decisions)			

PAPER 2

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : CHIEF EXECUTIVE

CE		£
1	Impact of Better Council Change Programme	(63,500)
2	Increase in Scotland Excel Requisition	2,500
3	Mainlining of Economic Development Strategy Staffing	90,000
5	Reversal of temporary 2018/19 investment	(10,000)
	Total Increase (Decrease) to Budget	**19,000**

PAPER 3

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
TRANSFERS

DEPARTMENT : CHIEF EXECUTIVE

CE		£
1	Centralisation of Events Budget	805,000
2	Realignment of Rates budget	(4,448)
3	Realignment of Citizens Advice Bureau budget	337,260
4	Transfer of service budget to reflect approved corporate restructure	2,957,073
5	Realignment of Buying Additional Annual Leave savings	(13,595)
	Total Increase (Decrease) to Budget	**4,081,290**

PAPER 1

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
DEPARTMENT : CHILDRENS SERVICES

Analysis of Change between 2018-2019 and 2019-2020

	£	£	£
2018-2019 Estimates			205,970,226
Adjustments for items outwith Resource Allocation			
Less: capital charges	(16,754,700)		
		(16,754,700)	
Central support costs	(13,448,387)		
Central support recoveries			
Corporate and Democratic core costs	234,200		
		(13,214,187)	
			(29,968,887)
Adjusted 2018-2019 Estimates			176,001,339
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		1,085,760	
Transfers (PAPER 3)		(997,332)	
			88,428
2019-2020 Estimates			**176,089,767**
(Before budget decisions)			

PAPER 2

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : CHILDRENS SERVICES

ED		£
1	Annual Contractual PPP Contract Indexation Adjustment	232,000
2	Increase in SEEMIS membership fee	30,000
3	Rent review - Abbey House	30,000
4	Finance settlement and service demand adjustments	1,043,760
5	Reversal of 2018/19 single year investments	(250,000)
	Total Increase (Decrease) to Budget	**1,085,760**

PAPER 3

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
TRANSFERS

DEPARTMENT : CHILDRENS SERVICES

CS		£
1	Realignment of Non-domestic rates budgets	145,749
2	Transfer of service budgets to reflect approved corporate restructure	(983,480)
3	Realignment of Insurance budgets	(659)
5	Realignment of Sales, Fees and Charges budgets	(21,201)
6	Realignment of overtime budgets	(28,359)
7	Realignment of Buying Additional Annual Leave savings	(38,558)
8	Realignment of staffing budgets	(96,032)
9	Realignment of ICT maintenance budget	(1,792)
10	CPP Transitional Funding - Criminal Justice	50,000
11	Centralisation of SWIFT hosting costs	(23,000)
	Total Increase (Decrease) to Budget	**(997,332)**

PAPER 1

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
DEPARTMENT : LEISURE SERVICES

Analysis of Change between 2018-2019 and 2019-2020

	£	£	£
2018-2019 Estimates			12,302,013
Adjustments for items outwith Resource Allocation			
Less: capital charges	(2,501,400)		
		(2,501,400)	
Adjustments for Central Support	-		
Central support costs	-		
Corporate and Democratic core costs	-		
		-	
			(2,501,400)
Adjusted 2018-2019 Estimates			9,800,613
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		368,395	
Transfers (PAPER 3)		217,400	
			585,795
2019-2020 Estimates			**10,386,408**
(Before budget decisions)			

PAPER 2

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : LEISURE SERVICES

LS		£
1	Renfrewshire Leisure Contract Payment adjustment	368,395
	Total Increase (Decrease) to Budget	**368,395**

PAPER 3

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
TRANSFERS

DEPARTMENT : LEISURE SERVICES

LS		£
1	Residual Cultural services budget transfers	217,400
	Total Increase (Decrease) to Budget	**217,400**

PAPER 1

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
DEPARTMENT : ENVIRONMENT & INFRASTRUCTURE

Analysis of Change between 2018-2019 and 2019-2020

	£	£	£
2018-2019 Estimates			**57,929,876**
Adjustments for items outwith Resource Allocation			
less: capital charges	(8,505,870)		
		(8,505,870)	
Adjustments for Central Support			
Central support costs	(4,672,507)		
Central support recoveries	218,765		
Corporate and Democratic core costs	180,190		
		(4,273,552)	
			(12,779,422)
Adjusted 2018-2019 Estimates			45,150,454
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		(4,415,800)	
Transfers (PAPER 3)		(5,289,467)	
			(9,705,267)
2019-2020 Estimates			**35,445,187**
(Before budget decisions)			

PAPER 2

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : ENVIRONMENT & INFRASTRUCTURE

EI		£
1	Increase In Landfill Tax	107,000
2	Flood Prevention - North Renfrew	20,000
3	Impact of Better Council Change Programme	(832,000)
5	Contract inflation costs	179,200
6	Traffic regulation orders	20,000
8	Local government finance settlement adjustments	90,000
9	Reversal of 2018/19 single year investments	(4,000,000)
	Total Increase (Decrease) to Budget	**(4,415,800)**

PAPER 3

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
TRANSFERS

DEPARTMENT : ENVIRONMENT & INFRASTRUCTURE

EI		£
1	Realignment of Non-domestic rates budgets	(53,834)
2	Centralisation of Events Budget	(45,000)
3	Realignment of Overtime Budgets	(89,950)
4	Realignment of Buying Additional Annual Leave savings	(9,343)
5	Realignment of Sales, Fees and Charges budgets	(61,541)
6	Realignment of staffing budgets	539,340
7	Centralisation of ICT Maintenance Budgets	(12,664)
8	Realignment of Regeneration budget	65,000
9	Transfer of service budgets to reflect approved corporate restructure	(5,085,475)
10	Realignment of budget to loan charges following LED lighting investment	(641,000)
11	Transfer of funding for Free School Meals	93,000
12	Transfer of funding for Flood Risk Assesment	12,000
	Total Increase (Decrease) to Budget	**(5,289,467)**

PAPER 1

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
DEPARTMENT : STRATHCLYDE PASSENGER TRANSPORT

Analysis of Change between 2018-2019 and 2019-2020

	£	£	£
2018-2019 Estimates			
Adjustments for items outwith Resource Allocation			3,227,700
less: capital charges	-		
		-	
Adjustments for Central Support			
Central support costs	-		
Corporate and Democratic core costs	-		
		-	
			-
Adjusted 2018-2019 Estimates			3,227,700
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		(60,000)	
Transfers (PAPER 3)		-	
			(60,000)
2019-2020 Estimates			**3,167,700**
(Before budget decisions)			

PAPER 2

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : STRATHCLYDE PASSENGER TRANSPORT

SPT		£
1	Impact of reduced Requisition	(60,000)
	Total Increase (Decrease) to Budget	**(60,000)**

PAPER 3

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
TRANSFERS

DEPARTMENT : STRATHCLYDE PASSENGER TRANSPORT

SPT		£
	Total Increase (Decrease) to Budget	-

PAPER 1

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
DEPARTMENT : FINANCE AND RESOURCES

Analysis of Change between 2018-2019 and 2019-2020

	£	£	£
2018-2019 Estimates			5,134,974
Adjustments for items outwith Resource Allocation			
capital charges	(2,440,500)		
		(2,440,500)	
Adjustments for Central Support			
Central support costs	(12,944,262)		
Central Support recoveries	42,961,115		
		30,016,853	
			27,576,353
Adjusted 2018-2019 Estimates			32,711,327
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		625,328	
Transfers (PAPER 3)		(133,118)	
			492,210
2019-2020 Estimates			**33,203,537**
(Before budget decisions)			

PAPER 2

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : FINANCE AND RESOURCES

FAR		£
1	ICT licensing and maintenance contract price increase and enhanced cyber security requirements	326,200
2	Staffing budget realignment	442,128
3	ICT modernisation Better Council Programme	(150,000)
4	Additional Billing linked to Universal Credit roll out	7,000
	Total Increase (Decrease) to Budget	**625,328**

PAPER 3

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
TRANSFERS

DEPARTMENT : FINANCE AND RESOURCES

FAR		£
1	Realignment of Non domestic rates	11,410
2	Realignment of Buying Additional Annual Leave savings	(81,568)
3	Realignment of overtime budgets	(12,070)
4	Realignment of Sales, Fees and Charges budgets	(31,165)
5	Realignment of Staffing budgets	(48,433)
6	ICT Maintenance budget realignment	3,973
7	Property budget realignment	(21,265)
8	Centralisation of of ICT budget for SWIFT Licenses	46,000
	Total Increase (Decrease) to Budget	**(133,118)**

PAPER 1

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
DEPARTMENT : RENFREWSHIRE VALUATION JOINT BOARD

Analysis of Change between 2018-2019 and 2019-2020

	£	£	£
2018-2019 Estimates			1,253,800
Adjustments for items outwith Resource Allocation			
less: capital charges	-		
		-	
Adjustments for Central Support			
Central support costs	-		
Corporate and Democratic core costs	-		
		-	
			-
Adjusted 2018-2019 Estimates			1,253,800
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		48,000	
Transfers (PAPER 3)		-	
			48,000
2019-2020 Estimates			**1,301,800**
(Before budget decisions)			

PAPER 2

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : RENFREWSHIRE VALUATION JOINT BOARD

JVB		£
1	Impact of Increased Requisition	48,000
		48,000

PAPER 3

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
TRANSFERS

DEPARTMENT : RENFREWSHIRE VALUATION JOINT BOARD

JVB		£
		-

PAPER 1

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
DEPARTMENT : COMMUNITY, HOUSING AND PLANNING SERVICES

Analysis of Change between 2018-2019 and 2019-2020

	£	£	£
2018-2019 Estimates			9,432,303
Adjustments for items outwith Resource Allocation			
less: capital charges	(688,000)		
		(688,000)	
Adjustments for Central Support			
Central support costs	(1,657,974)		
Corporate and Democratic core costs	156,260		
		(1,501,714)	
			(2,189,714)
Adjusted 2018-2019 Estimates			7,242,589
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		(451,000)	
Transfers (PAPER 3)		2,952,194	
			2,501,194
2019-2020 Estimates			**9,743,783**
(Before budget decisions)			

PAPER 2

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : COMMUNITY, HOUSING AND PLANNING SERVICES

CHAPS		£
1	Public space maintenance	25,000
2	Impact of Better Council Change Programme	(406,000)
3	Realignment of PSHG provision to meet demand	(70,000)
	Total Increase (Decrease) to Budget	**(451,000)**

PAPER 3

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
TRANSFERS

DEPARTMENT : COMMUNITY, HOUSING AND PLANNING SERVICES

OH		£
1	Realignment of Buying Additional Annual Leave savings	(2,554)
2	Realignment of Non-domestic rates budgets	819
3	Transfer of service budgets to reflect approved corporate restructure	3,111,881
4	Realignment of Care and Repair budgets	12,506
5	Realignment of Non domestic rates	7,947
6	Realignment of Buying Additional Annual Leave savings	(6,296)
7	Realignment of overtime budgets	(4,175)
8	ICT Maintenance budget realignment	21,850
9	Transfer of Property budget to reflect Assurance House lease expiry / Russell Institute opening	(124,784)
10	Realignment of Regeneration budget	(65,000)
	Total Increase (Decrease) to Budget	**2,952,194**

PAPER 1

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
DEPARTMENT : ADULT SERVICES

	£	£	£
Analysis of Change between 2018-2019 and 2019-2020			
2018-2019 Estimates			63,593,117
Adjustments for items outwith Resource Allocation			
Less: capital charges	-		
		-	
Adjustments for Central Support			
Central support costs			
Corporate and Democratic core costs			
		-	
			-
Adjusted 2018-2019 Estimates			63,593,117
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		405,000	
Transfers (PAPER 3)		116,633	
			521,633
2019-2020 Estimates			**64,114,750**
(Before budget decisions)			

PAPER 2

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : ADULT SERVICES

AS		£
1	Uplift of resource transfer to IJB (including Carers Act)	405,000
	Total Increase (Decrease) to Budget	**405,000**

PAPER 3

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
TRANSFERS

DEPARTMENT : ADULT SERVICES

AS		£
1	Realignment of staffing budgets - Finance and Resources	110,496
2	Realign of IJB budgets	6,137
	Total Increase (Decrease) to Budget	**116,633**

PAPER 1

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
DEPARTMENT : MISCELLANEOUS

Analysis of Change between 2018-2019 and 2019-2020

	£	£	£
2018-2019 Estimates			30,840,257
Adjustments for items outwith Resource Allocation			
Less: capital charges	30,890,470		
		30,890,470	
Adjustments for Central Support			
Central support costs	(13,172,362)		
Trading Operations	-		
Corporate and Democratic core costs	(570,650)		
		(13,743,012)	
			17,147,458
Adjusted 2018-2019 Estimates			47,987,715
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		7,235,673	
Transfers (PAPER 3)		(947,600)	
			6,288,073
2019-2020 Estimates			**54,275,788**
(Before budget decisions)			

PAPER 2

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : MISCELLANEOUS

		£
1	Debt Smoothing Strategy savings	(4,000,000)
2	Scheduled Loan charges linked to Ciy Deal and Heritage Investment	3,039,294
3	Provision for Strategic Waste Pressures	2,000,000
4	Provision for teacher pension increases and school roll increases	4,850,000
5	Impact of Better Council Change Programme	(323,128)
6	Utility cost inflation	211,605
7	Increase in non teaching pension strain costs	200,000
8	Provision for social care services cost and demand pressures	1,941,902
9	Community Justice Interim funding	50,000
10	Increase in NDR poundage	150,000
11	Temporary Interest saving	(100,000)
12	Reversal of 2018/19 Motion Decisions	(12,350,000)
13	Local government finance settlement adjustments	11,566,000
	Total Increase (Decrease) to Budget	**7,235,673**

PAPER 3

RENFREWSHIRE COUNCIL
SUMMARY OF 2019-2020 REVENUE ESTIMATES
TRANSFERS

DEPARTMENT : MISCELLANEOUS

MS		£
1	Realignment of Non- domestic rates Budgets	(107,667)
2	Centralisation of Events Budget	(750,000)
3	Realign2018/19 HSCP resource	(31,000)
4	Realignment of overtime Budgets	135,400
5	Realignment of Citizen Advice Bureau budget	(337,260)
6	Realignment of staffing budgets	(515,457)
7	Realignment of Sales, Fees and Charges budgets	115,000
8	Realignment of Buying Additional Annual Leave savings	150,000
9	Residual Leisure budget transfers	(217,400)
10	Transfer of Assurance House	124,784
11	CPP Transitional Funding - Criminal Justice	(50,000)
12	Settlement Adjustment - Free School Meals	(93,000)
13	Settlement Adjustment - Flood Risk Assessment	(12,000)
14	Realignment of budget to loan charges following LED lighting investment	641,000
	Total Increase (Decrease) to Budget	**(947,600)**

APPENDIX 2

Renfrewshire Council
Estimates of Expenditure and Income for the Year Ended 31st March 2020
General Fund Summary
Objective Summary

Net Expenditure	2018/19 Estimates* £	2019/20 Estimates £
Children's Services	174,540,341	176,089,767
Leisure Services	9,768,303	10,386,408
Environment & Communities	41,130,447	0
Environment & Infrastructure	0	35,445,187
Finance and Resources	32,159,324	33,203,537
SPT	3,227,700	3,167,700
Valuation Joint Board	1,253,800	1,301,800
Other Housing	4,599,205	0
Planning and Economic Development	2,643,387	0
Communities, Housing and Planning	0	9,743,783
Chief Executives	6,168,434	9,578,146
Miscellaneous	35,210,759	54,275,788
Adult Services	62,514,984	64,114,750
Net Expenditure	373,216,684	397,306,866

* Estimates as per Report to Council 2 March 2018, prior to any decisions and in-year redeterminations

Renfrewshire Council

General Fund Probable Outturn for 2018-19

Line No	Net Expenditure	2018/19 Revised Estimates £000	2018/19 Probable Outturn £000
1	Children's Services	205,201	205,201
2	Leisure Services	12,550	12,550
3	Environment & Infrastructure	53,088	53,088
4	Finance and Resources	5,401	5,401
5	Renfrewshire Valuation Joint Board	1,249	1,249
6	Community, Housing and Planning	12,191	12,191
7	SPT	3,228	3,228
8	Chief Executives	5,397	5,397
9	Miscellaneous	33,319	33,319
10	Adult Services	63,742	63,742
11	Net Expenditure	395,366	395,366

Item 4

Renfrewshire Council

To: Council

On: 28 February 2019

Report by: Director of Finance & Resources

Heading: Non Housing Capital Investment Programme, Prudential Framework and Treasury Management Strategy, and Capital Strategy 2019/20 – 2021/22

1. Summary

1.1 This report details the planned capital investment for non housing services, which as well as covering a range of Corporate projects encapsulates projects across all service areas within the Council with the exception of Council Housing. The resources available to support investment include, prudential borrowing and capital grants as well as contributions from revenue, partners and external funding bodies.

1.2 On the 12 December 2018 the Scottish Government published the draft Scottish Government budget for 2019/20, with the provisional local government finance settlement being published on 17 December 2018. The proposed capital grant for Renfrewshire Council in 2019/20 is £15.341 million, of which £0.240 million is specific grant relating to cycling and walking safer streets. In addition, £3.231 million deferred from the 2016/17 settlement which has already been included within previous years Capital Plans has been confirmed as due to be distributed in 2019/210. Further to the £18.752 million of capital above, £5.100 million of specific capital grant has been allocated to support the expansion of Early Years Education and Childcare provision. Associated investment proposals will be subject to appropriate reporting as the expansion planning and funding distribution for Early Years progresses in consultation with the Scottish Government.

1.3 The UK government Autumn Budget Statement announced on 29 October 2018 outlined further improvement to the capital settlement for the devolved administrations. The capital departmental expenditure limit for Scotland will be £3.9 billion in 2018/19, rising to £4.9 billion in 2020/21[1]. Should the Scottish Government choose to reflect this growth outlook in the local government capital grant settlement then it is possible that the level of capital grant outlined in 1.2 above would be maintained or improve moving beyond 2019/20. This position is subject to uncertainty and will ultimately be determined as part the Scottish Government's consideration and development of future year budgets.

1.4 The Cabinet Secretary for Finance Economy and Fair Work in proposing an amendment to the Draft Budget position outlined at Stage 1 of the Budget process announced an intention for there to be multi-year funding settlements for local government from 2020/21 which will assist future capital investment planning. It should be noted that the capital plan outlined in this report extends beyond 2019/20, reflecting approved programmes already in place which are funded by other arrangements eg prudential borrowing or specific funding related to the City Deal. It should be further noted that this approach does not preclude the Council taking further investment decisions as part of the budget process where separate funding arrangements are established.

---

2. Recommendations

It is recommended that Council:

2.1 Approves the investment programme covering the period up to 2021/22 as summarised in Table 2 of the report, and detailed in Appendices 1-5 attached.

2.2 Notes that, subject to the approval of the proposed investment programme, there are uncommitted resources of £4.200 million held in the Strategic Asset Management Fund, available for allocation to new investment priorities for the Council.

2.3 Notes that visibility of the Council's capital grant funding position beyond 2019/20 should be improved from 2020/21 when a three year settlement is available, however that no assumptions are included within the planned programme beyond this financial year in respect to future grant levels.

2.4 Delegates to the Head of Property Services and Head of Operations and Infrastructure, in consultation with the Director of Finance and

[1] Table 1.5, UK Autumn Budget 2018

Resources, authority to adjust where appropriate resources across individual components of the lifecycle maintenance and roads and structures programmes respectively.

2.5 Approves the suite of prudential indicators set out in Appendix 6 to this report, subject to any required adjustments arising from decisions taken by the Council in relation to the capital and revenue budget reports being presented to this Council meeting.

2.6 Approves the treasury management strategy for 2019/20, including the treasury management indicators, set out in Appendix 6 to this report.

2.7 Approves the Capital Strategy set out in Appendix 7 to this report.

2.8 Considers the equality impact of any decisions being taken by members relating to the recommendations outlined in 2.1 to 2.7 above.

---

3. Overview of Capital Resources and Current Programme

3.1 The updating of the capital programme outlined in this report focuses on the 2019/20 financial year**.** It is against this background that this report is presented and which includes:

- Confirmation of the roll forward of projects already approved as part of the existing Capital Investment Plan. This includes the major projects already underway as part of the existing investment programme.

- In line with the Council's agreed medium term financial planning principles and as reconfirmed at the September 2018 Council meeting, general capital grant for 2019/20 be directed in the first instance to maintain the delivery of the Council's rolling lifecycle maintenance programmes across the Council's key asset classes as follows:

  - the life cycle maintenance programme for the Council's property portfolio (£4 million);

  - maintaining an annual replacement programme for the Council's vehicle fleet (£1.0 million);

  - maintenance programmes for the Council's transport infrastructure covering roads & footpaths (£2.6 million), bridges (£0.5 million) and streetlighting (£0.500 million). It should be noted that the roads programme would broadly support a steady state and would not deliver any material improvement in the overall measured condition of the roads infrastructure.

- Maintenance and refresh of the Council's ICT estate, including an initial allocation for digital community alarms to replace existing analogue systems

- maintaining delivery of the private sector housing programme (£0.5 million).

- Unallocated capital resource held within the Strategic Asset Management Fund (SAMF), which is available for consideration and direction to priority investment areas.

3.2 Table 1 and Table 2 below provide a high level summary of the current resources and investment programmes over this period with full details outlined in Appendices 1-5.

