

Notice of Special Meeting and Agenda Council

Date	Time	Venue
Thursday, 03 March 2016	09:30	Council Chambers (Renfrewshire), Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

KENNETH GRAHAM
Head of Corporate Governance

Membership

Councillor Derek Bibby: Councillor Maria Brown: Councillor Bill Brown: Councillor Lorraine Cameron: Councillor Stuart Clark: Councillor Eddie Devine: Councillor Margaret Devine: Councillor Andy Doig: Councillor Audrey Doig: Councillor Christopher Gilmour: Councillor Roy Glen: Councillor Eddie Grady: Councillor Jim Harte: Councillor Jacqueline Henry: Councillor Michael Holmes: Councillor John Hood: Councillor Terry Kelly: Councillor Brian Lawson: Councillor Paul Mack: Councillor James MacLaren: Councillor Kenny MacLaren: Councillor Mags MacLaren: Councillor Mark Macmillan: Councillor Eileen McCartin: Councillor Cathy McEwan: Councillor Stephen McGee: Councillor Marie McGurk: Councillor Iain McMillan: Councillor James McQuade: Councillor Sam Mullin: Councillor Alexander Murrin: Councillor Will Mylet: Councillor Iain Nicolson: Councillor Allan Noon: Councillor Bill Perrie: Councillor Jim Sharkey: Councillor Maureen Sharkey: Councillor Tommy Williams:

Provost Anne Hall (Convener): Councillor John Caldwell (Depute Convener)

Local Government Finance Act 1992 - Section 112

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

Procedures

A copy of the procedure to be followed in respect of consideration of the Revenue Estimates and Council Tax is attached to the Revenue Budget and Council 2016/17 report.

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 www.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

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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.

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|----------|--|------------------|
| 1 | Revenue Budget and Council Tax 2016/17 | 7 - 82 |
| | Report by the Director of Finance & Resources | |
| 2 | Non-Housing Capital Investment Programme 2016/17-2018/19 | 83 - 128 |
| | Report by the Director of Finance & Resources | |
| 3 | Health and Social Care Integration - Financial Due Diligence and Governance | 129 - 144 |
| | Report by the Chief Executive | |

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 Community Charge payments or 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 has any Community Charge (Poll Tax) arrears, or 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 Community Charge (Poll Tax) or the Water Community Charge (Poll Tax);
3. 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) He/she was in arrears with tax payment at the time of the meeting, or
- (b) The tax item was the subject of consideration at that meeting.

The responsibility for identifying whether a Member is in arrears with Community Charge (Poll Tax) or Council Tax rests with the Member.

**PROCEDURE TO BE FOLLOWED AT THE
MEETING OF RENFREWSHIRE COUNCIL
TO BE HELD ON 3 MARCH 2016
DURING CONSIDERATION OF ITEM 1 CONCERNING
REVENUE ESTIMATES AND COUNCIL TAX
FOR THE FINANCIAL YEAR 2016/17**

The purpose of this note is to give Members advance notice of the procedure which Provost Hall has agreed should be followed at the Meeting of the Council on 3 March, 2016.

1. The Leader of the Council will make his budget statement for financial year 2016/17 and move as appropriate. He will then speak to the principal points of his proposals. The motion will require to be seconded.
2. The Depute 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 Leader of the Council'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 2016/17).
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.
6. There shall be no formal restriction upon the length of time given to the Leader of the Council 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 Hall shall have the power to require any person speaking to limit their speech in order to facilitate the conduct of the meeting.
7. Provost Hall 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 Hall giving the Leader of the Council an opportunity to reply.
9. A vote or votes will then be taken in accordance with the provisions of standing orders.

To: Council

On: 3rd March 2016

Report by: Director of Finance & Resources

Heading: Revenue Budget and Council Tax 2016/17

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 2016/17. 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 2016/17 budget, members will wish to consider the medium and longer term financial context for the Council and the ongoing financial pressures and challenges facing the public sector more generally as set out most recently in the report entitled "*Scottish Government Draft Budget 2016/17 and Local Government Finance Settlement 2016/17*" to the Leadership Board on 17th of February and as covered in more detail in the main body of this report.
- 1.3. As outlined in that report, the Scottish Government have provided only high level planning figures at an overall budget level of their spending plans beyond 2016/17 with no detail provided at portfolio level. In broad terms, the outlook for future revenue resources presents very shallow growth in cash terms, averaging around 0.5% per year up to 2019/20. By contrast, capital resources are expected to increase by an average equivalent rate of around 4% per annum.
- 1.4. Notwithstanding changes that may yet be made by the incoming government to these high level budget plans over the course of the next parliamentary period, this medium term outlook for public finances in Scotland, coupled with any potential commitments to protect major areas of the budget in real terms that may be made by the next Government, would present an extremely challenging financial context for local government and an expectation of a further cash terms contraction in budgets over the medium term. Significant uncertainty will remain over the scale of the reduction, however similar to 2016/17 this is likely to continue to be at a material level year on year and this, along with a continuation of annual

cost pressures will drive a need for further significant and sustained savings across the local government sector just to achieve a balanced budget position each year.

- 1.5. Members should note that as reported to the Leadership Board on the 17th February, the Council's financial settlement for 2016/17 is conditional upon the package of measures linked to the local government finance settlement. As detailed in that report, the Leader of the Council wrote to the Deputy First Minister on the 9th February indicating an in principle agreement to the offer presented as part of the local government finance settlement subject to formal approval by full Council. If the Council does not formally agree to the conditions outlined in detail at paragraphs 3.3 - 3.4 in this report, it is estimated that £13.8 million of grant resources would not be made available to the Council by the Scottish Government.
- 1.6. The Council, in setting its 2015/16 budget, continued as in previous years to take a medium term view of the Council's finances, agreeing a package of savings measures which has supported investment in priority areas, principally covering economic and cultural regeneration, jobs, and tackling poverty. Since setting the budget, a number of the assumptions contained in the draft 2016/17 figures have been updated and in some cases confirmed, including most notably the confirmed pay awards covering both 2015/16 and 2016/17, the confirmed grant available to the Council in 2016/17 and the associated conditions, the impact of new statutory obligations and the impact of increasing demographic and demand pressures and expected council tax yield levels for 2016/17. In addition, the Council has continued to take a number of decisions as part of the ongoing Better Council Change Programme and Debt Smoothing Strategy that support the release of savings over the period 2016/17 – 2017/18. After taking all of these updated factors into account and the potential option to adjust the council tax discount level for empty and unfurnished properties as detailed in section 11, there is an expectation of a budget gap up to £6 million or potentially beyond remaining over the two year period through to 2017/18 with a balanced budget position in 2016/17, subject to any further decisions taken by members.
- 1.7. Given the anticipated position through to 2017/18, the balanced budget position for 2016/17 is expected to be temporary in nature and it is recommended by the Director that members should consider carefully any investment decisions that are not one off or temporary in nature.
- 1.8. The Council's financial projections beyond 2016/17 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 are focused upon:
 - *Future grant settlement* – as referred to above, the Scottish Government have not provided any material details of spending plans beyond 2016/17 and this will be subject to review by the incoming Government following the May Scottish Parliamentary elections. Should the next Government during the next parliamentary period look to protect in real terms major parts of their budget over the medium term as has occurred in 2016/17, and in the absence of any additional resources being provided to the Scottish budget, through for example any future decisions relating to devolved powers on tax, the resources made available to local government as part of future Scottish Government budgets are likely to be set within the context of cash reductions over the medium term. At present there is significant uncertainty over what the scale of this reduction will be. However based on current information and should areas of the Scottish budget that were protected in 2016/17 continue to receive similar levels of protection over the medium term, there would be little to suggest that it is likely to be any better than the reduction experienced by the local government budget in 2016/17. There also remain wider risks that could yet further influence the level of resources made available to the Scottish Government budget through what continues to be fluid and fast changing global economic conditions. It is recognised the ongoing

recovery in the UK economy remains subject to a range of downside risks and over the medium term this could yet have a negative impact on the resources that are ultimately made available to the Scottish Government over the next 3-4 years. In addition, there remains uncertainty over what may yet emerge from ongoing negotiations between the Scottish and UK governments on a fiscal framework and how that may influence future resources in Scotland in the context of further devolution of powers to the Scottish Parliament.