Table 1: Resource Availability 2019/20 - 2021/22

Project Title	Programme 2019/20 £000s	Programme 2020/21 £000s	Programme 2021/22 £000s
Prudential Borrowing	8,657	27,095	34,113
TOTAL BORROWING	**8,657**	**27,095**	**34,113**
Specific Grant	7,249	4,782	934
General Capital Grant	18,283	0	0
City Deal Grant	5,637	8,921	15,834
City Deal interim borrowing	16,936	38,402	33,798
Usable Capital Receipts	3,692	23,034	942
C.F.C.R.	5,245	3,033	70
Total Resource Availability	**65,700**	**105,267**	**85,691**

Table 2: Programme 2019/20 - 2021/22

Project Title	Programme 2019/20 £000s	Programme 2020/21 £000s	Programme 2021/22 £000s
Major Programmes			
Schools Estate Programme	9,195	5,377	1,334
Grass Pitches & Changing Facilities	392	0	0
Transformation & ICT	1,200	400	400
Private Sector Housing Programme	1,315	1,250	0
City Deal Projects	22,572	47,324	49,632
Paisley Learning & Cultural Hub	1,746	3,885	489
Paisley Museum	3,400	18,350	18,196
Investment in Heritage Venues & Town Centre Infrastructure*	6,310	20,801	13,234
Townscape Heritage 2	1,267	1,868	336
Local Green Area Networks Projects	75	65	70
Digital Infrastructure Provision	300	1,200	0
Commnunity Empowerment Fund	300	300	300
Greenspaces and Parks	300	300	300
Asset Lifecycle Maintenance Programmes			
Vehicle Replacement	1,000	0	0
Roads & Footpaths	3,289	400	400
Bridges	500	0	0
Lighting Columns and traffic signals	1,500	0	0
Buildings Capital Lifecycle	5,769	3,104	1,000
Energy Efficiency Programme	570	0	0
Community Halls & Facilities Programme	500	643	0
Strategic Asset Management Fund - unallocated	4,200	0	0
Total Planned Spend	**65,700**	**105,267**	**85,691**

* excludes £7.5m agreed in setting the 2016/17 capital plan related to Regeneration w hich has been phased into future years of the capital plan.

3.3 Strategic Asset Management Fund and Regeneration Resources.

As detailed in table 2 above, there is £4.200 million of unallocated resources currently held in the Strategic Asset Management Fund (SAMF). These available resources are linked to unallocated capital grant.

Not included in the above tables, is £7.5 million originally earmarked for regeneration purposes by the Council in 2016/17. The long term funding of these capital resources continue to be accommodated and form part of the Council's longer term financial planning and therefore the capital resources capacity remains available for consideration and to be committed to a specific project.

4. Lifecycle Maintenance of Existing Assets

4.1 As indicated earlier in this report, the Council has committed to a financial planning principle that capital grant resources would be directed in the first instance to supporting appropriate lifecycle maintenance programmes to protect the Council's existing assets and infrastructure. Annual lifecycle investment across the Council's key asset classes during 2019/20 is included within the capital programme detailed in Appendix 3.

Property Lifecycle Maintenance

4.2 The Council's property portfolio was predominantly built prior to statutory and health and safety legislation and guidance and as such the current identified priorities focus primarily on undertaking investment to improve health and safety standards, compliance with statutory duties and improving energy efficiency across the property portfolio. In addition, priority investment is also required to deliver further access improvements within Council properties. A summary programme, reflecting those projects considered to be of the highest priority is outlined in Appendix 4.

4.3 It is recognised that a sufficient degree of flexibility in the management of the lifecycle maintenance fund is required to allow resources to be directed in a timely and appropriate manner to address changing priorities that may emerge. It is therefore proposed that as in previous years, the Head of Property Services, in consultation with the Director of Finance and Resources, is delegated authority to adjust the allocation of resources within this proposed programme, with appropriate reporting to the Finance and Resources Policy Board. This flexibility has been utilised in 2018/19 to re-phase £0.8m of resource to 2019/20, and £2.1m to 2020/21 in order to accommodate planned works schedules and ensure effective procurement.

Roads & Footpaths

4.4 The proposed investment level detailed in this report for 2019/20 will provide a broadly standstill level of condition across the network. However, members should note that as has been previously recognised, the Council's road network, as is common across Scotland, has a significant level of backlog maintenance requirements. Appendix 5 provides a breakdown of the proposed use of the resources across key programmes for 2019/20. Similarly to property lifecycle maintenance, it is proposed that the Head of Operations and Infrastructure, in consultation with the Director of Finance & Resources, is delegated authority to adjust the allocation of resources within this programme.

Streetlighting and Bridges & Other Road Structures

4.5 Council agreed in June 2015 to a significant investment in streetlighting, replacing largely sodium-vapour lights with more energy efficient LED lighting. This replacement programme is practically complete, however it is proposed that in order to maintain the overall condition of lighting columns, that a lighting column rolling replacement programme is continued.

4.6 Similar to the Council's property portfolio, a maintenance backlog has historically existed across the bridges and structures portfolio. Progress has been made over recent years with a range of significant bridge improvement projects, however it is recommended that a rolling maintenance programme of £0.5 million is maintained.

4.7 The Council also requires to address the implications of traffic signals converting in the coming years to utilise digital signals as opposed to the current analogue system. An initial £1.0 million has been earmarked for this purpose while the full scope and implications of this project are developed.

Vehicle & Plant Replacement Strategy

4.8 The Council has invested significantly from capital resources over recent years to support a vehicle replacement strategy. Continued investment of £1.0 million is required in order to sustain planned vehicle replacement cycles and maintain the ability of the existing vehicle & plant fleet to meet the needs of services and mitigate against increased revenue pressures arising from additional maintenance and temporary hire costs due to increased vehicle failure rates.

Private Sector Housing Grant (PSHG)

4.9 The PSHG is utilised to support a range of support programmes for private sector housing owners and is funded through a mix of revenue and capital funding. A priority component of this programme has been to support owner occupiers in meeting the costs of common works being delivered in mixed tenure blocks as part of the housing business case investment programme.

5. Prudential Framework for Capital Finance and Treasury Management Strategy 2019/20

5.1 The Local Government in Scotland Act 2003 and supporting regulations require local authorities to have regard to the following codes of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA):

- The Prudential Code for Capital Finance in Local Authorities ("the Prudential Code");
- Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes ("the Treasury Management Code").

5.2 The Prudential Code & Treasury Management Code play a key role in capital finance in local authorities. Local authorities determine their own programmes for capital investment in assets that are central to the delivery of services. The Prudential Code and Treasury Management Code were developed to support local authorities in taking decisions relevant to their capital investment plans.

5.3 Their key objectives are to ensure that:

- capital investment plans are affordable, prudent and sustainable;

- treasury management decisions are taken in accordance with professional practice and support affordability, prudence and sustainability;
- capital investment decisions are consistent with, and support, local strategic planning, local asset management planning and proper option appraisal.

5.4 The Prudential Code and the Treasury Management Code require the Council to set prudential and treasury management indicators for the following three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

5.5 In addition, the Treasury Management Code further requires the Council to approve, annually in advance, a strategy for its treasury management activities. This strategy sets out the Council's policies and plans for the year ahead in relation to the management of cash flows, money market transactions and capital market transactions (including borrowing and investing), the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

5.6 Attached at Appendix 6 to this report are full details of the Council's prudential indicators for 2019/20 and treasury management strategy for 2019/20 based upon the details outlined in this report.

6. Capital Strategy

6.1 The Capital Strategy is a new report for 2019-20 which provides an overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of public services in local government along with an overview of how associated risk is managed and the implications for future financial sustainability.

6.2 Development and full Council approval of the Capital Strategy is a new requirement of the Prudential Code, which was revised in late 2017 by CIPFA, with the intention that the strategy sets out the long term context within which capital investment decisions are made, and to improve capital, revenue and balance sheet planning.

6.3 The Capital Strategy is attached at Appendix 7 to this report.

7. Equalities

7.1 Where the Council is making decisions in relation to its spending priorities, it is obliged to comply with the public sector equality duty set out in the Equalities Act 2010. This means that the Council must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct
- Advance equality of opportunity between people who share a relevant characteristic and those who do not; and
- Foster good relations between people who share a protected characteristic and those who do not.

7.2 To meet this requirement, where necessary the Council must assess the impact of applying a new policy or decision against these three "needs" and at the point where a decision is made elected members must have sufficient information available to it to assess that impact. Members in considering their capital investment proposals prior to presentation at the Council meeting, are therefore encouraged to seek advice from Directors on the equality implications of each proposal.

Implications of the Report

1. **Financial** – The Capital Plan outlines the planned investments in council assets over a three year period; along with the associated funding sources. The Capital Plan; Prudential Framework and Treasury Management Strategy; and Capital Strategy ensures that investment in council assets is undertaken in a prudent and financially sustainable fashion, is consistent with the council's priorities and agreed financial planning principles and is affordable for the Council now and in future years.

2. **HR & Organisational Development** - none

3. **Community/Council Planning –**

   - **Reshaping our place, our economy and our future** – the Capital Plan outlines investment in facilities and infrastructure which will support the regeneration of the local economy.
   - **Creating a sustainable Renfrewshire for all to enjoy** – the Capital Plan outlines investment in council and community facilities which will ensure these remain available for community use well into the future.

4. **Legal** - none

5. **Property/Assets** – the Capital Plan outlines significant investment in council assets and infrastructure over the medium term in order to ensure they remain fit for purpose and support efficient service delivery.

6. **Information Technology** – the Capital Plan outlines investment in ICT assets which will ensure the council continues to have access to secure, efficient ICT services.

7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** – the Capital Plan outlines investment in council assets and facitlities to ensure they remain safe and accessible in line with statutory obligations.

9. **Procurement** – the Capital Plan outlines significant investment in council assets which will be procured in conformance with all relevant contract standing orders and procurement legislation.

10. **Risk** – investment in council assets ensures they remain fit for purpose and meet all statutory requirements in terms of accessibility, sustainability and safety.

11. **Privacy Impact** - none

12. **Cosla Policy Position** – none

Author: Alastair MacArthur - Head of Finance, Ext 7363

Appendix 1

2019/20 – 2021/22 Capital Investment Programme Resources

Project Title	Revised Programme 2019/20	Revised Programme 2020/21	Revised Programme 2021/22
Prudential Borrowing	8,657	27,095	34,113
Specific Grant	7,249	4,782	934
General Capital Grant	18,283	0	0
City Deal Interim borrowing	16,936	38,404	33,798
Useable Capital Receipts	9,329	31,955	16,776
CFCR	5,245	3,033	70
TOTAL	**65,700**	**105,267**	**85,691**

Appendix 2

2019/20 – 2021/22 Capital Investment Programme Summary

Department	Revised Programme 2019/20	Revised Programme 2020/21	Revised Programme 2021/22
Schools and Early Years Investment	9,195	5,377	1,334
Leisure Estate	392	0	0
Environment & Infrastructure	6,789	1,043	400
Economic Development	35,370	92,293	81,957
Corporate Projects	12,638	5,304	2,000
Private Sector Housing Grant	1,315	1,250	0
TOTAL GENERAL SERVICES PROGRAMME	**65,700**	**105,267**	**85,691**

Appendix 3

2019/20 – 2021/22 Capital Programme

Project Title	Revised Programme 2019/20	Revised Programme 2020/21	Revised Programme 2021/22
SCHOOLS INVESTMENT PROGRAMME			
Early Years 1140 hours Expansion	6,960	4,782	934
Primary Schools Estate Programme(SEMP)	1,835	195	0
TOTAL SCHOOLS INVESTMENT PROGRAMME	**8,795**	**4,977**	**934**
OTHER PROGRAMMES			
Technology Replacement Strategy ICT	400	400	400
TOTAL CHILDRENS SERVICES PROGRAMME	**9,195**	**5,377**	**1,334**

Project Title	Revised Programme 2019/20	Revised Programme 2020/21	Revised Programme 2021/22
Primary Schools Estate Programme(SEMP)			
St Anthony's PS/Spateson Pre 5 Co-location/ Refurb	300	0	0
Spateston Nursery - New Build	1,535	195	0
Primary School Estate Programme Sub-Total	**1,835**	**195**	**0**

Project Title	Revised Programme 2019/20	Revised Programme 2020/21	Revised Programme 2021/22
EARLY YEARS 1140 HOURS EXPANSION			
General Early Years Expansion Programme	500	550	802
New Build	3,060	2,490	50
Extension	2,180	1,200	77
Refurbishment	1,220	542	5
EARLY YEARS 1140 HOURS EXPANSION	**6,960**	**4,782**	**934**

Appendix 3

2019/20 – 2021/22 Capital Programme

Project Title	Revised Programme 2019/20	Revised Programme 2020/21	Revised Programme 2021/22
LEISURE INVESTMENT PROGRAMME			
Grass Pitches & Changing Facilities	392	0	0
TOTAL LEISURE SERVICES PROGRAMME	**392**	**0**	**0**

Project Title	Revised Programme 2019/20	Revised Programme 2020/21	Revised Programme 2021/22
PROGRAMME FUNDED BY SPECIFIC GRANT			
Cycling, Walking & Safer Streets - Outwith Travel Plans	289	0	0
Total Programme Funded By Specific Consent	289	0	0
ASSET LIFECYCLE MAINTENANCE PROGRAMMES			
Vehicle Replacement Programme	1,000	0	0
Bridge Assessment/Strengthening	500	0	0
Roads/Footways Upgrade Programme	3,000	400	400
Lighting Columns Replacement	500	0	0
Traffic Management	1,000	0	0
OTHER MAJOR PROGRAMMES			
Community Halls & Facilities Improvement Programme	500	643	0
TOTAL ENVIRONMENT & INFRASTRUCTURE	**6,789**	**1,043**	**400**

2018/19 – 2020/21 Capital Programme

Project Title	Revised Programme 2019/20	Revised Programme 2020/21	Revised Programme 2021/22
CITY DEAL			
Glasgow Airport Investment Area	17,821	12,088	375
Clyde Waterfront & Renfrew Riverside	1,022	29,620	34,504
Airport Access	3,730	5,616	14,753
Total CITY DEAL	**22,573**	**47,324**	**49,632**
OTHER PROGRAMMES			
Townscape Heritage CARS 2	1,267	1,868	336
Local Green Area Networks Projects	75	65	70
Paisley Learning & Cultural Hub	1,746	3,885	489
Paisley Museum	3,400	18,350	18,196
PAISLEY VENUE & TOWN CENTRE INFRASTRUCTURE			
Paisley Art Centre Redevelopment	275	2,125	0
Paisley Town Hall Redevelopment	3,045	9,646	8,337
Flexible Outdoor Facility/Travel & Accessibility Infrastructure	2,400	4,530	2,766
St.James Playing Fields Redevelopment	590	4,501	2,131
TOTAL ECONOMIC DEVELOPMENT PROGRAMME	**35,370**	**92,293**	**81,957**

Project Title	Revised Programme 2019/20	Revised Programme 2020/21	Revised Programme 2021/22
ICT PROGRAMME			
ICT Infrastructure Maintenance & Renewal Programme	1,200	400	400
Total ICT Programme	**1,200**	**400**	**400**
OTHER CORPORATE PROGRAMMES			
Strategic Asset Management Fund	4,200	0	0
Energy Efficiency Programme	570	0	0
Lifecycle Capital Maintenance (LCM) Fund	5,769	3,104	1,000
Enterprise Resource Planning	0	0	0
Digital Infrastructure Provision	300	1,200	0
Commnunity Empowerment Fund	300	300	300
Greenspaces and Parks	300	300	300
TOTAL CORPORATE PROJECTS PROGRAMME	**12,638**	**5,304**	**2,000**

Appendix 4

Property Lifecycle Maintenance Programme 2019 – 20*

	2019/20
	£m
Minor Works & Roofing Programme	2.500
Energy Programme	0.100
Asbestos Works – compliance with Asbestos legislation following inspections	0.100
Electrical Installations Works – compliance with Electrical testing inspections	1.500
Gas Installations Works – compliance with Gas testing inspections	0.500
Demolitions – Various locations	0.100
Office Accommodation	0.100
Design and Pre Contract Works Allocation	0.100
TOTAL	**5.000**

* Note – the programme above reflects the additional £4m allocated from grant funding and £1m from borrowing in 2019/20; prior year allocations have been phased over 2019/20 and 2020/21 as detailed in Appendix 3.

Appendix 5

Roads & Footpaths Lifecycle Maintenance Programme 2019 - 20

	2019/20 £m
Patching programme in advance of future surface dressing programmes	0.220
Footway Resurfacing	0.270
Carriageway Resurfacing	2.200
Drainage Improvements	0.100
Defect Patching	0.210
Walking, Cycling and Safer Streets*	0.289
Total	**3.289**

* funded through specific grant, £0.240 million in 2019/20 and £0.049 million deferred from 2016/17

Appendix 6

Prudential Framework for Capital Finance 2019-2022 (estimates) and Treasury Management Strategy Statement 2019-2022

1. Summary

1.1 The Local Government in Scotland Act 2003 and supporting regulations require local authorities to have regard to the following codes of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA):

- The Prudential Code for Capital Finance in Local Authorities ("the Prudential Code");
- Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes ("the Treasury Management Code").

1.2 Revised editions of the Treasury Management Code and the Prudential Code were published in December 2017 and have been adopted for the Prudential Framework for Capital Finance 2019-2022 and Treasury Management Strategy 2019-2022.

1.3 The Prudential Code and the Treasury Management Code require the Council to set prudential and treasury management indicators for the following three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

1.4 The Treasury Management Code further requires Council to approve, annually in advance, a strategy for its treasury management activities. This strategy (at sections 8 to 12 of this report) sets out the Council's policies and plans for the year ahead in relation to the management of cash flows, money market transactions and capital market transactions (including borrowing and investing), the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

2. Prudential framework for capital finance: purpose, governance and affordability considerations

2.1 The Prudential Code plays a key role in capital finance in local authorities. Local authorities determine their own programmes for capital investment in fixed assets that are central to the delivery of quality services. The Prudential Code was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice to support local authorities in taking decisions relevant to their capital investment plans.

2.2 The key objectives of the Prudential Code are to ensure that:

- the capital investment plans are affordable, prudent and sustainable;
- treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved;
- capital investment plans are being made in light of the overall organisational strategy and resources, ensuring that decisions are being made with sufficient regard to the long run financial implications and potential risks to the authority.

2.3 To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used and the factors that must be taken into account. The Prudential Code does not include suggested indicative limits or ratios – these are for the Council to set itself.

2.4 The prudential indicators required by the Prudential Code are designed to support and record local decision-making. They are not designed to be comparative performance indicators, and the use of them in this way would be likely to be misleading and counter-productive. In particular, local authorities have widely different debt positions and these differences are likely to increase over time as the result of the exercise of local choices. The system is specifically designed to support such local decision-making in a manner that is publicly accountable.

2.5 The Prudential Code sets out a clear governance procedure for the setting and revising of prudential indicators. This will be done by the same body that takes the decisions for the Council's budget, that is, the full Council. The Chief Financial Officer is responsible for ensuring that all matters required to be taken into account are reported to the decision-making body for consideration, and for establishing procedures to monitor performance.

2.6 Prudential indicators for previous years will be taken directly from information in the Council's Annual Accounts. If any item within the Accounts that is relied upon for a prudential indicator is the subject of audit qualification, this must be highlighted when the prudential indicators are set out or revised.

2.7 The Local Government in Scotland Act 2003 refers to affordability. The Council must consider the affordability of its capital investment during all the years in which it will have a financial impact on the Council. In doing so, the Council needs to pay due regard to risk and uncertainty. Risk analysis and risk management strategies should be taken into account. The Prudential Code also requires local authorities to have regard to wider management processes (option appraisal, asset management planning, strategic planning and achievability) in accordance with good professional practice.

2.8 The fundamental objective in the consideration of the affordability of the Council's capital plans is to ensure that the total capital investment of the Council remains within sustainable limits, and in particular to consider its impact on the Council's 'bottom line' council tax. Affordability is ultimately determined by judgement about acceptable council tax levels and, in the case of the Housing Revenue Account, acceptable rent levels.

2.9 In considering the affordability of its capital plans, the Council is required to consider all of the resources currently available to it and estimated for the future, together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the following two years. The Council is also required to consider known significant variations beyond this time frame. This requires the development of three-year revenue forecasts as well as three-year capital investment plans. The capital plans are rolling scenarios, not fixed for three years.

2.10 Prudential indicators in respect of external debt must be set and revised taking into account their affordability. It is through this means that the objectives of sustainability and prudence are addressed year on year.

2.11 It is also prudent that treasury management is carried out in accordance with good professional practice. The Prudential Code requires compliance with the Treasury Management Code.

2.12 A soundly formulated capital programme must be driven by the desire to provide high quality, value-for-money public services. The Prudential Code recognises that in making its capital investment decisions the Council must have explicit regard to option appraisal, asset management planning, strategic planning for the Council and achievability of the forward plan.

2.13 The Prudential Code does not specify how the Council should have regard to these factors. All of them represent elements of good practice for which guidance has already been provided by CIPFA and other authoritative sources. The Prudential Code instead concentrates on the means by which the Council will demonstrate that its proposals are affordable, prudent and sustainable.

2.14 The Prudential Code promotes transparency in decision-making by using information contained within the Council's Annual Accounts and by having definitions for prudential indicators that are consistent with the definitions used within the Accounts.

3. Prudential framework for capital finance: prudential indicators for capital expenditure

3.1 **Capital expenditure**

Capital expenditure is defined in the CIPFA *Code of Practice on Local Authority Accounting in the United Kingdom 2018/19* and must be consistent with financial reporting standards for accounting purposes. In addition, under the Local Government in Scotland Act 2003, local authorities have a duty to observe proper accounting practices.

3.2 Under section 35(1) of the Local Government in Scotland Act 2003, it is the duty of the Council to determine and keep under review the maximum amount which it can afford to allocate to capital expenditure.

3.3 The Council is required to make estimates of the capital expenditure it plans to incur for the forthcoming financial year and at least the following two years, and to keep these estimates under review. Separate estimates should be made for the Housing Revenue Account ("housing") and for General Fund ("non-housing") services. Details in relation to the planned investment programmes for housing and non-housing services are presented to this Council meeting in the main body of this report, and take account of the capital resources that will be made available to the Council from the Scottish Government in 2019/20.

3.4 In addition to the approved capital investment plans, there may be projects which emerge throughout the year which will take advantage of the opportunities arising from the flexibility offered by the Prudential Code, and as a consequence the capital expenditure totals may change. Any required changes to the prudential indicators arising from new projects will be considered as part of the reports presented to Policy Boards or to the Council. It is recommended that the Council approves the following as the indicator for capital expenditure for the next three financial years:

Capital expenditure	2019-20 estimate £m	2020-21 estimate £m	2021-22 estimate £m
Non-housing	65.700	105.267	85.691
Housing	26.291	33.800	26.528
Total	**91.991**	**139.067**	**112.219**

3.5 The capital investment plans are to be funded from various sources, such as general and specific capital grants, contributions from revenue resources and secured capital receipts, as well as long-term borrowing. As a direct consequence of managing the increased risk in relation to the disposal of surplus assets, and in line with practice adopted in previous years, there is no reliance on the funding of the capital investment plans from unrealised capital receipts.