- *Future Pay Settlements* - at present no national agreement has been reached on a pay settlement beyond 2016/17 for any of the Council's employee groups. Pay increases of 1.5% and 1% were agreed for 2015/16 and 2016/17 respectively and overall across the economy sustained cash increase in pay are beginning to move back towards pre-financial crisis levels. This position across the wider economy is likely to provide some important context for future negotiations but equally so will be the challenging medium term financial outlook for public finances and local government in particular.
 - *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 the new Renfrewshire Health and Social Care Partnership, continues to actively progress a wide range of key demand and cost management actions which have sought to mitigate the financial impact of these cost pressure over many years whilst seeking to achieve better outcomes for clients and their families. The medium term forecasts take account these pressures and expectations of the scale of mitigation that is achievable. There will however always remain the risk that these pressures grow in their impact and the ability of the Council to mitigate and dampen them over the medium term is not able to keep pace and this will be a key determinant on the Council's medium term financial position.
- 1.9. The nature of the Council's medium term financial outlook, both in scale and potential for movement, means that the Council needs to continue to adopt a strategic and sustainable 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, recognising the uncertainty around key elements, the wide 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.
- 1.10. In addition, members should continue to be alert to the timing of future spending plan announcements from the next Government following the Scottish Parliamentary elections in May. It is likely that this will not emerge until the second half of 2016 which could mean that results for individual councils may not be known until December 2016, two months before the Council would normally look to set the 2017/18 budget. In addition, at this stage although there is an expectation, there is no certainty that future budget announcements by the Scottish Government will extend beyond a single year. The Council should therefore continue to progress financial planning on the basis of the possibility that over future financial years there may be limited time to respond to the confirmed grant settlements. Consequently it is important that the Council continues to pro-actively progress financial planning work for 2017/18 and beyond through the Better Council Change Programme and to prepare for what is anticipated to be a further difficult and uncertain financial period for the Council.
- 1.11. In setting the 2016/17 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. 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 and attention is drawn to capital resources available to the Council of £7.300 million, as detailed at Item 2 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 2016/17, 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 2016/17 budget to deliver against the specified commitments linked to the Council's grant settlement for 2016/17, as detailed at paragraph 3.3 – 3.4.
- 2.2 Approve the provisions for inflationary pressures as recommended at Section 5.
- 2.3 Approve the detailed revenue estimates for all services for 2016/17 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 that the Council retains unallocated general fund balances of £7 million in 2016/17 and to transfer, subject to any decisions taken by members, any remaining balance to the Investment Programme Capital Fund to provide additional debt smoothing flexibility in 2017/18.
- 2.5 Submit for approval the council tax banding levels A to H inclusive to apply for 2016/17 and any changes under discretionary powers available to the Council to vary the discount regime operating for empty and unfurnished council tax dwellings.

3. GRANT SETTLEMENT

- 3.1 On the 16th December 2015, the Deputy First Minister announced the provisional local government finance settlement. Following that announcement negotiation and engagement occurred between the Scottish Government and Local Government to establish clarity over a number of elements of the offer being provided as part of the published provisional settlement. This culminated in a letter from the Deputy First Minister to council leaders on the 27th January 2016 outlining the full terms of the offer being provided to local government. This was subject to some follow up points of clarification from the Council which were responded to by the 4th of February and which allowed an appropriate level of understanding to be secured on the terms and conditions associated with the settlement offer from the Scottish Government and which was reported to the Leadership Board on the 17th of February.
- 3.2 The settlement provides grant figures for one year only covering 2016/17 and will be formally considered for approval by the Scottish Parliament on the 25th February. The 2016/17 financial settlement confirmed headline grant funding allocated to Renfrewshire Council of £303.471 million. The settlement figure includes a number of planned adjustments by the Scottish Government predominantly arising from responsibilities linked to Children and Young People Act, Kinship Care, delivery of GIRFEC and adjustments linked to the inclusion of funding within the settlement for the Council Tax Reduction Scheme and Discretionary Housing Payments. These adjustments to the grant settlement are linked to associated budgeted adjustments that are included in Table 2.

- 3.3 After adjusting for these areas, the Council's 2016/17 grant figure has, on a like for like basis, decreased by 3.4% from 2015/16, with the Council's share of the overall local government revenue funding settlement increasing marginally from 3.14% to 3.17%. Included as part of this settlement offer is grant conditional upon agreement to the continuation of the council tax freeze (£2.327 million) and the maintenance of the pupil teacher ratio and probationer places (£2.7 million). The budget proposals outlined in this report provide sufficient resources to allow the specified condition on the pupil teacher ratio and providing places for probationers to be met in 2016/17. In addition to the direct revenue grant provided to the Council, 2016/17 will see the added complexity of an element of social care funding, confirmed as £8.779 million for Renfrewshire, provided via the health budget and IJB arrangements. Although this funding is to be directed to fund new cost burdens such as delivering the living wage across the provision of adult social care, progressing reductions in social care charging, it is also available to support wider budget pressures in adult social care including demographic and demand led pressures. The budget proposals detailed in this report will provide for the £8.779 million of funding passing through in full to the IJB as part of the resources to be transferred for Adult Social Care on the 1st April.
- 3.4 The grant offer being made available to the Council, including access to the Adult Social Care Funding being provided through the Health Board is subject to the delivery of the following specified conditions. As reported to the Leadership Board, the offer is provided as an overall package and any council that does not sign up to the full package of conditions and measures will not receive their share of £408 million, made up of integration funding for social care (£250m), support for teachers (£88m) and council tax freeze support (£70m). For Renfrewshire this total funding package equates to an estimated £13.8 million. The Deputy First Minister has also confirmed that in the event a council that signs up to the package then subsequently fails to deliver on any of the specific commitments on social care spend, including delivery of the £8.25 per hour living wage to care staff, national teacher targets, or council tax levels then the Government have reserved its position to apply individual sanctions for authorities. In such circumstances steps will be taken to remove access to or recover some or all of the additional funding support earmarked to deliver the specific measure or measures. If it proves necessary to apply a sanction then the Government have indicated that this will be applied in a proportionate manner to the scale of the failure.

Specifically for Renfrewshire the package of measures includes:

- The continuation of the council tax freeze in 2016/17 with conditional grant of £2.327 million for Renfrewshire Council.
- Maintaining the pupil teacher numbers at 2015 levels **nationally** and securing places for all probationers who require one under the teacher induction scheme. In terms of the pupil teacher ratio, the condition is that the pupil-teacher ratio should be maintained nationally at the same level as 2015; a national target of 13.7. If however, the pupil teacher ratio is not maintained nationally at this level then the Scottish Government reserves its position on individual sanctions for authorities' whose pupil teacher ratio rises and steps will be taken to recover proportionate shares of the £88 million which is being provided for the teacher and probationer commitments in 2016-17. The full distribution of all of this funding has not yet been made as part of the finance settlement but in line with previous years this is estimated to amount to approximately £2.7 million for Renfrewshire Council.
- In terms of Social Care funding within the Health Budget of which Renfrewshire will access £8.779 million, the Deputy First Minister has set out that:

- £125 million of this £250 million is to be directed to support additional spend on expanding adult social care to manage increased demand and demographic growth and making progress on charging thresholds for all non residential services to address poverty by increasing the charging buffer from the existing 16% level to 25%.
- The remaining £125 million is intended to support cost pressures including the aspiration to pay all adult Social Care workers the living wage of £8.25 per hour, including care workers employed by external providers in the 3rd and independent sector who provide commissioned services to local authorities.
- The Government have assumed that as part of delivering a living wage that the independent and third sector providers will meet a share of the associated costs and which has been verbally confirmed by the Deputy First Minister as being 25%. The Government have also confirmed that although they have calculated estimates at a national level of achieving this position, no calculations have been made of resources required to deliver this at a local council level.
- In this context the Scottish Government in a clarification response confirmed that achievement of the Living wage in this sector would be a shared endeavour between the Scottish Government, Councils and providers.
- In recognition of the need for preparatory work to deliver living wage arrangements with providers an implementation date from 1 October 2016 has been outlined.

3.5 As referred to earlier in the report, and in line with the requirements set out by the Deputy First Minister, the Leader of the Council responded to the Scottish Government on the 9th February setting out an in principle agreement to the terms and conditions associated with the grant settlement offer to the Council.

Table 1 – Grant Settlement 2016/17

	2016/17
	£000
Allocated Government Grant Funding	
Specific Grants	24
Non Domestic Rate Income	96,106
Revenue Support Grant	203,369
TOTAL CONFIRMED ALLOCATED GOVERNMENT GRANT FUNDING	299,499
Grant Conditional on Agreement to Specified Commitments **	3,972
TOTAL CONFIRMED GOVERNMENT GRANT	303,471

** Note that in addition to this conditional grant element included within the current settlement figure, Renfrewshire's share of Adult Social Care funding that resides within the health budget is £8.779m and of undistributed teachers grant is estimated to be approximately £1.055m. Taken together these three amounts represent the total £13.8 million of conditional grant, access to which by the Council is subject to the Council agreeing to all of the associated conditions set out by the Deputy first Minister and outlined in 3.3 – 3.4 above.

3.6 As detailed above, beyond 2016/17, 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 sustained 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 based on current information there is little to suggest that it is likely to be any better than the reduction experienced by the local government budget in 2016/17.