3.6 After the year-end, the actual capital expenditure incurred during the financial year will be recorded for housing and for non-housing. These figures will be included in the Council's Statement of Accounts, with explanations of significant variations from expectations. The actual capital expenditure incurred in 2017-2018 was £67.463 million.

3.7 **Capital financing requirement**

Local authorities have available to them a number of ways of financing traditionally procured capital investment. The term "financing" does not refer to the payment of cash, but the resources that are applied to ensure that the underlying amount arising from capital payments is dealt with absolutely, whether at the point of spend or over the longer term. A number of financing options that are available to local authorities involve resourcing the investment at the time that it is incurred. These are:

- the application of usable capital receipts;
- a direct charge to revenue for the capital expenditure;
- the application of capital grants;
- up-front contributions from project partners.

3.8 Capital expenditure which is not financed up front by one of the above methods will increase the capital financing requirement of the Council. It has often been referred to as “capital expenditure financed by borrowing”, however this is incorrect as borrowing provides the cash, not the resource, since borrowing has to be repaid. Also, “borrowing” in this context does not necessarily imply external debt since, in accordance with best professional practice, the Council has an integrated treasury management strategy and therefore does not associate borrowing with particular items or types of expenditure. The Council will at any point in time have a number of cash flows both positive and negative and will be managing its position in terms of its borrowing and investments in accordance with its treasury management strategy.

3.9 In measuring external debt, as detailed in section 4, the Prudential Code encompasses all borrowing, whether for a capital or for a revenue purpose. In day-to-day cash management no distinction is made between ‘revenue cash’ and ‘capital cash’. External borrowing arises as a consequence of all the financial transactions of the Council and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the Council’s underlying need to borrow for a capital purpose.

3.10 The Council is required to make reasonable estimates of its capital financing requirement at the end of the forthcoming financial year and the following two years, showing separately figures for housing and non-housing, and keep this under review. The capital financing requirement will increase whenever capital expenditure is incurred. If this capital expenditure is resourced immediately, through usable capital receipts, direct financing from revenue or application of capital grants/contributions, then the capital financing requirement will reduce at the same time that the capital expenditure is incurred, resulting in no net increase to the capital financing requirement. The capital financing requirement also will be reduced by charges to the revenue account in respect of past capital expenditure or where the Council may initiate voluntary early charges to revenue as part of longer term financial planning decisions. Where capital expenditure is not resourced immediately, this will result in a net increase to the capital financing requirement that represents an increase in the underlying need to borrow for a capital purpose. This will be the case whether or not external borrowing actually occurs.

3.11 It is recommended that the Council approves the following as the indicator for the capital financing requirement at the end of each of the next three financial years:

Capital financing requirement	**31 March 2020 estimate £m**	**31 March 2021 estimate £m**	**31 March 2022 estimate £m**
Non-housing	273	333	396
Housing	119	133	136
Total	**392**	**466**	**532**

3.12 After the year-end, the actual capital financing requirement as at the year-end will be calculated for housing, for non-housing and the total of the two. These figures will be included in the Council’s Statement of Accounts, with explanations for significant variations from expectations. At 31 March 2018 the capital financing requirement was £347.471 million.

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

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

> For pre-existing loans advances made up to 31st March 2016 and for forward capital expenditure plans made after 1 April 2016, the policy for the repayment of loan advances will be the Statutory Method (option 1), with loan fund advances being repaid by the annuity method.

The repayment of loan advances will therefore be equal to the annual amount determined in accordance with Schedule 3 of the Local Government (Scotland) Act 1975. The Council is permitted to use this option for a transitional period only, of five years until 31st March 2021, at which time it must change its policy to use alternative approaches based on depreciation, asset life periods or a funding/income profile.

4. Prudential framework for capital finance: prudential indicators for external debt

4.1 External debt is referred to as the sum of external borrowing and other long-term liabilities (such as finance leases). The prudential indicators for external debt must be set and revised taking into account their affordability. It is through this means that that the objective of ensuring that external debt is kept within sustainable prudent limits is addressed year on year.

4.2 External debt indicators are at two levels: an *operational boundary* and an *authorised limit*. Both of these need to be consistent with the Council's plans for capital expenditure and financing, and with its treasury management policy statement and practices.

4.3 **Operational boundary**
This is the focus of day-to-day treasury management activity within the Council, and is an estimate of the most likely, but not worst case, scenario in terms of cash flow. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes. It is possible that this boundary could be breached occasionally and this should not be regarded as significant. However, a sustained or regular trend would be significant and would require investigation and action.

4.4 The Council is required to set for the forthcoming financial year and the following two years an operational boundary for its total external debt (gross of investments), identifying separately borrowing from other long-term liabilities. It is recommended that the Council approves the following as the indicator for the operational boundary over the three-year period 2019-2020 through 2021-2022:

Operational boundary for external debt	2019-20 estimate £m	2020-21 estimate £m	2021-22 estimate £m
Borrowing	321	397	466
Other long-term liabilities	71	69	66
Total	**392**	**466**	**532**

4.5 **Authorised limit**
This is based on the same assumptions as the operational boundary, with sufficient "headroom" to allow for unusual/exceptional cash movements. Headroom has been added to the operational boundary to arrive at an authorised limit which is sufficient to allow for cash flow management without breaching the limit.

4.6 The authorised limit will be reviewed on an annual basis and any changes will require approval by Council.

4.7 The Council is required to set for the forthcoming financial year and the following two years an authorised limit for its total external debt (gross of investments), identifying separately borrowing from other long-term liabilities. It is recommended that the Council approves the following as the indicator for the authorised limit over the three-year period 2019-2020 through 2021-2022:

Authorised limit for external debt	2019-20 estimate £m	2020-21 estimate £m	2021-22 estimate £m
Borrowing	337	417	489
Other long-term liabilities	71	69	66
Total	**408**	**486**	**555**

4.8 After the year-end, the balance of actual external debt as at the year-end will be calculated and reported to Council, with borrowing and other long-term liabilities being shown separately.

4.9 The Council's actual external debt at 31 March 2018 was £305.292million of which £228.113million related to borrowing and £77.179million to outstanding obligations on finance leases.

4.10 The actual external debt is not directly comparable to the authorised limit nor to the operational boundary, since the actual external debt reflects the position at one point in time. In addition, the external debt indicators are set based on the Council's potential external borrowing requirements for capital investment purposes. However, as part of the ongoing treasury management strategy the Council may utilise internal borrowing where it is deemed appropriate to avoid unnecessary exposure to interest rate risk. The adoption of this strategy results in the Council's net external borrowing being lower than the capital financing requirement. The projected external debt compared to the estimated capital financing requirement for the three-year period 2019-2020 through 2021-2022 is detailed at section 10.3.

5. Prudential framework for capital finance: prudential indicator for treasury management

5.1 The prudential indicator in respect of treasury management is that the Council has adopted the CIPFA *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes* ("the Treasury Management Code"). Indeed, the revised 2017 edition of the Treasury Management Code has been adopted by the Council from 2019-20 onwards. This requires that the annual treasury management strategy statement is approved by Council, along with treasury limits for the three-year period 2019-2020 through 2021-2022.

5.2 In adopting the Treasury Management Code, the aim is to ensure that treasury management is led by a clear and integrated treasury management strategy, and a recognition of the pre-existing structure of the Council's borrowing and investment portfolios. The prime policy objectives of the Council's investment activities are the security and liquidity of funds, and the avoidance of exposure of public funds to unnecessary or unquantified risk. The Council should consider the return on its investments; however, this should not be at the expense of security and liquidity. It is therefore important that the Council adopts an appropriate approach to risk management with regard to their investment activities. Borrowing more than, or in advance of, the Council's needs purely in order to profit from the investment of the extra sums borrowed should not be undertaken. In those circumstances where borrowing is taken in advance of need, the security of such funds must be ensured and consideration should be given as to whether value-for-money can be demonstrated. These principles should be borne in mind when investments are made, particularly for the medium to long term.

5.3 The Treasury Management Code requires, amongst other things, that the Council approves, annually in advance, a strategy for its treasury management activities. The treasury management strategy for 2019-2020 is set out at sections 8 to 12 of this report.

6. Prudential framework for capital finance: prudential indicators for prudence

6.1 It is possible that, while a council's financial strategy may be affordable in the short term, it is imprudent and unsustainable because in the medium term it would, if pursued, be dependent on the use of borrowing to fund revenue expenditure. For this reason the Prudential Code makes it necessary, if a financial strategy is to be prudent, that it is one in which the medium-term net borrowing is only to be used for capital purposes.

6.2 In the Prudential Code, this requirement is to be demonstrated through a comparison of net borrowing with the capital financing requirement. Except in the short term, net external borrowing should not exceed the total capital financing requirement in the previous year, plus the estimates of any additional capital financing requirements for the current and next two financial years.

6.3 The projected capital financing requirement at 31 March 2022 is £532 million (section 3.11). Net external borrowing should not exceed this level and, indeed, the projected operational boundary at 31 March 2022 is £532 million (section 4.4). The Council had no difficulty in meeting this requirement at 31 March 2018 and no difficulties are anticipated in meeting this requirement in the future.

6.4 In addition, ensuring that treasury management is carried out in accordance with good professional practice is an essential feature of prudence. The treasury management indicators required by the CIPFA *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes* ("the Treasury Management Code") are designed to help demonstrate prudence. The prudential indicator is that the Council has adopted CIPFA's Treasury Management Code. Indeed, the revised 2017 edition of the Treasury Management Code has been adopted from the 2019-20 financial year onwards.

7. Prudential framework for capital finance: prudential indicators for affordability

7.1 A key measure of affordability is the incremental impact of investment decisions on council tax or housing rents. Estimates of the ratio of financing costs to net revenue stream provide an indication of how much of the Council's revenue is committed to the repayment of debt. The estimated ratios for the next three financial years are:

Ratio of financing costs to net revenue stream	2019-20 estimate	2020-21 estimate	2021-22 estimate
Non-housing	4.57%	4.59%	4.87%
Housing	42.23%	41.44%	39.73%

† 2020-2022 Non-housing estimates are currently based on the 2019-2020 settlement figures

7.2 Financing costs include the interest payable with respect to borrowing, interest payable on finance leases, interest and investment income, loans fund and finance lease principal repayments and gains/losses on the repurchase or early settlement of borrowing.

7.3 Revenue streams relate either to the amounts received in terms of government grant and local taxpayers ("non-housing") or to the amounts received from tenants in respect of housing rents ("housing").

7.4 The estimate of the incremental impact of the capital investment proposals outlined in this report for non-housing services, and as outlined in the *Housing Capital Investment Plan*, are:

Impact of capital investment decisions	2019-20 estimate	2020-21 estimate	2021-22 estimate
... on Band D Council Tax	£0.00	£0.00	£0.00
... on weekly housing rents	£0.21	£0.95	£2.40

7.5 The impact on Band D council tax is nil due to the fact that the financing costs resulting from any additional capital expenditure and related borrowing will be funded from government grant support and savings in other areas of expenditure.

8. Treasury management strategy statement: compliance with the Prudential Code

8.1 In order to comply with the treasury management requirements of the Prudential Code, local authorities are required to adopt the CIPFA *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes* ("the Treasury Management Code").

8.2 This report covers the requirements of the 2017 CIPFA TM Code of Practice, including the Treasury Management Indicators, and the Scottish Government's 2010 Consent for the Investment of Money by Scottish Local Authorities.

8.3 The Council's **treasury management strategy statement** for 2019-2020 is set out here at sections 8 through 12, and constitutes the Council's annual strategy and plan in relation to its treasury management activities as defined by the Treasury Management Code.

9. Treasury management strategy statement: objectives and responsibility for decision-making

9.1 The overall objectives of the Council's treasury management strategy are:

for **borrowings**:

- to minimise the revenue costs of borrowing,
- to manage the borrowing repayment profile,
- to assess interest rate movements and borrow accordingly,
- to monitor and review the level of variable rate loans held in order to take advantage of interest rate movements and
- to reschedule borrowing to improve the Council's repayment profile or to reduce the revenue costs of borrowing.

for **temporary investments**:

- to protect the capital security and liquidity of the invested funds and
- to obtain an acceptable market rate of return subject to protecting capital security and liquidity of invested funds.

These objectives are set within the context of the Council's over-arching objective in relation to treasury management activities: the effective management and control of risk.

9.2 The Council has a contract with Arlingclose Ltd for the provision of treasury management consultancy services. It is recognised that there is value in employing such external service providers in order to acquire access to specialist skills and resources, however the responsibility for treasury management decisions remains with Renfrewshire Council at all times and undue reliance is not placed upon our external service providers.

9.3 The suggested treasury management strategy for 2019-2020 is based upon the views on interest rates, supplemented with market forecasts provided by Arlingclose, and covers the following aspects of the treasury management function:

- treasury limits in force which will limit the treasury risk and activities of the Council:
  prudential and treasury management indicators;
- the current treasury position;
- the identified borrowing requirement;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy;
- policy on use of external service providers.

10. Treasury management strategy statement: borrowing strategy

10.1 **Current external borrowing position**
The Council's external borrowing position as at 11 January 2019 was as follows:

External borrowing position	borrowing position as at 31.03.2018		borrowing position as at 11.01.2019		change in the year
	£m	average interest rate	£m	average interest rate	£m
Long-term borrowings:					
PWLB: fixed rate	175.197	0.48%	172.295	0.47%	-2.902
PWLB: variable rate	0.000	0.00%	0.000	0.00%	0.000
Market loans	52.916	4.70%	52.916	4.70%	0.000
Total long-term borrowings	**228.113**	**4.78%**	**225.211**	**0.47%**	**-2.902**
Short-term borrowings: nil					
Total of all external borrowings	**228.113**	**4.77%**	**225.211**	**4.77%**	**-2.902**

10.2 The decrease in Public Works Loan Board (PWLB) borrowing represents the scheduled repayment of loans that matured during the period 1 April 2018 to 11 January 2019. These repayments were funded from investment balances.

10.3 **Projected borrowing position**

The Council's anticipated borrowing position for the forthcoming financial year and the following two financial years is summarised in the following table. This shows the projected external debt compared to the estimated capital financing requirement (the underlying need to borrow for a capital purpose) at the end of each of the next three financial years.

Borrowing Position	**31 March 2020 estimate £m**	**31 March 2021 estimate £m**	**31 March 2022 estimate £m**
Borrowing	**255.993**	**333.289**	**400.825**
Other long-term liabilities	**74.274**	**71.437**	**68.894**
Total external debt	**330.267**	**404.726**	**469.719**
Capital financing requirement	**392.000**	**466.000**	**532.000**
Under-borrowing	**61.733**	**61.274**	**62.281**

10.4 A number of the prudential indicators are designed to ensure that the Council carries out its treasury management activities within well-defined limits. One of these indicators is that gross external debt does not, except in the short term, exceed the total of the capital financing requirement in 2018-2019 plus the estimates of any additional capital financing requirement for 2019-2020 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not taken in order to fund revenue expenditure.

10.5 The Council has complied with this prudential indicator during 2018-2019 and it is envisaged this will remain the position moving forward over the forthcoming three-year period. As detailed in the table above, it is anticipated that the borrowing strategy will continue to progress on the basis of utilising internal borrowing where possible over the medium term to mitigate both interest rate risk exposure for the Council, and also risks associated with maintaining adequate capacity with appropriate investment counterparties. However, significant shorter term borrowing will be required to fund the City Deal projects. This borrowing is required as the grant income for City Deal is phased over a 20 year period from 2015/16, while the project expenditure is incurred from 2015/16 to 2024/25. The requirement for borrowing to cover this period in advance of grant receipt is continually monitored and refined as project designs develop and this requirement is incorporated into the overall Council borrowing forecast.

10.6 **Interest rate forecast**

As part of Arlingclose's treasury management consultancy service to the Council, assistance is provided in preparing a forecast of short-term and longer-term fixed interest rates. Current interest rate forecasts for the official bank rate paid on commercial bank reserves (the "Bank Rate") and for PWLB borrowings are:

Interest rate forecast: Bank Rate	March 2019	June 2019	Sept 2019	Dec 2019	March 2020	March 2021	Dec 2021
Bank Rate	0.75%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%

Interest rate forecast: PWLB borrowings	March 2019	June 2019	Sept 2019	Dec 2019	March 2020	March 2021	Dec 2021
5-year loans	1.75%	1.75%	1.80%	2.05%	2.10%	2.20%	2.10%
10-year loans	2.10%	2.15%	2.20%	2.45%	2.55%	2.65%	2.65%
20-year loans	2.50%	2.55%	2.60%	2.80%	2.85%	3.00%	3.00%
50-year loans	2.45%	2.50%	2.55%	2.75%	2.80%	2.95%	2.95%

10.7 **Borrowing decisions**

The main borrowing decisions to be made for 2019-2020 are:

- when to borrow,
- for how long to borrow and
- whether to borrow externally or to use cash balances.

10.8 Based on the capital investment programme, it is anticipated that the Council may need to borrow up to £31.403 million to fund new capital expenditure during 2019-20 and to replace loans due to mature that year.

10.9 The Council's borrowing strategy will give consideration to new borrowing in the following order of priority:

(i) The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However, in view of the overall forecast for long-term borrowing rates to increase gradually over the coming years, consideration will also be given to weighing the short-term advantage of internal borrowing against potential long-term costs if the opportunity is missed for taking loans at long-term rates which will be higher in future years.

(ii) PWLB borrowing for periods under 10 years where interest rates are expected to be significantly lower than interest rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away from a concentration at longer-dated time periods.

(iii) Short-dated borrowing from non-PWLB sources.

(iv) Long-term borrowing arranged in advance, in order to achieve certainty on future borrowing costs and reduce exposure to interest rate risk.

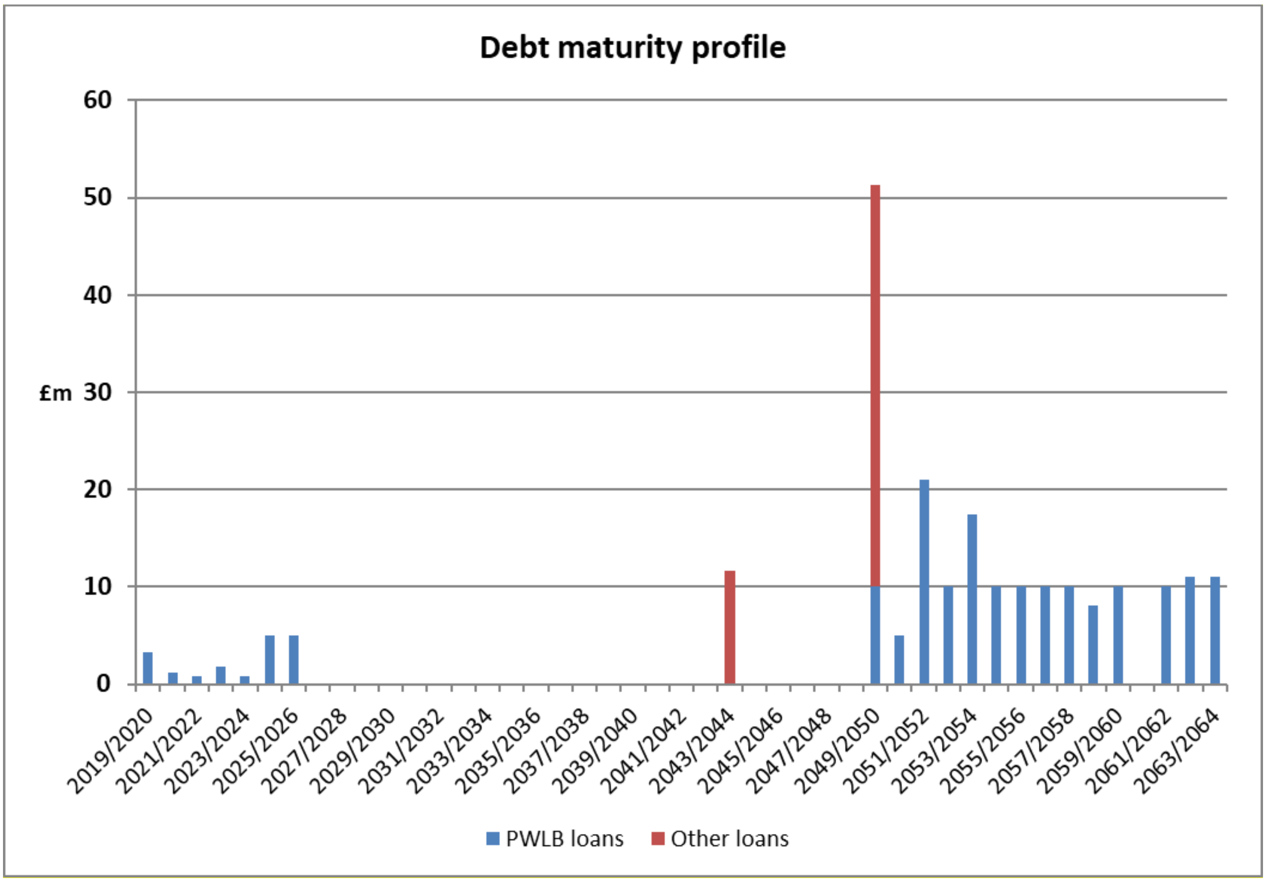
(v) Long-term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available), with due regard to maintaining an appropriate balance between PWLB and market debt in the debt portfolio.

10.10 **Sensitivity of the interest rate forecast**
The Council officers, in conjunction with the Council's treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, and will respond appropriately to material changes in interest rate forecasts, for example:

- If it were felt that there was a significant risk of a sharp fall in long- and short-term interest rates than that currently forecast, then long-term borrowings will be postponed, with focus shifting to consideration of short-term borrowing to meet the Council's borrowing need along with any opportunities for rescheduling.

- If it were felt that there was a significant risk of a much sharper rise in long- and short-term interest rates than that currently forecast, then the portfolio position will be reappraised with potentially a move to take on required borrowing whilst interest rates were still relatively low.

10.11 The forecast debt maturity profile at 31 March 2019 per the graph below shows the amount of debt maturing in future years. The Council has less than 15% of its total borrowings redeeming in any one of the next 25 years, with one year beyond this period having a repayment in excess of 15%. It is expected this repayment will be rescheduled well in advance of this date. This is well within the Council's treasury indicators for debt maturity, and therefore provides the Council with the flexibility needed to structure new borrowing over this period in a manner that minimises debt interest costs.



10.12 Since the Council has a capital investment plan covering the period to 2021-2022 and detailed investment/borrowing analyses, advantage can be taken of opportunities that may arise to achieve beneficial borrowing rates over the same period, minimising interest rate risk. The Council will not borrow more than, or earlier than, required with the primary intention to profit from the investment return of the extra sums borrowed. Pre-borrowing of this nature will only be taken for risk management reasons and subject to sound justification. The timing of any new borrowing of this nature will take into account the management of liquidity and counterparty risk, and also the projected movement in interest rates.

10.13 Caution will continue to be adopted and the Director of Finance and Resources will monitor the interest rate market. Should long-term rates start to rise or fall sharply, the debt portfolio position will be reappraised and appropriate action taken.

10.14 **Debt rescheduling opportunities**
The purpose of debt rescheduling is to reorganise existing borrowings in such a way as to amend the repayment profile of the borrowing portfolio, or to secure interest rate savings.

10.15 As short-term borrowing rates will be considerably cheaper than longer-term rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, such potential savings will be considered in the light of their short-term nature and risks associated with potential longer-term costs of refinancing those short-term loans, once they mature.

10.16 Consideration will also be given to the potential for making savings by running down investment balances to repay debt prematurely, as short-term rates on investments are likely to be lower than rates paid on current debt.

11. Treasury management strategy statement: annual investment strategy

11.1 **Investment policy**
In carrying out investment activities, the Council will have regard to The Local Government Investment (Scotland) Regulations 2010, the accompanying Scottish Government Finance Circular 5/2010 and the 2011 CIPFA *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes* ("the Treasury Management Code"). The Council's investment priorities are:

- the security of capital and
- the liquidity of its investments.

11.2 The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of the Council is low-to-medium, with absolute priority given to the security of its investments.

11.3 The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council will not engage in such activity.

11.4 Investment instruments identified for use in the financial year are listed in Annex A, and counterparty limits will be set as defined within the Council's treasury management practices (TMPs) documentation.

11.5 **External investment position**
The Council's external investment position as at 11 January 2019 was as follows:

External investment position	investment position as at 31.03.2018		investment position as at 11.01.2019		change in the year
	£m	average interest rate	£m	average interest rate	£m
Temporary investments:	112.014	0.54%	173.570	0.86%	61.556

11.6 The increase in the Council's short-term investments ("temporary deposits") during the period reflects:

- the short-term cash flow position of the Council over the Christmas holiday period;

- the re-profiling of elements of the current capital programme;

11.7 The average rate of interest received on the Council's temporary deposits has increased slightly over the period. This reflects the Bank of England's decision to increase the base rate to 0.75% in August 2018. The Council has continued to lock into longer-term temporary deposit deals with counterparties of particularly high creditworthiness, thus securing a higher overall rate of return across the portfolio without compromising the security of investments.

11.8 **Creditworthiness policy**
In order to maintain an approved list of counterparties (institutions with which the Council will invest funds), the Council refers to the institutions listed on the Counterparty Lists provided by Arlingclose. These lists show all the institutions that Arlingclose are comfortable with the Council lending to and are based on the credit ratings from the three major credit rating agencies: Fitch, Moody's and Standard & Poor's. The Council understands that credit ratings are a good, but not perfect, predictor of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests including:

- credit default swap (CDS) spreads, to give early warning of likely changes in credit ratings;
- financial statements;
- sovereign ratings, to select counterparties from only the most creditworthy countries;
- credit ratings relevant to the specific investment or class of investment are used where available;
- financial press,

11.9 The approved list of counterparties (Annex B) also defines a maximum limit on the aggregate value of deposits placed with each counterparty. The purpose of this is to ensure that the Council does not deposit an excessive proportion of its funds with any single institution. Currently the counterparty limit for each bank has been set at 5% (with the exception of the Royal Bank of Scotland, for which the counterparty limit has been set at 2.5%). The limits for building societies, money market funds and enhanced cash funds has also been set at 5% of the total cash balances held by the Council at the time the investment is made, and taking into account the relevant investment period. This approach allows the Council to meet its cash flow management objectives whilst appropriately spreading investments over a range of counterparties.

11.10 Arlingclose also recommend the maximum deposit period for each counterparty and this is used as a guide when setting the investment period for each institution shown on the Council's approved list of counterparties.

11.12 All credit ratings are monitored daily. Arlingclose alert the Council to rating changes made by any of the three rating agencies and if a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

11.13 Sole reliance is not placed on the use of this external service: in addition the Council will make its own judgement based on the Advisers suggestions but will also use market data and market information, the quality financial press, information on government support for banks and the credit ratings of that government support.

11.14 **Investment decisions**
The Bank Rate was increased by the Bank of England in August last year to 0.75%. The current forecasts from Arlingclose expect two more 0.25% increases during 2019 to take the official UK interest rate to 1.25%. However, there is a downside risk to this forecast as the possibility of a “no deal” Brexit remains.

11.15 The majority of the Council’s surplus cash is currently invested in money market funds and in short term deposits with banks and other local authorities. Given the increasing risk and very low returns from short-term unsecured bank investments, the Council will continue to invest in money market funds and with other local authorities. However, if attractive rates become available with counterparties of particularly high creditworthiness, thus making longer-term deals worthwhile and within the risk parameters set by the Council, then longer-term investments will be considered.

12. Treasury management strategy statement: treasury management indicators

12.1 The *Guidance Notes for Local Authorities* which accompany the CIPFA *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes* (“the Treasury Management Code”) specify four treasury management indicators covered by the Prudential Code: (i) acceptance of the Treasury Management Code, (ii) authorised limit, (iii) operational boundary and (iv) actual external debt. These indicators are dealt with in detail at sections 4, 5 and 6 of this report.

12.2 The *Guidance Notes for Local Authorities* which accompany the Treasury Management Code specify an additional treasury management indicator – the maturity structure of borrowing.

12.4 **Maturity structure of borrowing**
The Council is required to set for the forthcoming financial year both upper and lower limits with respect to the maturity structure of its borrowing. This is to ensure that the Council is not exposed to large concentrations of debt maturing in a single year and requiring to be replaced when interest rates are unfavourable. It is recommended that the Council approves the following as the indicator for the maturity structure of borrowing for the forthcoming financial year:

Maturity structure of borrowing	2019-20	
	lower limit	upper limit
under 12 months	0%	15%
12 months and within 24 months	0%	15%
24 months and within 5 years	0%	45%
5 years and within 10 years	0%	50%
10 years and above	0%	100%

Annex A: Permitted investments

The Council approves the forms of investment instrument for use as **permitted investments** as set out in tables 1, 2 and 3. Please also refer to section 11 in the body of Appendix 6.

A.1 Table 1 lists the permitted investments of a cash-type nature available for use by the Council's in-house treasury management team:

Permitted investments table 1: cash-type instruments arranged in-house	**minimum credit criteria**	**liquidity risk**	**market risk**	**maximum share of total invest-ments**	**maximum maturity period**
Debt Management Account Deposit Facility (DMADF)	not applicable	term	no	100%	2 years
Term deposits with local authorities	not applicable	term	no	75%	2 years
Call accounts and notice accounts with banks and building societies	per approved counter-party list	instant / notice period	no	100%	up to 100 days
Term deposits with banks and building societies	per approved counter-party list	term	no	100%	per approved counter-party list
Certificates of deposit issued by banks and building societies	per approved counterparty list	T+1	yes	10%	per approved counter-party list
Treasury Bills	UK sovereign rating	T+1	yes	75%	1 year
UK Government Gilts	UK sovereign rating	T+1	yes	75%	2 year
Enhanced cash funds	long-term AAA vol-atility rating	T+1 to T+5	yes	75%	not applicable
Money market funds	long-term AAA vol-atility rating	instant	no	75%	not applicable

A.2 Table 2 lists the permitted investments of a cash-type nature available for use by the investment managers of the Council's Insurance Fund:

Permitted investments table 2: cash-type instruments used by Insurance Fund investment managers	**minimum credit criteria**	**liquidity risk**	**market risk**	**maximum share of total invest-ments**	**maximum maturity period**
Equities	delegated to investment managers	term	yes‡	33% ±10%	not applicable
Fixed-interest securities	delegated to investment managers	term	yes‡	33% ±10%	not applicable
Other assets	delegated to investment managers	term	yes‡	33% ±10%	not applicable

‡ Market risk is mitigated since investment managers have been instructed to maintain low volatility by investing in a diversified portfolio which incorporates (i) a broad spread of equities, both directly and indirectly (through pooled funds), and (ii) a proportion of fixed-interest securities and cash.

A.3 **Treasury risks**

All the investment instruments listed in tables 1 and 2 above are subject to the following risks:

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

(ii) *Liquidity risk:* This is the risk that cash will not be available when it is needed. While it could be said that all counterparties are subject to at least a very small level of liquidity risk as credit risk can never be zero, in this document, liquidity risk has been treated as whether or not instant access to cash can be obtained from each form of investment instrument.

(iii) *Interest rate risk:* This is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately. The Council has set limits for its fixed and variable rate exposure in its treasury indicators as detailed in this report.

(iv) *Legal and regulatory risk:* This is the risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

(v) *Market risk:* This is the risk that, through adverse market fluctuations, the value of investments may decline over a given time period simply because of economic changes or other events that impact large portions of the market.

A.4 Controls on treasury risks

(i) *Credit and counterparty risk:* The Council has set minimum credit criteria to determine which counterparties and countries are of sufficiently high creditworthiness to enable investments to be made safely.

(ii) *Liquidity risk:* The Council has a cash flow forecasting model to enable it to determine the duration for which individual investments can be made, and how much can be invested.

(iii) *Interest rate risk:* The Council manages this risk by having a view of the future course of interest rates and formulating a treasury management strategy accordingly. The strategy aims to maximise investment earnings consistent with control of risk and minimise expenditure on interest costs on borrowing.

(iv) *Legal and regulatory risk:* The Council will not undertake any form of investing until it has ensured that it has all necessary powers to do so. The Council will ensure that it complies with all applicable regulations in the carrying out of its treasury management operations.

(v) *Market risk:* Asset allocation and diversification can protect against market risk because different portions of the market tend to under-perform at different time times. The Director of Finance and Resources has the authority to invest the funds of the Insurance Fund in or upon such investments, securities or property as deemed fit. The Director and officers rely on professional investment managers (currently Aberdeen Standard Capital) for the day-to-day management of the assets of the Council's Insurance Fund. The investment managers are responsible for the allocation of assets between types of investments and for the selection of individual stocks within each type of investment. The investment fund is focused on the objective of achieving moderate capital growth in combination with low volatility to mitigate the impact of market risk. In order to achieve these objectives the investment manager operates within predefined asset allocation limits as outlined in table 2 above.

A.5 Objectives of each type of investment instrument

The objectives of the investment instruments listed in table 1 above are outlined below.

(i) *Debt Management Account Deposit Facility (DMADF):* This offers the lowest risk form of investment available to local authorities as it is effectively an investment placed with central government. It is also easy to use as it is a deposit account and avoids the complications of buying and holding UK government-issued treasury bills or gilts. As it is low risk it also earns low rates of interest, however it is useful where there may be a short-term priority to avoid credit risk. The longest term deposit that can be made with the DMADF is six months.

(ii) *Term deposits with other local authorities and high credit worthiness banks and building societies:* This is the most widely used form of investment used by local authorities. It offers a much higher rate of return than the DMADF (dependent on the deposit term) and, now that measures have been put in place to avoid any over reliance on credit ratings, there is greater confidence that the residual risks around using local authorities, banks and building societies are at a low, reasonable and acceptable level.

The Council will ensure diversification of its portfolio of deposits ensuring that no more than 5%* (10% for other Local Authorities) of the total portfolio can be placed with any one institution or group. In addition, longer-term deposits offer an opportunity to increase investment returns by locking into relatively high interest rates ahead of an expected fall in interest rates. At other times, longer-term rates can offer good value when the markets incorrectly assess the speed and timing of interest rate increases.

This form of investing, therefore, offers flexibility and a higher level of earnings than the DMADF. Where it is restricted is that once a longer-term investment is made, that cash is 'locked in' and cannot be accessed until the maturity date. This type of deposit includes callable deposits, whereby the principal deposited is protected and earns a fixed rate of interest but can be terminated early at the bank's discretion.

* In recognition of the restricted number of approved counterparties that now meet our more stringent lending criteria, there is an added degree of flexibility introduced to the maximum deposit level. The deposit level with any one institution can now extend to a maximum of 10%, where the element which exceeds the 5% threshold is deposited on the basis of a call account deposit with the institution.

(iii) *Call accounts and notice accounts with high credit worthiness banks and building societies:* The objectives are as for (ii) above, but there is access to recalling cash deposited over short call periods (call account periods vary from short-term such as 7 days, but can extend to 35- and 95-day notice periods). This generally means accepting a lower rate of interest than that which could be earned from the same institution by making a term deposit. However, call accounts can offer interest rates two to three times more than term deposits in the DMADF. A certain level of call account use is highly desirable to ensure that the Council has ready access to cash when required.

(iv) *Certificates of deposit (CDs):* These are shorter term securities issued by deposit taking institutions (mainly financial institutions). They are negotiable instruments, so can be sold ahead of maturity and also purchased after they have been issued. However, that liquidity can come at a price, where the yield could be marginally less than placing a deposit with the same bank as the issuing bank.

(v) *Money market funds:* By definition, money market funds (MMFs) are AAA-rated (the highest security rating available) and are widely diversified, using many forms of money market securities including types which this Council does not currently have the expertise or risk appetite to hold directly.

However, due to the high level of expertise of the fund managers and the significant amounts of funds invested in MMFs, and the fact that the weighted average maturity (WAM) cannot exceed 60 days, MMFs offer a combination of high security, instant access to funds, high diversification and good rates of return compared to equivalent instant access facilities.

They are particularly advantageous in a falling interest rate environment as their 60-day WAM means they have locked-in investments earning higher rates of interest than are currently available in the market. MMFs also help an organisation to diversify its own portfolio, for example a £2million investment placed directly with a specific bank is a 100% risk exposure to that specific bank, whereas £2million invested in an MMF may result in only 1% being invested with that specific bank through the MMF. MMFs offer an effective way of minimising risk exposure while still getting better rates of return than available through the DMADF.

(vi) *Enhanced Cash Funds (ECFs):* These funds are similar to MMFs, can still be AAA rated but have variable net asset values (VNAV) as opposed to a traditional MMF which has a Constant Net Asset Value (CNAV). They aim to achieve a higher yield and to do this either take more credit risk or invest out for longer periods of time, which means they are more volatile. These funds can have WAM's and Weighted Average Life (WAL's) of 90 – 365 days or even longer. Their primary objective is yield and capital preservation is second. They therefore are a higher risk than MMFs and correspondingly have the potential to earn higher returns than MMFs.

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

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

(ix) Operational bank accounts: The Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, with it's main operational bank (Clydesdale) with credit ratings of BBB+. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will normally be kept below

£100,000 however, for short periods normally over public holidays this balance may be higher with the approval of the Director of Finance and Resources.

A.6 Table 3 lists the permitted investments of a non-cash nature available for use by the Council:

Permitted investments table 3: instruments of a non-cash nature	**treasury risks**	**mitigating controls**	**maximum share of total investments**
Share holdings, unit holdings and bond holdings, including those in a local authority-owned company	Service investments which may exhibit market risk; likely to be highly illiquid	Each equity investment requires Member approval and each application will be supported by the service rationale behind the investment and the likelihood of loss	Policy driven, managing all associated risks; authorised limit and operational boundary apply
Loans to a local authority-owned company or other entity formed by a local authority to deliver services	Service investments either at market rates of interest or below (soft loans); may exhibit credit risk; likely to be highly illiquid	Each loan to a local authority company requires Member approval and each application will be supported by the service rationale behind the loan and the likelihood of full or partial default	Policy driven, managing all associated risks; authorised limit and operational boundary apply
Loans made to third parties, including soft loans (for example, employee loans)	Service investments either at market rates of interest or below (soft loans); may exhibit credit risk; likely to be highly illiquid	Each third party loan (or tranche of loans) requires Member approval and each application will be supported by the service rationale behind the loan and the likelihood of full or partial default	Policy driven, managing all associated risks; authorised limit and operational boundary apply

Investment property	Non-service properties which are being held pending disposal or for a longer-term rental income stream; these are highly illiquid assets with high risk to value	Property holding will be revalued regularly and reported at appropriate periodic intervals for a property investment portfolio in respect of rental levels; in terms of surplus assets held for disposal, the Council has an active surplus property disposal strategy which ensures a coordinated and managed approach is adopted to the disposal of such sites in a way which is reflective of current and future anticipated market conditions, seeks to maximise market interest in site disposals and secures best value for the Council	Policy driven, managing all associated risks; authorised limit and operational boundary apply

Annex B

Renfrewshire Council Counterparty List

Counterparty	Country of Domicile	AUTHORITY SPECIFIC LIMITS		
		Maximum Deposit		
		% Limit	£M Limit	Max Investment period
UNITED KINGDOM: BANKS				
CLYDESDALE BANK	GB	None	2.0	O/N
BANK OF SCOTLAND PLC	GB	5%	8.0	6 months
BARCLAYS BANK PLC	GB	5%	8.0	100 days
CLOSE BROTHERS LTD	GB	5%	8.0	6 months
GOLDMAN SACHS INT'L BANK	GB	5%	8.0	100 days
HSBC BANK PLC	GB	5%	8.0	6 months
ROYAL BANK OF SCOTLAND PLC/T	GB	2.5%	4.0	35 days
SANTANDER UK PLC	GB	5%	8.0	6 months
STANDARD CHARTERED BANK	GB	5%	8.0	6 months
HANDELSBANKEN UK PLC	GB	5%	8.0	6 months
UK: BUILDING SOCIETIES				
COVENTRY BUILDING SOCIETY	GB	5%	8.0	6 months
LEEDS BUILDING SOCIETY	GB	5%	8.0	100 days
NATIONWIDE BUILDING SOCIETY	GB	5%	8.0	6 months
UK: OTHER INSTITUTIONS				
UK LOCAL AUTHORITIES	GB	100%		2 YEARS
UK GOVERNMENT	GB	100%		n/a
COMMONWEALTH OF AUSTRALIA	AU			
AUST AND NZ BANKING GROUP	AU	5%	8.0	6 months
COMMONWEALTH BANK OF AUSTRAL	AU	5%	8.0	6 months
NATIONAL AUSTRALIA BANK LTD	AU	5%	8.0	6 months
WESTPAC BANKING CORP	AU	5%	8.0	6 months
GOVERNMENT OF CANADA	CA			
BANK OF MONTREAL	CA	5%	8.0	6 months
BANK OF NOVA SCOTIA	CA	5%	8.0	6 months
CAN IMPERIAL BK OF COMMERCE	CA	5%	8.0	6 months
ROYAL BANK OF CANADA	CA	5%	8.0	6 months
TORONTO-DOMINION BANK	CA	5%	8.0	6 months
FEDERAL REPUBLIC OF GERMANY	GE			
LANDESBANK HESSEN-THURINGEN	GE	5%	8.0	6 months
KINGDOM OF THE NETHERLANDS	NE			
COOPERATIEVE RABOBANK UA	NE	5%	8.0	13 months
MONEY MARKET FUNDS				
Insight Liquidity Funds PLC - GBP Liquidity Fund	IR	5%	8.0	call
Federated Short-Term Sterling Prime Fund	GB	5%	8.0	call
Goldman Sachs Sterling Liquid Reserves	IR	5%	8.0	call
Standard Life Investments Sterling Liquidity Fund -Ignis	IR	5%	8.0	call

Appendix 7

CAPITAL STRATEGY 2019-22

1. INTRODUCTION

1.1. The Capital Strategy is a new report for 2019-20 giving an overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of public services in local government along with an overview of how associated risk is managed and the implications for future financial sustainability.

2. PURPOSE & AIMS

2.1. Following consultation, in December 2017 the Chartered Institute of Public Finance and Accountancy (CIPFA) published an updated version of the Prudential Code for Capital Finance in Local Authorities ("the Prudential Code").

2.2. The key objectives of the Prudential Code are to ensure, within a clear framework, that;

- Capital investment plans are affordable, prudent and sustainable;
- Treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved;
- That these risks will be managed to levels that are acceptable to the organisation;
- Capital investment plans are being made in light of the overall organisational strategy and resources, ensuring that decisions are being made with sufficient regard to the long run financial implications and potential risks to the authority.

2.3. In keeping with the objectives above, the purpose of this Capital Strategy is to demonstrate that the Council takes capital investment decisions in line with service objectives that properly takes account of value for money, prudence, sustainability and affordability, setting out the context in which capital expenditure, capital financing and treasury decisions are being made and has given due consideration to the risk associated with these decisions.

3. OVERVIEW

3.1. An understanding of what constitutes capital expenditure and how it is financed is fundamental to realising the benefits and mitigating the risks open to an authority under the prudential framework.

3.2. Capital expenditure is the investment in new or existing assets, such as property or vehicles, that will generate economic benefits or service improvements that will be realised by the Council for a period of more than one year.

3.3. All capital expenditure must be financed, either from external sources (government grants and other contributions), internal sources (current revenue and capital receipts) or debt (borrowing and leasing).

3.4. Financing capital expenditure through debt offers the opportunity to spread the cost over future revenues through loan fund repayments. However, due to the interest payments associated with debt, the total cost is usually higher than other methods of capital financing. Therefore, careful planning and monitoring procedures must be in place to ensure capital investment decisions offer value for money and are affordable and sustainable for current and future revenue budgets.

4. CAPITAL EXPENDITURE & FINANCING

4.1. The Council is legally obliged to determine the maximum it may allocate to capital expenditure, in line with statutory guidance, the limit is the total shown in the table below. The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately.