- 3.7 There also remain wider risks that could yet further influence the level of resources made available to the Scottish Government budget through what continues to be fluid and fast changing global economic conditions. It is recognised the ongoing recovery in the UK economy remains subject to a range of downside risks and over the medium term this could yet have a negative impact on the resources that are ultimately made available to the Scottish Government over the next 3-4 years.
- 3.8 It is expected that greater clarity over future grant settlement levels will emerge in the latter half of 2016, potentially set out over the medium term if the Government following the May elections choose to set out a full spending review. Moving forward members will be kept appropriately briefed and informed as announcements are made by the Scottish Government during the course of 2016 and in addition of any significant developments in the wider 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 2015/16 and 2016/17. 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;
 - (iii) the implementation of the approved medium term debt smoothing strategy which will support the delivery of significant budget savings on financing charges in 2017/18; and
 - (iv) The transfer of the £8.779 million of resources to the new Health and Social Care Partnership as part of the Adult Social Care Budgets to be transferred on the 1st April.
- 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
 - the continued commitment to protecting vulnerable children and young people, and supporting them into independent adulthood.

- 4.3 The Council has for a number of years been taking forward a wide range of mitigation strategies designed to dampen the impact of demand led growth. These strategies have focused on multiple perspectives including:-
- Seeking to provide more cost effective services - for example Children's Services has been focusing significantly on a strategy to shift the balance of foster care provision to predominantly in-house provided foster carers as opposed to those 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 improving 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 growing positive impact of the wide range of measures implemented over the years, the Director of Children's Services has confirmed that the expected resources released as a consequence of these mitigation measures will be sufficient to manage the impact of new demographic and socio-economic demand led pressures on the service. As a consequence there is no requirement to provide any associated adjustment to the Children's Services base budget moving into 2016/17 for such pressures.
- 4.5 In relation to Adult Services, although a similar impact is being achieved through demand and cost mitigation strategies, the scale of demand pressures remain significant. It is estimated that in the absence of any further action by the Council to manage these pressures and rising demands the Council's budget would have to increase by £2.7 million in 2016/17. The mitigation measures however continue to assist in reducing the impact of demand led cost pressures and help to maintain and protect core frontline Adult Services. In discussion with the Chief Officer and Chief Finance Officer of the new Health and Social Care Partnership the required budget adjustment in 2016/17 for demographic and socio-economic pressures for Adult Services can be contained to £1.060 million after taking account of the anticipated impact of demand and cost management measures.
- 4.6 As referred to earlier in the paper the budget recommendations outlined in this report will support the pass through of the full £8.779 million of resources intended for Adult Social Care. As part of the conditions associated with the grant provision to the Council, the Council is required to agree to increase the buffer used in the income assessment process for non residential charging within the Adult Care services. A cost of £0.374 million is included within the Adult Services unavoidable adjustment to reflect this requirement. The conditions would also commit the Council to the shared endeavour of seeking to deliver, from the 1st October, the living wage of £8.25 across care staff within Adult Social Care services, whether employed directly by the Council or as part of services commissioned by the Council from the third and Independent sectors. If agreed to by the Council, officers will progress quickly to engage with external providers to set out the agreed partnership route and costs associated with moving towards this objective by the 1st October. It should be noted that the Council is not able to mandate such a requirement on suppliers under procurement legislation and achieving such an objective will require joint working and agreement between the Council and providers operating under a wide range of contract arrangements, including those commissioned through the National Care Home contract.

- 4.7 In addition, the actual cost of delivering this living wage objective will not be confirmed until these negotiations are completed and will be dependent upon the extent to which providers are willing to meet 25% of the associated cost as has been envisaged by the Scottish Government. After accounting for demand and cost pressures to be funded by the additional £8.779 million of resources, and subject to any decisions taken by members, approximately £4 million would remain available to the IJB in 2016/17. These resources would be available to support the delivery of the living wage commitment from the 1st of October and support the IJB to meet further service demand or reform activity with the intention of supporting the delivery of further progress in key mitigation strategies that would assist in dampening future pressures in 2017/18. Given the part year timing associated with the living wage commitment it is expected that there will be sufficient resources available to the IJB in 2016/17 to meet the cost of the living wage impact whilst providing some flexibility to fund reform activity. There may however be subsequent funding challenges as the full year cost impact of the living wage emerges in 2017/18 and if so this is likely to be an issue for engagement with the Scottish Government ahead of the 2017/18 financial settlement. This issue is covered in more significant detail in the due diligence report also included on this Council agenda at item 3.
- 4.8 Table 2 below summarises the recommended base budget adjustments to reflect the pressures facing the Council in 2016/17 and support the pass through of Adult and Social Care grant resources as described earlier. These are offset by the net financial impact of decisions already made by the Council and adjustments to reflect the non recurring nature of commitments made in prior year budgets. Also included is an adjustment arising from the ongoing implementation of the Council's medium term debt smoothing strategy which will continue to support the delivery of significant budget savings on financing charges in 2017/18 as outlined in more detail in section 6 below.