Capital expenditure	2019-20 estimate £m	2020-21 estimate £m	2021-22 estimate £m
Non-housing	65.700	105.267	85.691
Housing	26.291	33.800	26.528
Total	**91.991**	**139.067**	**112.219**

4.2. The Council Plan “Thriving People, Connected Communities” was agreed in September 2017. It outlines five strategic outcomes for the Council over the period to 2022. The Council Plan forms a “golden thread” that ensures the key strategic priorities of the Council translate into specific capital programmes.

4.3. Below is a summary of the main capital projects within the Capital Plan 2019-22:

- **Reshaping our place, our economy and our future;**
  Continuation of the City Deal projects of £119.5m which will lead to total investment of £274m in infrastructure in Renfrewshire, generating significant benefits for the local economy.

  Investment of £86.4m in cultural infrastructure, transforming Paisley Town Hall, Paisley Learning & Cultural Hub and Paisley Museum.

  Build on the implementation free public wi-fi through investment in full fibre infrastructure across Renfrewshire with £1.5m capital investment in local full fibre broadband.

  £5.8m of improvements in infrastructure within Renfrewshire improving roads, traffic management, bridges and street lighting.

- **Building strong, safe and resilient communities;**
  Investment of £55.9m in new council homes in Ferguslie Park, Johnstone Castle and Bishopton.

- **Tackling inequality, ensuring opportunities for all;**
  Completion of the total investment of £42m in the Primary School Estate Programme (SEMP);

  Capital investment of £13m in new builds and refurbishment to expand early learning and child care from 600 to 1,140 hours by 2020.

- **Creating a sustainable Renfrewshire for all to enjoy;**
  Investment of £10.4m to improve the condition and energy efficiency of existing Council Properties;

£1m to replace existing fleet with more efficient vehicles.

- **Working together to improve outcomes;**
  £1.2m of capital investment in new ICT equipment and software;

4.4. A full copy of the Council Plan is available on the Council website: Renfrewshire Council Plan

4.5. As stated in 3.3, all capital expenditure must be financed either from external sources, internal sources or through borrowing. The planned financing of the above expenditure is shown on the table below:

Capital Financing	2019-20 estimate £m	2020-21 estimate £m	2021-22 estimate £m
Non-housing			
Prudential Borrowing	8.658	27.095	34.113
Specific Grant	7.249	4.782	0.934
General Capital Grant	18.283	-	-
City Deal Grant	5.637	8.921	15.834
City Deal interim borrowing	16.936	38.402	33.798
Usable Capital Receipts	3.692	23.034	0.942
C.F.C.R.	5.245	3.033	0.070
Total Non-housing	**65.700**	**105.267**	**85.691**
Housing			
Prudential Borrowing	22.910	28.784	15.954
Usable Capital Receipts	3.381	5.016	10.574
Total Housing	**26.291**	**33.800**	**26.528**
TOTAL	**91.991**	**139.067**	**112.219**

4.6. Debt is only a temporary source of finance, since loans and leases must be repaid, and is therefore replaced over time by other financing, usually from revenue which is known as loan funds repayments. The Council's cumulative outstanding amount of debt finance that will be charged to future revenue budgets is measured by the capital finance requirement (CFR). The CFR increases with new debt financed capital expenditure and reduces with loan fund repayments, capital receipts can also be used to reduce the CFR. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Capital financing requirement	31 March 2020 estimate £m	31 March 2021 estimate £m	31 March 2022 estimate £m
Non-housing	273	333	396
Housing	119	133	136
Total	**392**	**466**	**532**

4.7. The loan fund repayments is combined with the interest payable on loans and forms the total that is charged to revenue, known as financing costs. An estimate of the total financing costs as % of net revenue, the amount funded from Council Tax, government grants, business rates and in the case of HRA, rental income, is shown in the table below.

Ratio of financing costs to net revenue stream	2019-20 estimate	2020-21 estimate	2021-22 estimate
Non-housing	4.57%	4.59%	4.87%
Housing	42.23%	41.44%	39.73%

5. ASSET MANAGEMENT

5.1. The Corporate Asset Strategy 2018–21 (CAS) was approved by the Finance, Resources & Customer Services Policy Board in June 2018. The CAS sets out a high-level framework for the management for all the Council's Assets. It guides the development and upkeep of strategies and plans for all classifications of assets.

5.2. The Council's Corporate Asset Strategy 2018-21 can be read in full here: Renfrewshire Corporate Asset Strategy 2018-21

6. TREASURY MANAGEMENT

6.1. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending requirements, whilst managing the risks involved. Surplus cash is invested until required while temporary cash shortages will be met by borrowing.

6.2. The Council's Treasury Management Strategy (TMS) contains objectives for borrowing and investments, with the over-arching objective in relation to treasury management activities being effective management and control of risk. The full TMS is within Appendix 6 of this report.

6.3. The main objectives of borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. Statutory guidance is that debt should remain below the CFR except in the short term. As can be seen from the table below, the Council expects to comply with this during 2019-22.

Borrowing Position	31 March 2020 estimate £m	31 March 2021 estimate £m	31 March 2022 estimate £m
Borrowing	256	333	401
Other Long-Term Liabilities	74	71	69
Total External Debt	**330**	**404**	**470**
Capital Financing Requirement	392	466	532
Under-Borrowing	**62**	**62**	**62**

6.4. The Council is required to set an **operational boundary** for external debt. This is an estimate of the maximum external debt of the Council according to the probable events contained in the Council plans, budgets and strategies. Sustained or regular borrowing above the operational boundary would be significant and require investigation and action.

6.5. The **authorised limit** for external debt is based on the same assumptions as those used to calculate the operational boundary. It is greater than the operational boundary to allow sufficient headroom for unusual or exceptional cash requirements. The authorised limit reflects a level of borrowing which, while not desired, could be afforded in the short term but would not be sustainable in the long term. The operational boundary and authorised limits are shown in the table below:

Operational Boundary & Authorised Limit for external debt	2019-20 estimate £m	2020-21 estimate £m	2021-22 estimate £m
Operational Boundary	392	466	532
Authorised Limit	408	486	555

6.6. Treasury investments arise due to cash flow timings in receiving cash before it is due to be paid out again at a later date. The main objectives of treasury investments are to obtain an acceptable market rate of return subject to protecting capital security and liquidity of invested funds. This ensures the focus is on minimising risk rather than maximising returns. An important element of the Council's recent medium term planning has included the strategy of debt smoothing which involves the repayment of debt over the medium term as part of the Council's planned budget, capital investment and treasury management strategies. The current debt smoothing strategy will naturally conclude in the near future.

7. COMMERCIAL ACTIVITIES

7.1. These are investments made outside the normal treasury management activity, such as property investments, with the sole aim of making a financial surplus. The Council has no such investments at this time.

8. OTHER LONG TERM LIABILITIES

8.1. In addition to the debt of £330 million detailed in 6.3 above, The Council has contracted through a Public Private Partnership for the provision and maintenance of educational and other facilities. The outstanding finance lease obligation at the 31st March 2019 will be £74.3m.

8.2. The Council is part of the Local Government Pension Scheme in Scotland (LGPS) which is a funded, defined benefit, statutory occupational pension scheme. As a funded scheme, the council and employees pay contributions into the fund, calculated at a level intended to balance the scheme's pension liabilities with the scheme's investment assets. At the 31st March 2018, it was estimated that the Council's share of the defined obligation exceeded scheme assets by £160.5m. An updated estimate will be calculated for the 2018/19 annual accounts.

8.3. Provisions are made when an event has taken place that gives the Council a legal or constructive obligation that will probably require a settlement, usually in cash but it can be other economic benefit or service benefits. At the 31st March 2018 the Council had set long term provisions of £5.4m related to holiday pay compensation payments, insurance claims and other claims. The long term provisions will be re calculated for the 2018/19 annual accounts.

9. GOVERNANCE

9.1. **Capital Programmes:** Potential capital projects will be assessed for strategic fit, achievability, affordability, practicality, revenue impact and non-monetary impacts such as future economic growth, environmental or social well-being.

9.2. Once the capital projects have been considered, the Capital Plan is approved annually by the full Council, setting out the funding available, means of financing and Prudential

Indicators. No capital expenditure can be authorised unless it has been provided for in the approved capital plan or is within an officer's delegated authority. The Financial Regulations set out the framework for transferring money from one budget to another.

9.3. Capital budget monitoring reports from the Director of Finance and Resources are considered by the relevant Policy Board including any explanations for significant variances from budget targets and the Policy Board will approve any actions required to bring financial performance within approved limits.

9.4. Each capital programme is under the control of a responsible project manager who will approve and monitor expenditure against the programme. The project manager will receive support from a variety of sources within Finance & Resources, for example to receive capital budget reports, to ensure that the expenditure complies with the statutory definition of capital, that any external contracts agreed comply with the Standing Orders of the Council or any advice over legal matters.

9.5. **Treasury Management:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance & Resources and relevant staff who must act in within the parameters set out in the Treasury Management Strategy approved annually by full Council. A mid-review of treasury management activity is presented each year to the Finance, Resources and Customer Services Policy Board with a full year review reported to Council.

9.6. **Commercial Activities:** Property investments would be classified as capital expenditure and therefore included as part of the capital plan. Any commercial investment decisions would be made by the Council in line with the Financial Regulations and Standing Orders of the Council.

10. KNOWLEDGE AND SKILLS

10.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Council ensures qualified staff meet their continuous professional development requirements. The Council provides support to finance staff for training and study towards relevant professional qualifications.

10.2 Council staff knowledge and experience is supplemented by the use of external advisors and consultants that are specialists in their field. For example, the Council currently has a contract with Arlingclose Ltd for the provision of treasury management consultancy services. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

PROCEDURE TO BE FOLLOWED AT THE MEETING OF RENFREWSHIRE COUNCIL TO BE HELD ON 28 FEBRUARY 2019 DURING CONSIDERATION OF ITEM 5 CONCERNING THE HOUSING REVENUE ACOUNT BUDGET, RENT LEVELS 2019/2020 AND HOUSING CAPITAL INVESTMENT PLAN 2019/2020-2021/2022

The purpose of this note is to give Members advance notice of the procedure which Provost Cameron has agreed should be followed at the Meeting of the Council on 28 February 2019 viz:

1. The Convener of the Communities, Housing & Planning Policy Board (the Convener) will make her budget statement for financial year 2019/2020 and move as appropriate. She will then speak to the principal points of her proposals. The motion will require to be seconded.
2. For the purposes of the subsequent discussion and voting, the Convener's proposals will be taken as one motion.
3. An opportunity will then be given to the Leaders of the opposition groups and any other Members to move, and to have duly seconded, comprehensive amendments to the motion (i.e. taking together budget proposals, the rent levels and the capital investment plans).
4. The motion and any amendments will require to be produced in writing and a copy given to each of the Members present prior to being spoken to at the meeting. Provost Cameron may then adjourn the meeting to allow Members to consider the terms of the motion by the administration and any amendments by the opposition groups.
5. There shall be no formal restriction upon the length of time given to the Convener and the Leaders of the opposition groups to move their respective budget statements and speak in support of the principal points of their proposals. However, Provost Cameron shall have the power to require any person speaking to limit their speech in order to facilitate the conduct of the meeting.
6. Provost Cameron will then invite other Members to take part in the debate.
7. The debate will conclude with Provost Cameron giving the Convener an opportunity to reply.
8. A vote or votes will then be taken in accordance with the provisions of standing orders.

Renfrewshire Council

To: Council

On: 28 February 2019

Report by: Director of Communities, Housing and Planning and Director of Finance & Resources

---

Heading: Housing Revenue Account Budget & Rent Levels 2019/20 and Housing Capital Investment Plan 2019/20 to 2021/22

---

1. Summary

1.1 This report details the proposed Housing Revenue Account (HRA) budget for financial year 2019/20 and sets out the information which allows consideration of rent levels for 2019/20.

1.2 The report provides an update on the consultation process with tenants on the annual rent setting process.

1.3 The report also details the Housing Capital Investment Plan for the three year period 2019/20 to 2021/22.

1.4 In setting the 2019/20 HRA budget, members will wish to consider the medium and longer term context for the HRA in light of the ongoing risks and challenges facing the HRA as detailed in this report.

---

2. Recommendations

2.1 It is recommended that the Council:

a) Considers the contents of this report and approves an average weekly rent increase of 2% for 2019/20,

b) Notes the findings of the recent Tenant Consultation exercise;

c) Approves the Housing Revenue Account Budget for financial year 2019/20 as detailed in Appendix 2;

d) Approves the Housing Capital Investment Plan 2019/20 to 2021/22 as detailed in Appendix 3 of the report; and

e) Notes the continuing requirement to achieve best value and an optimum workflow over the 3 years of the investment plan and authorises the Director of Communities, Housing and Planning to work in conjunction with the Director of Finance and Resources to re-profile the capital programme and available resources, as necessary, in line with the appropriate limits established under the Council's capital prudential framework arrangements.

---

3. Background and Medium Term Financial Context

3.1. The HRA operates on the basis of a rolling 30 year Business Plan model which is the standard operating practice amongst local authorities and Registered Social Landlords. The 30 year basis of the model reflects the need for a long term planned approach to replacement of major items such as rewiring, central heating etc aligned to the lifecycle of the element. The model ensures that rental income is sufficient over the term of the plan to cover the costs of servicing capital expenditure, the costs of appropriately maintaining the housing stock and staffing costs.

3.2. The Business Plan model is reviewed annually to take account of the adjusted base budget position over the previous year and to update any key assumptions. This review process allows consideration to be given to the setting of rent levels for the next and future financial years.

3.3. The HRA has continued to operate in a period of uncertainty as a result of the UK Government's Welfare Reform policy changes, which have placed additional financial stress on families, pressure on Council services and present a significant financial risk to the HRA, particularly relating to the roll out of Universal Credit. The roll out of Universal Credit in Renfrewshire commenced in June 2015, with full service digital roll out being introduced in Renfrewshire on 19th September 2018.

3.4. Regulations to implement the two priority flexibilities of managed payment of rent to landlords and more frequent payments were laid before the Scottish Parliament on 29 June 2017 and came into force on 4 October 2017. This allows tenants to opt for managed payments direct to the landlord, where previously the landlord had to request this if the tenant reached the trigger point of eight weeks arrears.

3.5. At February 2019, 984 households had migrated on to Universal Credit. Initial reviews have highlighted that it is more likely that this group will fall into arrears due to the procedural delays in making payments by DWP, however, housing staff will continue to be proactive and provide assistance to tenants to progress their UC application and minimise the impact on them. The introduction of managed payment of rent to landlords will assist in the management of debt levels, however it is projected that bad debt levels may reach 4.5% in 2020/21 as tenants still require to opt for managed payments until arrears reach the trigger point of eight weeks.

3.6. In light of the factors outlined in paragraphs 3.3 to 3.5 the current planning assumption for financial year 2019/20 assumes that the planned provision for bad debt should increase from 2.5% to 3.5%. This level of bad debt is considered prudent over the short term and reflects the expected pace of the roll out of full service Universal Credit.

3.7. The staffing levels to support the increased contact needed with tenants has become embedded in the Housing Officer function over the period from 2013/14 to date and the function was mainlined into HRA service delivery in April 2018, together with an allowance to continue to support the development of initiatives.

3.8. After the tragic events at Grenfell in June 2017, national reviews are ongoing which could have an impact on the investment required in the Council's own multi storey blocks to meet any recommendation that arise. The Council currently comply with all fire safety rules and regulations in place and will continue to respond appropriately to any proposals made. The Scottish Government has introduced new standards which will come into place in February 2021. We are currently developing our strategy to deliver a comprehensive programme of upgrades to smoke, heat and carbon monoxide alarms to meet the new standard set out by Scottish Government. These works are already underway in our multi storey blocks and will be rolled out across all stock over the course of the next 2 years to achieve compliance by 2021.

3.9. The HRA is a ringfenced account and any financial strategy must ensure that service delivery can be maintained within the available resources on the account. It is therefore essential to maintain a level of general reserves which provides adequate protection to the HRA against the short term impact of the materialisation of any risks, including the uncertainty over the impact of welfare reform on arrears and rental collection. It is considered prudent, therefore, to maintain the level of unallocated balances on the HRA at £6.8m entering financial year 2019/20.

---

4. HRA Budget Planning Assumptions

4.1. The rental income generated by the HRA must support service delivery, the costs of appropriately maintaining the housing stock and the financing costs to service the investment required in HRA assets. Details are provided in Appendices 1 and 2.

4.2. **Key Assumptions are:**

4.2.1 Estimated housing stock for 2019 is 11,628.

4.2.2 An allowance has been made for pay inflation for 2019/20 to reflect the balance of the 3.5% increase in 2018/19 and the 3% proposed for 2019/20.

4.2.3 Inflation of 3.5% has been added to the repairs budget reflecting the pay award, market conditions and increasing material and supplier costs borne by Building

Services and other contractors. An additional allowance of £400k has also been included to mitigate additional pressures relating to new investment requirements, including the replacement of smoke alarms and carbon monoxide detectors and other emerging pressures as reported to the CHaPS Board in the 2018/19 revenue budget monitoring reports.

4.2.4 Savings of £200,000 per annum for 4 years from 2019/20 will be delivered through the review of Hard and Soft Facilities Management as part of the Better Council Change Programme.

4.2.5 Rental loss from voids is reduced from 2.25% to 1.95% as a result of improved letting times, this is inclusive of 0.45% for Council Tax on empty properties in line with business plan assumptions.

4.2.6 The bad debt provision has been increased from 2.5% to 3.5% for 2019/20, to reflect the roll out of Universal Credit full service. This will be subject to review as the roll out progresses.

4.2.7 The additional £500,000 approved in 2017/18 will continue to be invested in an enhanced planned maintenance programme which will assist in managing the number of responsive repairs over the medium to long term, together with the additional £500,000 approved in 2015/16 for decoration in voids given the positive impacts on letting performance, and tenant satisfaction.

4.2.8 An additional provision will be required in 2019/20, and 2020/21 to meet the Scottish Government's new standard relating to smoke, heat and carbon monoxide alarms which comes into force in February 2021. A delivery and procurement strategy is currently being developed. This work can be delivered within the existing capital programme resources over the medium term.

4.2.9 An additional allowance of £190k has been included for an enhanced caretaking service, allowing the extension of the caretaking presence in those blocks not currently covered by a 24-hour concierge service.

4.2.10 Investment of £200k in expanding the Neighbourhood Environmental Trainees Scheme (NETS). This will allow an additional team of environmental trainees to be appointed to address estate management in council housing areas providing a total of 20 training opportunities per year.

4.2.11 Implementation of the 2019/20 rent increase will be aligned to the rent charging structure previously agreed by Council and introduced from April 2011. The revised rent structure is being implemented in phases with a transitional premium cap of £1.50 per week for any rent which requires to be increased. Consequently, the increase will exceed the rent increase agreed for 2018/19 for some tenants and for others will be less as rents move toward the target level. By the end of financial year 2019/20 it is anticipated that approximately 180 tenants (1.5%) have still to reach the target rent for their property.

- The strategy of using HRA surpluses and Capital Financed from Current Revenue (CFCR) to reduce new debt and smooth debt repayments will continue to be used to ensure the medium to long term sustainability of the HRA. The Council is progressing a medium term debt smoothing strategy with the intention of releasing savings over the medium term. This will include a detailed review of the HRA loans fund over the next 12 months, the results of which will be reported to Council as part of the budget setting process next year.

5. Tenant Consultation

5.1 Renfrewshire Council has a statutory duty to consult tenants before increasing rents. To help inform the decision on rents for 2019/20, consultation was undertaken in January 2019. This involved:

- discussion with tenant representatives at the annual Council Wide Forum
- on-line survey of Council tenants (85 respondents)
- 5% telephone survey by external consultants (over 600 interviews with Council tenants)

5.2 There was very strong agreement (97% in the telephone survey and 89% in the on-line survey) with the following housing priorities for the Council:

- delivering high quality services
- keeping Council houses in a good state of repair
- investing to improve the standard of existing Council housing
- improving insulation to reduce heating costs and the impact on the environment
  investing in building new Council houses.

5.3 To set the context for the rent increase proposal, tenants were advised that a 2% rent increase is the minimum required to cover the cost of running the service while also:

- delivering the ongoing capital investment programme of around £35m over the next 3 years
- building over 400 new Council houses over the next three years
- investing in improving the management of Council estates.

5.4 The majority of tenants who took part in the consultation agreed with the 2% rent increase proposal. Just over half of those who responded to the Council's online survey (56%) and more than eight out of ten tenants (82%) who took part in the telephone survey agreed with the proposed 2% rent increase.

---

6. Housing Capital Investment Plan – 2019/20 to 2021/22

6.1. <u>Overview</u>

6.1.1 The proposed Housing Capital Investment Plan for the 3 year period from 2019/20 to 2021/22 is attached at Appendix 3. The total value of the plan is £86.6m and includes allowances for new build homes, regeneration and the planned investment programmes required to ensure council house stock is maintained at the Scottish Housing Quality Standard (SHQS).

6.1.2 The planned capital investment in 2019/20 will be £26.3m, followed by £33.8m in 2020/21 and £26.5m in 2021/22. The plan will be reviewed on an annual basis incorporating an ongoing assessment of risk.

6.1.3 Authority is granted to the Director of Communities, Housing and Planning Services to flexibly manage the capital investment programme as necessary to ensure optimum use of resources within the corporate limits of prudential borrowing. It is proposed that this facility remains in place over the life of the new three year plan detailed in Appendix 3.

6.1.4 The table below sets out the proposed composition of the plan for 2019/20 and how it will be funded.

2019/20 Programme		**Funding**	
Planned Investment Programmes	£8.4m	Prudential Borrowing	£22.9m
Regeneration & New Build	£17.9m	Scottish Government New Build Grant	£3.4m
Total	**£26.3m**	**Total**	**£26.3m**

6.2. <u>Planned Investment Programmes</u>

6.2.1 Since achieving compliance with the Scottish Housing Quality Standard (SHQS) in April 2015, there has been an ongoing requirement to ensure our housing stock continues to be maintained at this standard. This requirement will continue to be the driver for the planned investment programmes which will focus on:

- Investing in those properties which had been assessed as complying prior to 2015 but which subsequently drop below the standard

- Ensuring properties in the abeyance category which subsequently become void are upgraded prior to being re-let

The capital programme for 2019/20 to 2021/22 will deliver a total investment of £30.6m in planned investment programmes.

6.2.2 The Council is required to ensure that all stock achieves the minimum energy rating under the Energy Efficiency Standard for Social Housing (EESSH) by the first milestone of 31 December 2020. It is anticipated that by April 2019 74% of the Council's housing stock will meet the 2020 standard. The Council's position is that EESSH will be achieved through the capital funding for planned investment programmes, together with Government sourced supplementary funding (e.g. HEEPS:ABS) and other external sources such as ECO.

6.2.3 As a result of the level of investment during the SHQS programme which saw internal improvements delivered to 10,700 homes, the main focus of the planned investment programme now shifts towards external improvements which will also contribute to the achievement of EESSH. There will continue to be a programme of heating renewals in 2019/20 and the smaller programme of kitchen, bathroom and rewiring combinations will only be carried out in properties which are void or were otherwise in abeyance at the end of the SHQS programme. This is likely to remain the position with internal upgrades until 2020 at least.

6.2.4 The main categories of planned investment programmes are:

- External improvements which includes renewal of roofs, rainwater goods and external fabric,

- Internal improvements which includes replacing or upgrading kitchens, bathrooms, electrical wiring and heating systems,

- Multi storey flat and sheltered housing improvements, and the roll out of the new standards relating to smoke, heat and carbon monoxide detectors.

- Other investment including launderettes, disabled adaptations, asbestos removal and rotworks.

6.2.5 The main elements of the planned investment programme for next year will include the following:

2019/20 Planned Improvements	**Number of Properties**
External fabric upgrading	400
Kitchen, bathroom and rewiring replacement	200
Heating renewals	250

6.2.6 Since the approval of the last house in the block policy in 2014, 39 properties have been sold, generating £1.6m of capital receipts. Proposals are being developed to reinvest these funds in replacement housing stock and will be reported to a future Policy Board.

6.3 <u>New Build</u>

6.3.1 The Capital Investment Plan continues to include provision for investment in building new Council Housing. Two newbuild projects are currently on site at Johnstone Castle (95 new homes) and Bishopton (80 new homes) and the plan approved in February 2018 also included provision for additional newbuild Council projects at additional sites across Renfrewshire.

6.3.2 Work is in progress to undertake feasibility work to inform the planning of further newbuild projects and the procurement of a contractor to undertake construction work. Including the two developments currently on site, this will take the number of new Council houses developed over the next three years to over 400. In addition to the developments at Johnstone Castle and Bishopton as noted above, there will be further newbuild Council houses at :

- Ferguslie Park (around 100 new Council homes)
- Gallowhill (mixed tenure development, with around 60 new Council homes)

- South West Johnstone (up to 70 new Council homes)
- Foxbar (mixed tenure development, with around 40 new Council homes)

6.3.3 The Strategic Housing Investment Plan 2019/20 to 2023/24, approved by the Communities, Housing and Planning Policy Board on 30 October 2018, includes provision for Scottish Government grant funding for Council newbuild projects.

6.3.4 The Council has a formal offer of grant from the Scottish Government for the two newbuild projects which are currently on site at Johnstone Castle and Bishopton (at the current new build grant benchmark rate for local authorities of £59,000 per unit, including the Greener Homes Innovation Scheme subsidy) and it is intended to secure grant funding for the other newbuild projects listed above. Allowance is made in the Council's Capital Investment Plan to fund the cost of developing these new Council homes, net of the anticipated grant contribution

6.3.5 These newbuild Council houses will make a significant contribution towards meeting the Council's target of 1,000 new affordable homes for Renfrewshire over the five- year period to 2021 in partnership with housing associations and the Scottish Government.

Implications of the Report

1. **Financial** – The report and appendices detail the proposed HRA budget and average weekly rent increase for 2019/20 and the Housing Capital Investment Plan for 2019/20 to 2021/22.

2. **HR & Organisational Development** – None.

3. **Community/Council Planning**

- *Our Renfrewshire is well* – enabling communities to have their voices heard, and influence the places and services that affect then – consulting tenants on the proposed changes to rents for 2019/20

- *Building strong, safe and resilient communities* - continuing housing regeneration programmes across Renfrewshire to create sustainable communities.
- *Tackling inequality, ensuring opportunities for all* - improving and maintaining housing conditions for the benefit of tenants and providing assistance to tenants to mitigate the impacts of Welfare Reform.
- *Creating a sustainable Renfrewshire for all to enjoy* – accessing supplementary external funding where available to support the achievement of the minimum energy rating under the Energy Efficiency Standard for Social Housing.
- *Working together to improve outcomes* – consulting tenants on the proposed changes to rents for 2019/20 and involving tenant representatives in the specification and monitoring of the investment programme.

4. **Legal** – The council is required to set an HRA budget for 2019/20 and agree rent changes for notification to tenants.

5. **Property/Assets** – The report proposes the Housing Capital Investment Plan for 2019/20 to 2021/22.

6. **Information Technology** – None.

7. **Equality & Human Rights -** The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** – None.

9. **Procurement** – The proposed Capital Investment Plan for 2019/20 to 2021/22 will include procurement of contracts.

10. **Risk** – The HRA Business Plan remains subject to a number of risks including the impact of welfare reform and relevant cost.

11. **Privacy Impact** – None.

12. **Cosla Policy Position** – Not applicable.

List of Background Papers

None.

Author:

Stewart Muir, Finance Business Partner (Communities, Housing & Planning), 0141 618 6132, stewart.muir@renfrewshire.gov.uk

Appendix 1

Housing Revenue Account – Budget Changes for 2019/20

Expenditure					
Subjective Heading	**2018/19 Budget**	**Change**	**2019/20 Budget**	**Major Changes**	**Change**
	£000	**£000**	**£000**		**£000**
Employee Costs	7,769	543	8,312	Funding for an enhanced caretaking service.	190
				Digital participation officer to continue support and Clerk of Works post to support capital programme.	78
				Allowance for pay inflation for APT&C and manual staff.	275
				Total Movement in Employee Costs	**543**
Property Costs	13,772	655	14,427	Reduction in repairs budget to reflect efficiencies made by Building Services through the review of hard and soft facilities management.	-200
				3.5% increase in the repairs budget to reflect an allowance for pay inflation and other inflationary pressures.	396
				Additional allowance of £400k to mitigate additional pressures relating to new investment requirements, including the replacement of smoke alarms and carbon monoxide detectors and other emerging pressures.	400
				Allowance for projected increase in gas and electricity for 2019/20.	59
				Total Movement in Property Costs	**655**
Supplies & Services	323	0	323		
Contractors	23	0	23		
Transport	4	0	4		
Administration Costs	3,112	0	3,112		
Payments to Other Bodies	3,618	341	3,959	Increased allowance for bad debt (irrecoverable rent) to reflect the impact of the ongoing rollout of Universal Credit full service.	480
				Extension and expansion of the Neighbourhood Environmental Trainees Scheme.	200
				Reduction in void loss budget to reflect continuing efficiencies made in this area and some minor changes to reflect the impact of the rent increase.	-127
				Main lining of Welfare Reform budget to other budget lines.	-212
				Total Movement in PTOB	**341**
Loan Charges	21,852	-852	21,000	Realignment of repayment of principal debt to reflect the debt smoothing strategy.	-852
Total Expenditure	**50,473**	**687**	**51,160**	**Total movement in Expenditure**	**687**

Housing Revenue Account – Budget Changes for 2019/20 (cont'd)

Income					
Subjective Heading	**2018/19 Budget**	**Change**	**2019/20 Budget**	**Major Changes**	**Change**
	£000	**£000**	**£000**		**£000**
House Rents	46,156	649	46,805	Reduction in income to reflect stock movements	-269
				Rental Increase	918
				Total Movement in House Rents	**649**
Supporting People Income	897	0	897		
Commercial Rents	1,131	0	1,131		
SHQS Professional Fees	915	38	953	Increased recharge to capital for the additional clerk of works post required to support the capital programmes.	38
Service Charges	342	0	342		
Building Services Rebate	224	0	224		
Temporary Interest	131	0	131		
Lock Up Rents	293	0	293		
Renewable Heat Initiative (RHI) income	100	0	100		
Other Income	284	0	284		
Total Income	**50,473**	**687**	**51,160**	**Total movement in Income**	**687**
HRA surplus transferred to balances	**0**	**0**	**0**		

Appendix 2

Renfrewshire Council
Estimates of Expenditure and Income for the Year Ending 31st March 2020
Housing Revenue Account
Subjective Summary

Line No	Expenditure	2018/19 Estimates £	Virements £	Tsfrs, Savings & Unavoidables £	Rent Increase/ Inflation, etc £	2019/20 Estimates £
1	**Employee Costs**	**7,769,230**	**78,000**	**190,000**	**274,380**	**8,311,610**
2	Salaries - APT&C	5,354,970	61,460	0	189,580	5,606,010
3	Superannuation - APT&C	931,470	10,690	0	32,980	975,140
4	National Insurance - APT&C	508,570	5,850	0	18,000	532,420
5	Overtime - APT&C	1,040		0	30	1,070
6	Salaries - manual workers	470,780		140,000	21,380	632,160
7	Superannuation - manual workers	106,490		32,000	4,850	143,340
8	National Insurance - manual workers	59,720		18,000	2,720	80,440
9	Overtime - manual workers	138,290		0	4,840	143,130
10	Travel and Subsistence	85,300		0	0	85,300
11	Pension Increases	65,100		0	0	65,100
12	Training Costs	47,500		0	0	47,500
13	**Property Costs**	**13,772,070**	**0**	**200,000**	**454,580**	**14,426,650**
14	Community alarm maintenance	55,000		0	0	55,000
15	Contract trading service - cleaning	184,400		0	0	184,400
16	Electricity	276,380		0	27,640	304,020
17	Factoring & common charges	65,000		0	0	65,000
18	Garden assistance scheme	371,200		0	0	371,200
19	Gas	209,610		0	31,440	241,050
20	Improve garden / close cleaning	494,400		0	0	494,400
21	Maintenance of Gardens and Open Spaces	233,800		0	0	233,800
22	Maintenance of Commercial Units	30,000		0	0	30,000
23	Maintenance of houses	11,100,080		200,000	395,500	11,695,580
24	Property insurance	334,200		0	0	334,200
25	Rates	112,700		0	0	112,700
26	Office Rent	47,000		0	0	47,000
27	Water metered charges	13,500		0	0	13,500
28	Repairs direct	23,000		0	0	23,000
29	Special uplift service	198,900		0	0	198,900
30	Commercial Refuse	3,200		0	0	3,200
31	Supply of bins	11,700		0	0	11,700
32	Other Property Costs	8,000		0	0	8,000
33	**Supplies and Services**	**322,700**	**0**	**0**	**0**	**322,700**
34	Clothing/Uniforms	25,700		0	0	25,700
35	Computer software & licenses	146,600		0	0	146,600
36	Equipment maintenance & replacement	43,400		0	0	43,400
37	Publicity	26,000		0	0	26,000
38	Removal costs	25,300		0	0	25,300
39	Temporary Accommodation	11,500		0	0	11,500
40	Other supplies & services	44,200		0	0	44,200
41	**Contractors**	**23,300**	**0**	**0**	**0**	**23,300**
42	Customer research	23,300		0	0	23,300
43	**Transport**	**4,200**	**0**	**0**	**0**	**4,200**
44	Internal Transport - Hire	2,200		0	0	2,200
45	Internal Transport - Maintenance	1,000		0	0	1,000
46	Internal transport - Fuel	1,000		0	0	1,000
47	**Carried Forward**	**21,891,500**	**78,000**	**390,000**	**728,960**	**23,088,460**

Renfrewshire Council
Estimates of Expenditure and Income for the Year Ending 31st March 2020
Housing Revenue Account
Subjective Summary

Line No	Income	2018/19 Estimates £	Virements £	Tsfrs, Savings & Unavoidables £	Rent Increase/ Inflation, etc £	2019/20 Estimates £
1	**Other Income**	**50,472,980**	**38,000**	**-269,200**	**917,700**	**51,159,480**
2	District heating income - Tenants	29,700		0	0	29,700
3	District heating income - Owner Occupiers	85,100		0	0	85,100
4	Renewable Heat Incentive (RHI) income	100,000		0	0	100,000
5	Launderette income - Tenants	65,000		0	0	65,000
6	Launderette income - Owner Occupiers	161,900		0	0	161,900
7	Other charges to Owners	20,000		0	0	20,000
8	Sheltered Housing contribution	150,000		0	0	150,000
9	Customer Support contribution	746,990		0	0	746,990
10	Rental income - commercial properties	1,131,000		0	0	1,131,000
11	Rental income - houses	46,156,500		-269,200	917,700	46,805,000
12	Rental income - lock ups	292,690		0	0	292,690
13	Rechargeable Repairs Income (net of write offs)	180,000		0	0	180,000
14	Temporary interest	131,500		0	0	131,500
15	SHQS Professional Fees	915,000	38,000	0	0	953,000
16	Admin Recoveries	30,000		0	0	30,000
17	Building Services Rebate	224,000		0	0	224,000
18	Commission on Insurance	8,000		0	0	8,000
19	Other income	40,600		0	0	40,600
20	Property Enquiry Fees	5,000		0	0	5,000
21	**Carried Forward**	**50,472,980**	**38,000**	**-269,200**	**917,700**	**51,159,480**

3

Renfrewshire Council
Estimates of Expenditure and Income for the Year Ending 31st March 2020
Housing Revenue Account
Subjective Summary

Line No	Expenditure	2018/19 Estimates £	Virements £	Tsfrs, Savings & Unavoidables £	Rent Increase/ Inflation, etc £	2019/20 Estimates £
48	**Expenditure Brought Forward**	**21,891,500**	**78,000**	**390,000**	**728,960**	**23,088,460**
49	**Administration Costs**	**3,111,780**	**0**	**0**	**0**	**3,111,780**
50	Advertising	21,600		0	0	21,600
51	Apportionment of Central Administration	1,225,100		0	0	1,225,100
52	Apportionment of Central Administration Business Support	394,110		0	0	394,110
53	Apportionment of Central Administration Non Defined	215,790		0	0	215,790
54	MSS Recharge - Devt & Housing Services	125,000		0	0	125,000
55	MSS Recharge - Finance and Resources	332,630		0	0	332,630
56	ASIST & Mediation recharge from Environmental Services	245,250		0	0	245,250
57	Bank Charges - Costs of Giro Collection	7,000		0	0	7,000
58	Conference/Course Expenses	5,500		0	0	5,500
59	Insurance	123,000		0	0	123,000
60	Legal expenses	83,600		0	0	83,600
61	Membership fees & subscriptions	33,750		0	0	33,750
62	Tenant Consultation	15,000		0	0	15,000
63	Postage	93,600		0	0	93,600
64	Printing and stationery	55,050		0	0	55,050
65	Telephones	105,000		0	0	105,000
66	Other Administration Costs	30,800		0	0	30,800
67	**Payments to Other Bodies**	**3,617,990**	**-212,000**	**506,400**	**46,360**	**3,958,750**
68	Council tax	238,500		0	0	238,500
69	Garden competition	9,700		0	0	9,700
70	Grants to tenants associations	12,000		0	0	12,000
71	Irrecoverable rent - housing	1,133,100		448,900	31,600	1,613,600
72	Welfare Reform Initiatives	250,000	-212,000	0	0	38,000
73	Neighbourhood housing forums	269,500		0	0	269,500
74	Neighbourhood Environmental Trainees Scheme	0		200,000	0	200,000
75	Voids - commercial	200,000		0	0	200,000
76	Voids - operational	830,800		-142,500	13,800	702,100
77	Voids - lock ups	48,190		0	960	49,150
78	Strategy & Quality Initiatives	67,690		0	0	67,690
79	Commissioned Costs - Customer Support	558,510		0	0	558,510
80	**Loan Charges**	**21,851,710**	**172,000**	**-3,517,710**	**2,494,490**	**21,000,490**
81	Loan charges - expenses	141,000		-33,000	0	108,000
82	Loan charges - interest	6,200,000		-2,001,000	0	4,199,000
83	Loan charges - principal	15,510,710	172,000	-1,483,710	2,494,490	16,693,490
84	Capital Financed from Current Revenue (CFCR)	0		0	0	0
85	**Total Expenditure**	**50,472,980**	**38,000**	**-2,621,310**	**3,269,810**	**51,159,480**

Renfrewshire Council
Estimates of Expenditure and Income for the Year Ending 31st March 2020
Housing Revenue Account
Subjective Summary

Line No	Income	2018/19 Estimates £	Virements £	Tsfrs, Savings & Unavoidables £	Rent Increase/ Inflation, etc £	2019/20 Estimates £
86	Income Brought Forward	50,472,980	38,000	-269,200	917,700	51,159,480
87	Total Income	50,472,980	38,000	-269,200	917,700	51,159,480
88	Total Expenditure	50,472,980	38,000	-2,621,310	3,269,810	51,159,480
89	Net Expenditure	0	0	-2,352,110	2,352,110	0

Appendix 3

Housing Capital Investment Plan – 2019/20 to 2021/22

Expenditure Category	2019-20 £m	2020-21 £m	2021-22 £m
Existing Housing Stock			
Internal Investment	2.000	2.000	3.000
Low Rise External Improvements	3.000	4.100	6.300
Multi Storey Flats Improvements	0.250	0.250	0.250
Sheltered Housing Improvements	0.100	0.100	0.100
Other Investments	1.960	1.960	1.960
Professional Fees	1.050	1.050	1.200
Total Existing Housing Stock	**8.360**	**9.460**	**12.810**
Regeneration and New Build			
General	0.825	1.030	1.275
Johnstone Castle Regeneration	9.250	0.000	0.000
Tannahill Regeneration	0.340	9.000	4.667
Dargavel New Build	7.066	0.000	0.000
Gallowhill New Build	0.200	4.805	3.360
SW Johnstone New Build	0.250	9.490	2.066
Foxbar New Build	0.000	0.015	2.360
Total Regeneration and New Build	**17.931**	**24.340**	**13.728**
Overall Gross Housing Investment Total	**26.291**	**33.800**	**26.538**
Scottish Government Grant Income	**(3.381)**	**(5.016)**	**(10.574)**
Net Housing Investment Expenditure	**22.910**	**28.784**	**15.964**

Renfrewshire Council

To: **Council**

On: 28 February 2019

Report by: Chief Executive

Heading: **International Fair Trade Charter**

1. Summary

1.1 On 13 December 2018 full Council considered a motion relating to a proposal for Renfrewshire Council to adopt the International Fair Trade Charter. Support for the adoption of the Charter in Renfrewshire has now been endorsed by the Renfrewshire Fair Trade Steering Group, and this paper therefore seeks agreement for the Council to formally adopt the International Fair Trade Charter.

1.2 Adoption of the Charter is not legally binding, however it signals that Renfrewshire Council is committed to the Fair Trade principles set out in the Charter. Elected members and officers involved in the Fair Trade Steering Group will work with its members to promote awareness and understanding of the Charter across Renfrewshire.

2. Recommendations

2.1 It is recommended that:

- Renfrewshire Council formally adopts the International Fair Trade Charter;
- That officers make any necessary arrangements required to adopt the Charter and;
- Continue to engage with elected members, partners and communities through the Renfrewshire Fair Trade Steering Group on its promotion across Renfrewshire.

3. Background

3.1 At the full Council meeting on 13 December 2018, elected members considered a motion by Councillors Sharkey and Brown which called on the Council to support the International Fair Trade Charter. Following consideration of an amendment by Councillor Begg, seconded by Councillor J MacLaren, the motion was withdrawn and the amendment proposed was accepted to replace this motion:

"*This Council wishes to adopt the International Fair Trade Charter but not before the Fair Trade Steering group based in the Council has had the opportunity to review and discuss it.*

Furthermore, the officers of this Council should be given the same courtesy and time to comment on the implications associated with its implementation prior to such a motion being resubmitted".

4. The International Fair Trade Charter

4.1 The International Fair Trade Charter is a comprehensive document that lays out the purpose and aims of Fair Trade, as agreed by the World Fair Trade Organisation and Fairtrade International, two of the biggest global Fair Trade organisations (attached as Appendix 1). The goals of Fair Trade are consistent with the UN's Sustainable Development Goals and aim to support their achievement through working towards a Fair Trade economy. The Charter lays out the approach, achievements and impacts Fair Trade has had in the past, whilst explaining why Fair Trade remains relevant in today's economy.

4.2 The Charter raises awareness with consumers, connects the specific missions of Fair Trade Organisations with the movement's common philosophy and enables those who work with fair trade organisations to recognise the values and approaches that unite the global movement. The main goal is to achieve justice, equity and sustainable development at the heart of global trade, whilst prioritising people and planet over profit.

Why are organisations being asked to recognise the Charter?

4.3 Organisations are asked to support the International Fair Trade Charter as a common reference document for the global Fair Trade movement and to reflect the approaches explained in the Charter when talking or writing about Fair Trade. The Charter does not afford organisations or any of its activities with any Fair Trade status.

4.4 Instead, by recognising the International Fair Trade Charter, organisations are pledging to embrace the diversity of the Fair Trade movement and respect all approaches that are aligned with the International Fair Trade Charter and to support the Fair Trade movement to present its common vision to the wider world.

5. Adoption of the International Fair Trade Charter in Renfrewshire

5.1 Following the agreement of the motion by full Council on 13 December 2018, engagement on the adoption of the International Fair Trade Charter was undertaken with both the Renfrewshire Fair Trade Steering Group and officers in terms of assessing its implications.

5.2 The Fair Trade Steering Group arranged for Martin Rhodes, Chief Executive of the Scottish Fair Trade Forum, to attend the meeting of the group on 16 January 2019 to provide background and context on the Charter. The Steering Group fully discussed the Charter and what it seeks to accomplish, and viewed a video produced on the Charter by the World Fair Trade Organisation.

5.3 Mr Rhodes confirmed that there were no costs in terms of an organisation signing up to the Charter and that it was not legally binding. Signing up to the Charter would allow an organisation such as the Council to strengthen its support for the principles of Fair Trade in the local area, whilst strengthening the role of the Charter itself. Specifically these are as follows:

1. We acknowledge the International Fair Trade Charter as a common reference document for the global Fair Trade movement.

2. When talking or writing about Fair Trade we will use the approaches explained in the Fair Trade Charter as the basis for explanation or discussion.

3. We understand that the Charter is not a manual of Fair Trade practices or a standard by which the approach of specific organizations can be assessed. We have read and understood the statement in the Charter that "this document cannot therefore be used to justify the Fair Trade claims or credentials of any organisation, business, or network".

4. Accordingly we understand that recognizing the International Fair Trade Charter does not endow us or any of our activities or practices with any Fair Trade status, as this can only be awarded by a recognized Fair Trade certification/accreditation system.

5. We will embrace the diversity of the Fair Trade movement and respect all approaches that are aligned with the Fair Trade Charter. When communicating about specific Fair Trade schemes, we will ensure they are described fairly and accurately.

6. We support the aim of the International Fair Trade Charter to help the Fair Trade movement present its common vision to the wider world

5.4 Renfrewshire Council has historically worked very successfully with a range of groups and individuals to promote and achieve the principles of Fair Trade in Renfrewshire. Elected members and officers are very active in the Fair Trade Steering Group in particular, and there is extensive engagement with schools and other groups.

6 Next steps

6.1 Officers will continue to support any work involving the adoption of the International Fair Trade Charter and will consider options for promoting the Charter and its principles to communities, businesses and staff across Renfrewshire.

Implications of the Report

1. **Financial –** there are no financial implications associated with the Council's proposed adoption of the International Fair Trade Charter.

2. **HR & Organisational Development** – n/a

3. **Council Plan and Community Planning –** the Council's commitment to support Fair Trade is clearly articulated within the Council Plan.

4. **Legal –** n/a

5. **Property/Assets – n/a**

6. **Information Technology – n/a**

7. .**Equality & Human Rights**

(a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because digital infrastructure helps people to live better and fuller lives. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** – n/a

9. **Procurement** – n/a

10. **Risk** – n/a

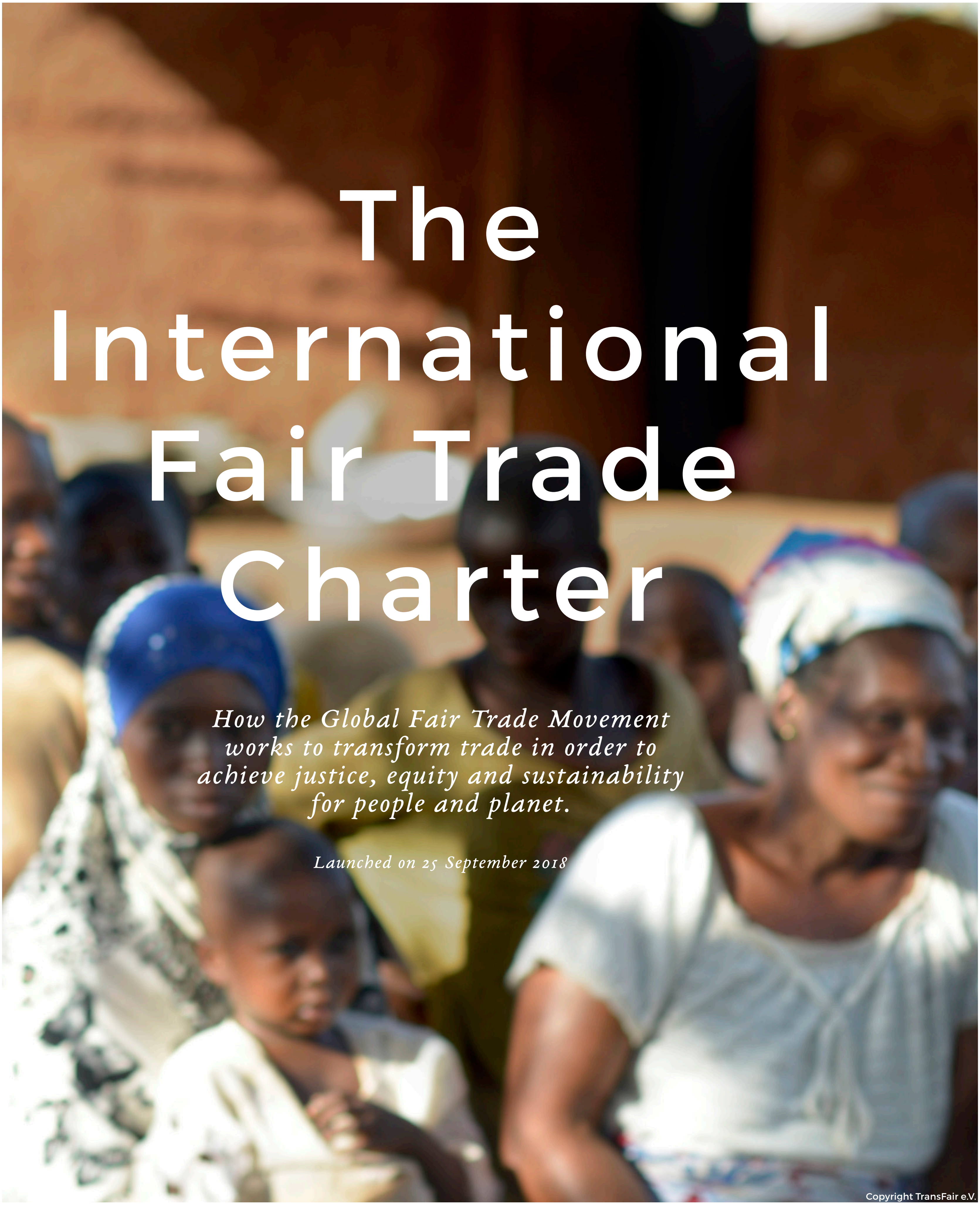
11. **Privacy Impact** – n/a.

12. **COSLA Policy Position** – n/a.

List of Background Papers

(a) Nil

Author: Laura McIntyre, Head of Policy and Commissioning, 0141 618 6807



The International Fair Trade Charter

How the Global Fair Trade Movement works to transform trade in order to achieve justice, equity and sustainability for people and planet.

Launched on 25 September 2018

Copyright TransFair e.V.

Pebble Hathay Bunano

OVERVIEW

CHAPTER ONE

CHAPTER TWO

CHAPTER THREE

CHAPTER FOUR

AN OVERVIEW OF THE INTERNATIONAL FAIR TRADE CHARTER

There is another way

"Fair Trade is based on modes of production and trading that put people and planet before financial profit."

ABOUT THE INTERNATIONAL FAIR TRADE CHARTER

All over the world and for many centuries, people have developed economic and commercial relations based on mutual benefit and solidarity. Fair Trade applies these ideas to the contemporary challenges of international trade in a globalised world.

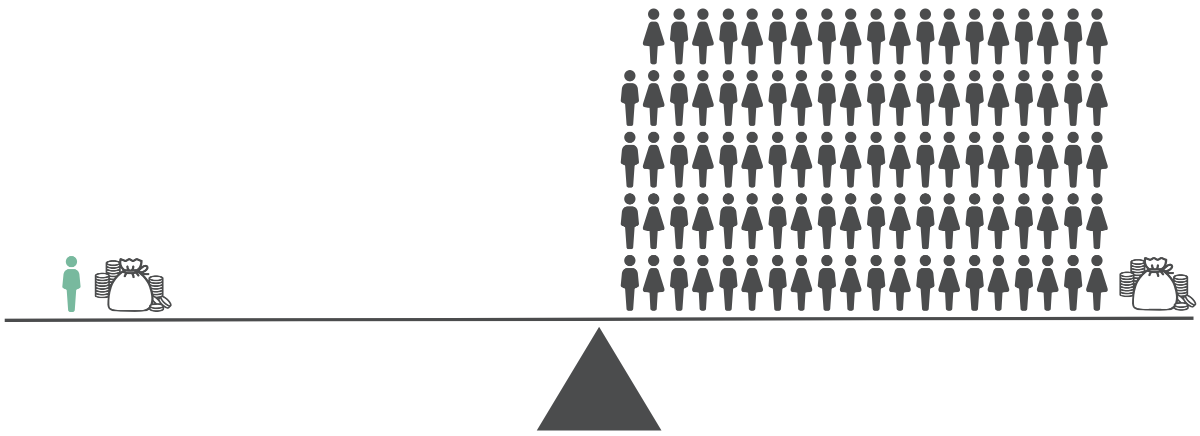
The Fair Trade movement is made up of individuals, organizations and networks that share a common vision of a world in which justice, equity and sustainable development are at the heart of trade structures and practices so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full human potential.

World Fair Trade Organization and Fairtrade International have initiated the process of drafting this Charter in consultation with other actors and with the aim of producing a common reference document for the Global Fair Trade movement. It seeks to help Fair Trade actors explain how their work connects with the shared values and generic approach, and to help others who work with Fair Trade to recognise those values and approaches.

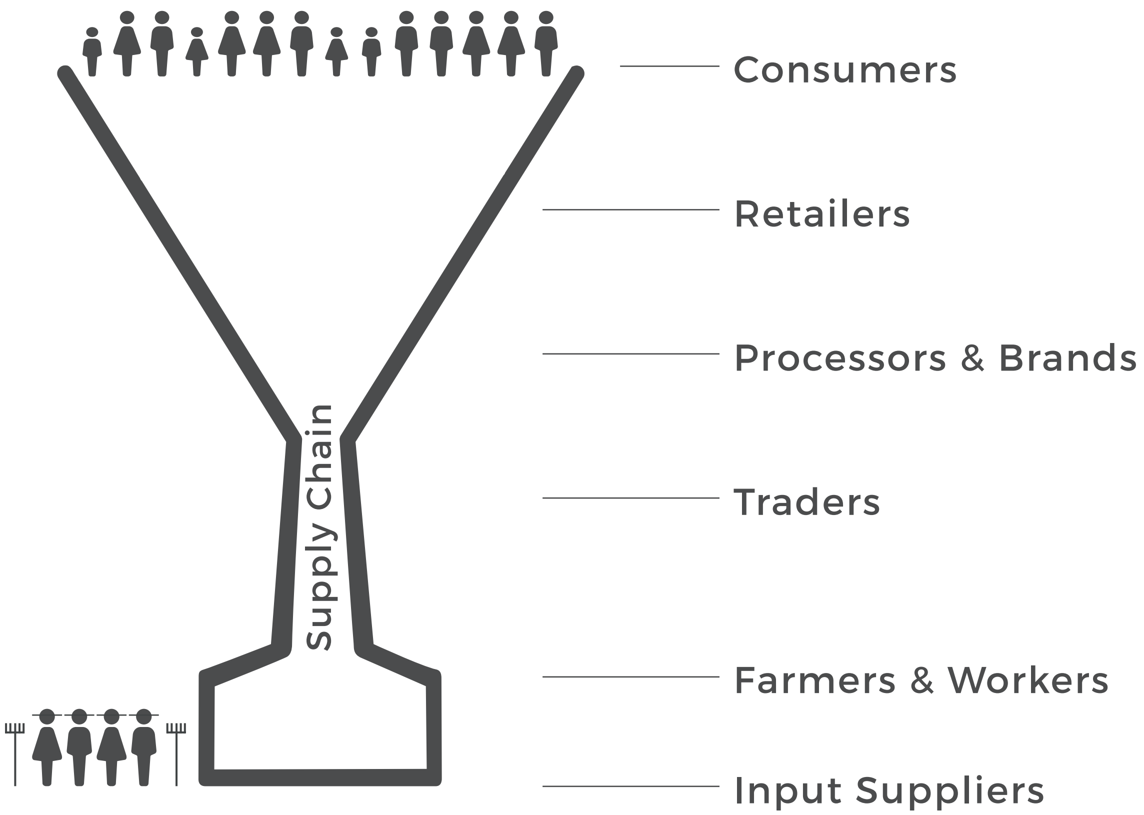
Global trade has grown spectacularly in recent decades. This has been a major contributor to economic growth in many countries but the gains have not been shared evenly. The models of trade promoted by global institutions and large corporations have not delivered on their promise to eliminate poverty and have caused unprecedented levels of inequality.

Markets are typically dominated by a handful of international firms who have the power to set the terms of trade for their suppliers, forcing prices down, often to levels below the full costs of production. This leaves small producers and workers struggling to earn a living wage and vulnerable to exploitation.

THE RICHEST 1% NOW OWN AS MUCH WEALTH AS THE REST OF THE WORLD



GLOBAL SUPPLY CHAIN



THERE IS ANOTHER WAY!

Fair Trade is based on modes of production and trading that put people and planet before financial profit. Fair Trade also connects producers and consumers through greater transparency of supply chains. By demonstrating that greater justice in world trade is possible, Fair Trade also seeks to involve citizens in rewriting the rules of trade with the needs of small producers, workers and consumers at their heart. Fair Trade is not charity but a partnership for change and development through trade.

1. Fair Trade starts with producers working together in democratic organisations to build stronger businesses that can compete in international markets and secure improved terms of trade.

2. Trading enterprises help to connect producers and consumers in a partnership for change. Pioneering 100% Fair Trade enterprises have been joined by many mainstream commercial companies who recognise the importance of supporting Fair Trade as part of their sustainability programmes.

3. Fair Trade helps consumers to act responsibly by choosing products that offer a better deal to the people at the other end of the supply chain. Fair Trade also strengthens the voice of producers and consumers as citizens, helping them lobby their governments for fairer trade rules.

4. By demonstrating the commercial success and development impact of trading fairly, the market grows, and this creates more opportunities for producers and their business partners.

The failures of the conventional trading system are deep-rooted and complex. Fair Trade takes a holistic approach to tackling these by combining many individual approaches.

By supporting artisans, farmers and workers to build democratic organizations, Fair Trade seeks to empower them to take more control over their own future and secure outcomes based on justice for people and planet. In this way, Fair Trade contributes to many of the Sustainable Development Goals.

Traditional models of Fair Trade, based on the sale of products from Africa, Asia and Latin America & the Caribbean to markets in Europe, North America and the Pacific remain important but Fair Trade ideas are increasingly a part of initiatives to address social, economic and environmental challenges everywhere in the world.

Fair Trade's work depends on trust; the trust of consumers who buy Fair Trade products and the trust of those who invest in new services and programmes. Fair Trade Organizations are committed to protecting that trust, firstly by adopting the highest possible standards of integrity, transparency and accountability, and secondly by striving for continual improvement of its impact by learning from monitoring and evaluation of their work.

IMPORTANT NOTICE ON THE USE OF THIS CHARTER

The Charter offers a concise explanation of the generic objectives and approaches that are common to most Fair Trade initiatives.

It is not possible for such a document to act as a manual of Fair Trade practices or as a standard by which the approach of specific organizations can be assessed.

This document cannot therefore be used to justify the Fair Trade claims or credentials of any organisation, business, or network.

CHAPTER 1

INTRODUCTION

Justice, equity and sustainable development should be at the heart of trade structures

BACKGROUND TO THE CHARTER

This document uses the term of ***"Fair Trade Organizations"*** to include all organizations and networks who tackle poverty and inequality through trade as part of their mission.

This includes production, exchange and marketing of goods as part of Fair Trade initiatives as well as promotion, awareness raising, and advocacy of the concept of Fair Trade.

This document revises and updates the 2009 Charter of Fair Trade Principles which has been widely used as a primary reference document for policy and advocacy work. An international group of experts has advised the World Fair Trade Organization and Fairtrade International, the two global networks that have jointly led the process.

The updating of the Charter provides an opportunity to restate the fundamental values of Fair Trade that unite the diverse range of organizations and networks that make up the Global Fair Trade movement. This is important at a time when the success of Fair Trade is encouraging more widespread use of the term, increasing the need for a common reference point.

The new Charter also seeks to highlight Fair Trade's longstanding role in addressing challenges such as inequality, gender rights, climate change and other topics of the United Nations Sustainable Development Goals.

OBJECTIVES OF THE CHARTER

The Charter offers a general explanation of the shared vision and values of the Global Fair Trade movement. It has three main aims:

1. To support the work of Fair Trade Organizations in raising awareness among consumers and citizens of the importance and impact of Fair Trade, so that more people will be inspired to join and support it.

2. To facilitate collaboration among Fair Trade Organizations by connecting their specific missions and strategies with the common philosophy of the movement, and to promote collaboration with the solidarity economy, organic agriculture movements and others that fight for similar goals to the Fair Trade movement.

3. To enable others who work with Fair Trade Organizations (in government, academia or the private sector) to recognise the values and approaches that unite the global movement.

FAIR TRADE'S VISION

The Fair Trade movement shares a vision of a world in which justice, equity and sustainable development are at the heart of trade structures and practices so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full human potential.

DEFINITION OF FAIR TRADE

The main global networks of the Fair Trade movement agreed the following definition of Fair Trade in 2001(i):

Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South.

Fair Trade Organizations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.

Copyright Lisa Jaspers

CHAPTER 2

THE NEED FOR FAIR TRADE

Trade liberalisation has not delivered its promise of poverty reduction

"Experience shows that economic growth on its own is not sufficient. We must do more to empower individuals through decent work, support people through social protection, and ensure the voices of the poor and marginalized are heard"

UN SECRETARY-GENERAL BAN KI-MOON, WORLD DAY OF SOCIAL JUSTICE 2014.

The expansion of global trade in recent decades has been a major contributor to economic growth in most countries but the gains from increased global trade have not been shared evenly. Trade liberalisation has not delivered its promise of poverty reduction. For several decades, world trade has grown on average nearly twice as fast as world production and countries that were able to fully participate in this wave of globalisation have seen a reduction in the numbers of people living in extreme poverty (ii).

Yet inequality has grown dramatically and to unprecedented extremes; it has been estimated that the wealth of the richest 1% equals that of everyone else and just 8 people (in 2017) own as much as the poorer half of the world's population (iii). The other side of this coin is that wages for ordinary working people have not kept pace with the cost of living; many barely receive a subsistence income. 800 million people still suffer from extreme poverty and face a daily struggle to secure access to land, water, education, and healthcare. Even for those who have been able to move out of extreme poverty, their position is fragile, and economic shocks, food insecurity and climate change threaten to rob them of their hard-won gains (iv). The global economic crisis of 2007/8 has amplified these trends. Current levels of inequality – within and between countries - are a major threat to human rights and a cause of instability, conflict and forced migrations (v).

A fairer trading system based on protecting and enhancing common goods is vital if the international community is to achieve the goal of ending extreme poverty within a generation and promoting shared prosperity in a sustainable manner across the globe. As well as improving access to markets for more producers in more countries, a fairer trading system would correct the imbalances of power in supply chains in which many markets are dominated by a handful of firms. These firms have the power to set the terms of trade for their suppliers, forcing prices down, often to levels below the costs of production, leaving small producers and workers struggling to earn enough to maintain themselves and their families with dignity. This also leaves workers vulnerable to unsafe working conditions and other forms of exploitation.

Conventional trade also fails consumers who consistently express their outrage at production conditions that exploit people or planet. A fairer trading system would provide citizens with information on supply chains and trading terms so they can make purchasing choices according to their principles.

Fair Trade Organizations work to a different business model that puts the needs of people and planet first in trading relationships and connects producers and consumers through greater transparency of supply chains. As well as demonstrating that greater justice in world trade is possible, the Fair Trade movement also works to persuade governments and international institutions to meet their responsibilities to bring fairness to trade structures and processes.

It is clear that the "neoliberal" model of free trade based on weak regulation of human rights and environmental protection that has prevailed for the past 30 years has failed. But the solution does not lie in policies that simply reinforce protectionism and restrict international trade; rather the need is for trade to be managed in a better way. As a movement that seeks to transform trade into a force not just for economic growth but also for social justice and sustainability, the values of the Fair Trade movement and the knowledge and experience of its members are more necessary and relevant than ever before.

Copyright Sean Hawkey

CHAPTER 3
FAIR TRADE'S UNIQUE APPROACH

A holistic approach

Producers and workers face many barriers to securing their fair share of the gains of trade. Fair Trade takes a holistic approach to these challenges, in which disadvantaged groups are empowered to work for the changes they need, according to their own situation and context. The interventions listed below are the most common approaches adopted by Fair Trade Organizations to enable change and sustain improvements.

This multi-stakeholder approach gives a voice to those who are often marginalized in the writing of trade rules. At the same time it is a multi-dimensional approach that brings together economic, social, environmental and political dimensions of development; and a multi-level approach where local, national, regional and global scenarios are interconnected and work together to achieve fairer economic relations, respecting the cultural diversity of each people and the leading role of producers in their communities and countries.

Fair Trade transactions exist within a "social contract" in which buyers (including final consumers) agree to do more than is expected by the conventional market, such as paying fair prices, providing pre-finance and offering support for development. In return for this, producers use the incomes of Fair Trade to improve their social, economic and environmental conditions. In this way, Fair Trade is not charity but a partnership for change and development through trade.

CREATING THE CONDITIONS FOR FAIR TRADE

Fair Trade Organizations apply their values in commercial contracts and transactions, putting human relationships rather than profit maximization at the core of their work.

Trading terms offered by Fair Trade buyers seek to enable producers and workers to maintain a sustainable livelihood; that meets day-to-day needs for economic, social and environmental well-being and that allows to improve conditions over time.

There is a commitment to a long-term trading partnership that enables both sides to co-operate and grow through information sharing and joint planning.

Overall, the Fair Trade movement aims to create an environment in which public and private sector policies support economic, social and environmental sustainability in trade so that small producers and workers are able to achieve sustainable livelihoods by exercising their rights and freedoms and earning a living income from viable and resilient businesses.

ACHIEVING INCLUSIVE ECONOMIC GROWTH

Trade is more than just an economic activity about exchanging goods and services; it is a social interaction between people. Fair Trade aims to strengthen social capital by partnering with inclusive and democratic organizations that are active in supporting education, health and social facilities within their communities as a way of spreading the gains of trade as widely as possible.

Associations or co-operatives of small and family-owned businesses have always been at the heart of Fair Trade because of their role in helping marginalised and disadvantaged producers and workers improve their access to markets. Fair Trade Organizations support the efforts of associations and cooperatives to build their capacity to manage successful business, develop production capabilities and strengthen access to markets.

PROVIDING DECENT WORK AND HELPING TO IMPROVE WAGES AND INCOMES

Everyone should be able to live with dignity from the income generated from their work. Fair Trade promotes respect for local regulations or international conventions regarding freedom of association and collective bargaining, elimination of discrimination, avoidance of forced work, and provision of a safe and healthy working environment.

Beyond this, Fair Trade Organizations work towards achieving a living wage for workers in their supply chains and for small-scale farmers and artisans to secure living incomes from their enterprises.

EMPOWERING WOMEN

Although women are often the main providers of labour, they are often restricted from accessing land and credit that would enable them to benefit fully from economic activity and opportunities for social and economic development. Women have the right to receive equal pay and treatment, and have access to the same opportunities, compared to men.

Fair Trade Organizations not only respect this principle of non-discrimination but they work actively to promote gender equity within their own operations by including women in decision making and to influence positive change more widely.

For millions of women, Fair Trade projects have provided the first opportunity to make decisions about household income, and evidence shows this improves outcomes in areas such as health, education and social development (vi).

PROTECTING THE RIGHTS OF CHILDREN AND INVESTING IN THE NEXT GENERATION

The exploitation of children can only be addressed by targeting its causes as well as monitoring compliance with national and international standards.

Fair Trade supports organizations that help families earn sufficient income without recourse to child labour and that builds understanding within communities of the importance of children's wellbeing, educational needs and right to play.

Fair Trade also addresses the threats facing many rural communities from the lack of incentives for the next generation to become farmers and artisans. Fair Trade Organizations offer young people the option of a brighter future close to their families and as part of their communities by enabling them to learn the skills required for their future working life. Leaders of Fair Trade Organizations, especially women, are powerful entrepreneurial role models for young people.

NURTURING BIODIVERSITY AND THE ENVIRONMENT

The protection of the environment and the longterm viability of natural resources and biodiversity are fundamental pillars of Fair Trade.

Good environmental practice including protection of soil and water resources and reduction of energy consumption, greenhouse gas emissions and waste is the responsibility of all actors in the chain of production, distribution and consumption.

The entire value chain should be managed to ensure that the real costs of good environmental practice are reflected in prices and terms of trade.

Small-scale farmers and artisans are among the most vulnerable to the effects of climate change and it is important they are supported in developing and investing in adaptation and mitigation strategies.


© Kristof Vadino
MAKE FRUIT FAIR!
STOP THE EXPLOITATION OF WORKERS
STOP THE POWER OF SUPER-MARKETS!
STOP UNFAIR TRADE!
SALE
SALE
MEGA CHEAP
MEGA CHEAP

INFLUENCING PUBLIC POLICIES

Fair Trade Organizations seek to build on the direct impact they achieve through their work and share their experience so that Fair Trade values can be adopted in conventional business practices and government regulations. They do this by campaigning and through lobbying and advocacy on the different levels of national and international governments.

Public policy can encourage businesses to conduct more trade under Fair Trade conditions with the aim of making Fair Trade principles the norm. Seeking changes to the rules and practices of conventional trade is an integral element of Fair Trade.

INVOLVING CITIZENS IN BUILDING A FAIR WORLD

Fair Trade supply chains help connect producers and consumers. The growing presence of Fair Trade products in mainstream markets illustrates the power consumers wield in their consumption choices. By informing people about the impact of their buying choices it contributes to responsible consumption that can be sustained within the ecological limits of the planet.

But it should not just be the responsibility of consumers to seek out Fair Trade; they have a right to expect it as the norm for all products. Therefore Fair Trade also engages with its stakeholders as citizens, recognizing that producers and consumers are social actors as well as economic ones.

Fair Trade's focus on inclusion and empowerment helps connect local grassroots campaigns with a global movement for alternative economic models that include a just and equitable global trading system for everyone.

The success of Fair Trade in its work with producers in Africa, Asia and Latin America & the Caribbean selling to markets in Europe, North America and the Pacific is increasingly referenced by initiatives seeking to improve trade in all parts of the world.

CHAPTER 4
FAIR TRADE'S IMPACT AND ACHIEVEMENTS

Fair Trade is a path

Over 4,000 grassroots organizations, representing over two-and-a-half million small-scale producers and workers in over 70 countries work with the World Fair Trade Organization or Fairtrade International. Their products are sold in thousands of World-shops or Fair Trade shops, supermarkets and many other sales points around the world. Advocacy work by their members and partners has engaged political decision-makers on every continent and has helped to bring social and environmental responsibilities to the agenda of leading companies.

Building public support for, and understanding of, Fair Trade is a significant contributor to impact. Communities across the world are working to promote Fair Trade in their area and there are now 1830 Fair Trade Towns in 28 countries (vii).

Similar movements exist for schools, universities and places of worship, strengthening intercultural and inter-faith understanding and co-operation and connecting initiatives with a global movement for change. As the business world has engaged with sustainability issues in recent years, the public's support for Fair Trade has played an important role in putting production and labour conditions on this agenda (viii).

Public support in turn depends on trust in Fair Trade Organizations to "say what they do and do what they say". Fair Trade's stakeholders have a right to expect the highest possible standards of integrity, transparency and accountability from all Fair Trade actors. The Fair Trade movement has therefore made sustained investment over many years in assurance systems that can objectively verify its claims.

Those who support Fair Trade also want to know that their actions enable positive outcomes for producers. Understanding

Copyright Florian Schueppel

GreenNet

the social and economic impact of Fair Trade is therefore very important, and is an increasing focus of academic research.

Collaborations between researchers and practitioners include the International Fair Trade Symposiums which have been held since 2002(ix).

A range of studies(x) has shown benefits in areas such as

- increased incomes and/or better income security for producers and
- empowerment of farmers and workers by enhancing democracy in producer organizations and strengthening their voice in supply chains,
- increasing the participation of women in economic activity and decision making, and
- complementing the work of other initiatives in protecting the environment and tackling climate change.

However, it is not always possible to establish causal relationships between interventions and outcomes and some of the most important contributions of Fair Trade are "human" or non-material such as empowerment, wellbeing and happiness.

Fair Trade has been recognised as a unique approach to development in the policies of national governments and international institutions. The former United Nations rapporteur on the right to food, Olivier De Schutter, has noted that:

"The Fair Trade movement has set a model that others should seek inspiration from, and that can ensure that global supply chains work for the benefit of small-scale farmers and thus contribute significantly to the alleviation of rural poverty and to rural development (xi)".

APPENDIX: EXTERNAL FRAMEWORKS & SOURCES OF FURTHER INFORMATION

Fair Trade recognises the importance of multilateral frameworks for the protection of human rights and the environment in public policies and business practices and references their provisions in its work. Among the most important frameworks are:

» Sustainable Development Goals (SDG's). Adopted by the UN General Assembly in September 2015, the SDG's are an ambitious set of 17 global commitments aimed at "ending poverty in all its forms, everywhere" by 2030 by tackling inequality and promoting sustainable development. The Fair Trade movement shares with the SDG's the vision of a sustainable world in which people can escape poverty and enjoy decent work without harming the earth's essential ecosystems and resources and in which women and girls are afforded equal rights and equal opportunities. The Fair Trade movement has for a long time recognised the importance of raising awareness among consumers of the impact of their purchasing decisions and so it welcomes the inclusion of responsible consumption in the sustainability agenda. Accordingly The Fair Trade movement seeks to partner with governments, civil society organizations and the private sector on achieving the Sustainable Development Goals.

» International Labour Organization (ILO) Conventions. Comprising 190 laws which aim to improve the labour standards of people around the world. Eight of these (on prohibition of forced labour, child labour, the right to organize in a trade union, and suffer no discrimination) are fundamental Conventions which are binding upon every member country. The ILO's Decent Work Agenda was adopted by the UN General Assembly as part of the 2030 Sustainable Development Agenda (xii).

» Guiding Principles on Business and Human Rights. A global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity, adopted by the United Nations General Assembly in June 2011.

The development of the Fair Trade Charter has been led by two global networks:

» World Fair Trade Organization (www.wfto.com) is the global network of producers, marketers, exporters, importers, wholesalers and retailers that demonstrate 100% commitment to Fair Trade and apply the 10 WFTO Principles of Fair Trade to their supply chain. WFTO operates in over 70 countries across 5 regions (Africa, Asia, Europe, Latin America, and North America and the Pacific Rim) with elected global and regional boards.

» Fairtrade International (xiii) (www.fairtrade.net) is the Organization that coordinates the Fairtrade labelling scheme. It is co-owned by 3 Regional Producer Networks (representing over 1400 Organizations certified to Fairtrade standards in 73 countries) and 19 National Fairtrade Organizations who licence the Fairtrade label and promote it to businesses and consumers.

» With the support of their joint Fair Trade Advocacy Office (www.fairtrade-advocacy.org) these networks seek to enable dialogue beyond their membership bases and provide more accessible information on other parts of the Fair Trade movement. Based in Brussels, Belgium, the Fair Trade Advocacy Office leads the Fair Trade movement's political advocacy at European Union level and contributes to the strengthening of the political advocacy capacities of the Global Fair Trade movement.

» A history of the Fair Trade movement can be found here.

NOTES

Usually referred to as the "FINE Definition" this text was agreed in 2001 by Fairtrade Labelling Organizations International (FLO), International Federation for Alternative Trade (IFAT), Network of World Shops (NEWS), and the European Fair Trade Association (EFTA). IFAT has since been renamed as the World Fair Trade Organization and includes the former NEWS within its membership base.

ii The World Bank estimated a reduction in the number of people living in absolute poverty of 58% between 1998 and 2010. See World Bank Poverty Overview http://www.worldbank.org/en/topic/poverty/overview

iii Oxfam Inequality Report to Davos World Economic Forum, 2017 https://www.oxfam.org/en/pressroom/pressreleases/2017-01-16/just-8-men-own-same-wealth-half-world

iv World Bank Poverty Overview http://www.worldbank.org/ en/topic/poverty/overview

v Forced Migration is "a general term that refers to the movements of refugees and internally displaced people (those displaced by conflicts within their country of origin) as well as people displaced by natural or environmental disasters, chemical or nuclear disasters, famine, or development projects." http://www.columbia.edu/itc/hs/pubhealth/modules/forced- Migration/definitions.html:

vi FAIRHER: WOMEN'S EMPOWERMENT AND FAIR TRADE http://fairtradecampaigns.org/2016/04/fairher-womens-empowerment-and-fair-trade/

vi See www.fairtradetowns.org

vii "Does fair Trade change society": : https://www.fairtrade-deutschland.de/fileadmin/DE/mediathek/pdf/fairtrade_society_study_short_version_EN.pdf

ix See http://www.fairtradeinternationalsymposium.org/

x See the bibliography in a paper by independent research consultant Sally Smith for Max Havelaar Netherlands in 2013, accessed via http://www.fairtradegemeenten.nl/wp-content/uploads/2013/03/Bijeenkomsten_Impact-Day.pdf

xi Olivier de Schutter (2013): The contribution of Fair Trade to securing human rights in agriculture" – Q&A from the Special Rapporteur (11 May 2013). http://www.srfood.org/images/stories/pdf/otherdocuments/20130510_fairtrade.pdf

xii Decent work and the Agenda for Sustainable Development http://ilo.org/global/topics/sdg-2030/lang--en/index. htm

xiii Formally, Fairtrade Labelling Organizations International eV but operating as Fairtrade International

Renfrewshire Council

To: **Council**

On: **28 February 2019**

Report by: **Director of Finance & Resources**

Heading: **Governance Arrangements – Membership of Boards and Other Organisations**

---

1. **Summary**

1.1 The purpose of this report is to consider the appointment to a vacant position on the Finance, Resources & Customer Services Policy Board and a replacement member on the Integration Joint Board.

1.2 Councillor Dowling has resigned her membership of the Finance, Resources & Customer Services Policy Board and Councillor Devine has proposed Councillor Sheridan as her replacement.

1.3 Councillor J MacLaren has indicated that Councillor Binks should replace Councillor Strang as substitute member for Councillor Kerr, on the Renfrewshire Health & Social Care Joint Board.

---

2. **Recommendations**

2.1 That the Council considers the appointment of Councillor Sheridan as a member of the Finance, Resources & Customer Services Policy Board; and

2.2 That the Council considers the appointment of Councillor Binks as substitute member for Councillor Kerr on the Renfrewshire Health & Social Care Joint Board.

Implications of the Report

1. **Financial –** None
2. **HR & Organisational Development** - None
3. **Community/Council Planning –** None
4. **Legal** – None
5. **Property/Assets -** None.
6. **Information Technology –** None
7. **Equality & Human Rights**

   (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety -** None
9. **Procurement -** None
10. **Risk –** None
11. **Privacy Impact -** None.
12. **Cosla Policy Position** – not applicable

List of Background Papers - none

Author: **Lilian Belshaw, Democratic Services Manager**. Tel: 0141 618 7112
E-mail lilian.belshaw@renfrewshire.gov.uk

Renfrewshire Council

To: Council

On: 28th February 2019

Report by: Director of Finance and Resources

Heading: Statutory Review of Polling Places and Polling Districts

1. **Summary**

1.1 In terms of the Representation of the People Act 1983, as amended, local authorities are required to divide their area into polling districts for the purposes of parliamentary and other elections and to designate polling places for these polling districts and keep them under review.

1.2 The Electoral Registration and Administration Act 2013 further amended the Representation of the People Act 1983 by introducing a statutory duty for all polling districts and polling places to be reviewed by the end of January 2015 and at least every 5 years thereafter.

1.3 The current polling arrangements following the previous statutory review were approved by Council on 27th February 2014, for use in all elections thereafter in the period to the next review. However, the Boundary Commission's Fifth Electoral Review resulted in the creation of an additional Council Ward and consequent significant changes to the Council's Ward boundaries. A revised Polling Plan was therefore adopted by the Council on 15th December 2016.

1.4 This report sets out the process for conducting the next statutory review which must be concluded by January 2020.

2. **Recommendations**

2.1 That the Council note the content of this report.

---

3. **Background**

3.1 The Representation of the People Act 1983 as amended by the Electoral Registration and Administration Act 2013, introduced a duty for all polling districts and polling places to be reviewed by the end of January 2015 and at least five yearly thereafter.

3.2 Here in Renfrewshire the current polling arrangements were approved by Council on 27th February 2014, for use in all elections thereafter in the period to the next review. However, the Boundary Commission's Fifth Electoral Review resulted in the creation of an additional Council Ward. That in turn meant that a number of the existing polling districts were dissected by the new ward boundaries. A revised Polling Plan was therefore adopted by the Council on 15th December 2016. A copy of that Polling Plan is attached as Appendix 1 hereto.

3.3 Although the review is conducted on the basis of UK Parliamentary constituencies it is intended that the revised Polling Plan will align with the Scottish Parliamentary constituency boundaries and Council Ward boundaries, thus avoiding the necessity for differing polling plans for different types of election.

3.4 It should be noted that the Scottish Parliamentary constituency boundaries for Paisley, Renfrewshire North and West, and Renfrewshire South include parts of East Renfrewshire and Inverclyde Councils' areas. These Councils will review the polling districts and polling places for these areas as part of their own authorities' statutory reviews.

3.5 The timetable for the conduct of the review here in Renfrewshire will be as follows:

1	Notice Published	1 March 2019
2	Representations by interested parties were sought by	1 May 2019
3	Council will consider a report on the initial proposals on	27 June 2019
4	The Council will consider all representations received and will produce draft proposals for public consultation by	22 July 2019

5	Further comments/suggestions on these proposals must be received by	31 August 2019
6	Final proposals, having regard to any comments/suggestions received will be considered by Council on	26 September 2019

3.6 In accordance with the timetable, public notice will be given on 1st March 2019 of the Council's intention to undertake the review and inviting preliminary comments on the existing polling arrangements.

3.7 Public notice will be given by advertisement on the Council's Website, at Renfrewshire House, in local libraries, and at Renfrew and Johnstone Town Halls, and maps and documents showing the current polling arrangements will be available for public inspection.

3.8 In addition, individual notice will be given to Councillors, community councils, Renfrewshire Access Panel and Capability Scotland, for their interest.

3.9 A report will be brought to Council on 27th June 2019 setting out the comments received during this initial period of consultation. Recommendations will be made for the content of a draft Polling Plan for further consultation as set in the table above.

3.10 A copy of the current number of electors in each existing polling district as at 1st January 2019 is attached at Appendix 2 hereto.

Implications of the Report

1. **Financial** – None

2. **HR & Organisational Development** - None.
3. **Community/Council Planning –** None

4. **Legal** – As detailed in the report.

5. **Property/Assets** – The current Polling Plan involves the use of various council properties and consultation will take place with the appropriate officers as part of review.

6. **Information Technology** – None

7. **Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** – The premises currently used as polling places have been inspected and appropriate arrangements and/or adaptations have been made as necessary to obviate risk to staff and voters.

9. **Risk** – *N/A*

10. **Privacy Impact** – None

11. **Cosla Policy Position** - None

List of Background Papers - None

Author: Mark Conaghan
Legal and Democratic Services Manager
0141 618 7177
mark.conaghan@renfrewshire.gov.uk

Renfrewshire Council

To: **Council**

On: **28 February 2019**

Report by: **Lead Officer on behalf of the Audit, Risk and Scrutiny Board**

Heading: **Review of the newly introduced speed limit in Brookfield (A761)**

1. Summary

1.1 As part of its annual programme the Audit, Risk and Scrutiny Board agreed to undertake a review of a previous Council decision to reduce the speed limit to 30 mph on a specific stretch of the A761 going through Brookfield.

1.2 This report provides a summary of the Board's findings. The reports presented to the Board meetings are available as background papers.

1.3 The agreed scope of the review was limited to consider only this specific speed limit. In doing so three key groups were consulted. The Council's Environment and Communities service, Police Scotland and Brookfield Community Council.

1.4 The conclusion and findings of the review are detailed in Section 4. The key conclusion is that no key group or evidence provided to the review favours a change in the current speed limit. It was therefore proposed that this report and conclusion is taken forward for final consideration and approval by the Council.

2. Recommendations

2.1 Council is asked to note the findings and approve the recommendation within this report.

3. Background

3.1 In 2006 the Scottish Government provided new guidance to Local Authorities regarding the speed limit on roads under their control. The guidance provided a detailed framework for how speed limits should be assessed and imposed. Within this guidance was an instruction for each Local Authority to carry out a "Speed Limit Review" on all A and B class roads by 2011.

3.2 In carrying out this review in 2011 the following information was gathered and considered for all A and B class roads in Renfrewshire:

- Accident records
- Traffic volumes
- Existing mean speeds
- Geographical layout and physical characteristics
- Location and type of existing speed limit

The review identified several locations where the existing speed limit did not meet the framework's criteria and requested consideration to reducing the speed limit on those locations. The review did identify some locations where a technical evaluation suggested a raised speed limit. At this time Council officers suggested that there was little or no support for raising speed limits and consequently proposed no increased speed limits.

3.3 In 2011 the Environment and Infrastructure Policy Board approved, subject to police agreement, a list of speed limit reductions on nine class A and B roads. This included the speed limit on the stretch of the A761 going through Brookfield being reduced to 30mph. The original proposal for this review asked whether this reduction was excessive.

3.4 Over the last few months the Audit, Risk and Scrutiny Board met and considered views from the Council's Environment and Communities service, Police Scotland and Brookfield Community Council. Written submissions were also presented by Brookfield Community Council and an Environment and Communities officer. These are within the attached papers.

3.5 In summary, the Environment and Communities Council witness advised his service assesses the current speed limit as appropriate and it would not recommend any increase at this time. Police Scotland advised it felt the current speed limit was suitable, has been successfully implemented and it too did not support an increase. Both witnesses noted a reduction in incidents since the implementation of the new speed limit. Accident comparison information was also shared which evidenced a reduction in incidents since the new speed limit was implemented.

3.3 The Brookfield Community Council view was unambiguous. It supports the current speed limit and is opposed to any potential increase.

3.4 As there were no further questions of further clarification sought it was proposed and agreed that this report is taken forward for final consideration and approval by the Council.

4 Key Findings

4.1 The key findings of the review were:

- The key stakeholders and interested parties are in unanimous agreement that the speed limit on this particular stretch of road should not be changed. These are the services which have both the authority and technical expertise in this area. Significantly this is also a strongly held view of the local Community Council.
- There was evidence provided that since the new speed limit's introduction there have been less traffic incidents on this stretch of road.
- When the speed limit was introduced there were no objections lodged at that time.
- The Scottish Government recommends that too many changes of speed limit along a route should be avoided to reduce confusion to drivers. The Environment and Communities Service views the 30 mph limit as consistent within the surrounding local road network and Scottish Government guidance.

- Brookfield Community Council highlighted longstanding concerns about poor visibility for vehicles entering and exiting from the village from this road. It is concerned any speed limit increase would heighten the risks to both motorists and pedestrians further.
- There are new and further planned residential developments within the area. As well as potentially increasing both road and pedestrian use this may also lead to an increased use of Merchiston Drive. This Drive feeds onto this specific stretch. This could lead to more vehicles pulling out directly onto this specific stretch of the A761 and slowing down to turn in. This is a previously, mostly unused spot.

5. Recommendation

5.1 Within its agreed scope, the review did not find any directly involved party or supporting evidence that favours an increase in the speed limit. Therefore, it would suggest the current speed limit is appropriate and no further action is required at this time.

Implications of the Report

1.	**Financial**	**- none**
2.	**HR & Organisational Development**	**- none**
3.	**Community/Council Planning**	**– none**
4.	**Legal**	**– none**
5.	**Property/Assets**	**- none**
6.	**Information Technology**	**- none**
7.	**Equality & Human Rights**	**- none**
8.	**Health & Safety**	**- none**
9.	**Procurement**	**- none**
10.	**Risk**	**- none**
11.	**Privacy Impact**	**- none**
12.	**Cosla Policy Position**	**- none**

List of Background Papers

(a) Audit, Risk and Scrutiny Board Speed Limit Report 01
(b) Audit, Risk and Scrutiny Board Speed Limit Report 02
(c) Audit, Risk and Scrutiny Board Speed Limit Report 03

The foregoing background papers will be retained within Children's Services for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officer within the service is David Wilson, Social Work Manager, 0141 207 7777

Author;
David Wilson,
Social Work Manager,
0141 207 7777,
david.wilson@renfrewshire.gov.uk