Table 2 - Summary of Recommended Base Budget Adjustments 2016/17

	2016/17	
	£000	£000
Impact of Previous Council and Board Decisions	(19,722)	(28,501)
Resource Transfer from NHS	(8,779)	
Total (Net Reductions)		
Add:		
Financial Settlement Adjustments - primarily inclusion of the Council Tax Reduction Scheme and Discretionary Housing Payment Funding	15,510	34,154
National Insurance, Pay and Pensions Changes	7,025	
Adult Services - Demographic Pressures, Living Wage and Changes to Charging	6,026	
Debt Smoothing Adjustment	3,256	
Contract Payment Adjustments	960	
Other Unavoidable Pressures	1,377	
Total Increases		34,154
Net Base Budget (Reduction)/Increase		5,653

5. PAY AND PRICE PRESSURES

- 5.1 The 2016/17 budget position detailed in Table 3 at paragraph 8.1, includes provision for pay inflation at £0.769 million for 2016/17 across all pay groups. This adjustment reflects the required budget uplift to reflect the agreed pay award of 1.5% and 1% for 2015/16 - 17 across all pay groups, taking account of the level of pay award provision made in the setting of the 2015/16 budget.
- 5.2 In setting its 2015/16 budget, the Council decided not to apply any general inflationary uplift to non-pay budgets. For financial planning purposes, a 2.5% non pay inflation provision would add approximately £3.5 million each year. 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 2016/17 budget.
- 5.3 The Financial Regulations require charges for services to be reviewed at least annually and a 2.5% increase in charges would generate additional income of £0.200 million. The overview of the Council's spending in Table 3 at paragraph 8.1 makes provision for an inflation adjustment to charges at 2.5%.

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 4.18% has been applied. No 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 2016/17 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 part of the debt smoothing exercise the annual financing cost budget includes provision to support planned debt repayment as part of the strategy with an anticipated reduction in recurring annual financing costs of approximately £18 million planned for in 2017/18. As well as supporting planned debt repayments, a key element of the strategy also utilises the managed release of resources held within the capital fund to offset annual financing costs within the revenue account. In recognition of the ongoing scale and uncertainty of financial risk that the Council will face over the medium term period, a full review will be carried out of the debt smoothing strategy to ensure maximum flexibility is maintained across the strategy to support the Council's financial requirements in both a medium and longer term basis. It is not at this stage envisaged this will impact on the planned release of savings in 2017/18 and any material changes in the shape of the strategy and implications for the Council's financial position will be clearly outlined for members.

7. **TRADING ORGANISATIONS**

- 7.1 The detailed revenue estimates include within Miscellaneous Services the projected surpluses to be earned by the Council's Trading Operations in 2016/17. The current policy is for any surpluses and deficits to return to the General Fund. The exception to this policy is Building Services where a proportionate element of any trading surplus/deficit is currently transferred in to the Housing Revenue Account based on the level of Housing related turnover.

8. **SPENDING OVERVIEW**

- 8.1 The Council approved spending for 2015/16 at the meeting on 12th February 2015 of £375.760 million. It is estimated that £381.982 million (as detailed in Table 3) is needed to fund the costs of maintaining present service levels, and addressing known pressures and demands in 2016/17.

Table 3 – Estimated Spending Need 2016/17

	£000
Spending approved 2015/16 budget	375,760
Add:	
Recommended Budget Adjustments (per Table 2)	5,653
Revised Budget per Appendix 1	381,413
Provision for inflationary pressures (see paragraph 5.1 - 5.3)	569
Estimated spending need for 2016/17	381,982

- 8.2 Significant cost pressures are anticipated to persist beyond 2016/17 for the Council. Some cost pressures, such as those related to contractual commitments and cost increases linked to landfill taxation are easier to predict for future years. Others such as future pay increases, the impact of legislative and national policy changes, movement on key commodity prices and increasingly 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

paragraphs 3.7 – 3.8 above, there is significant uncertainty in respect to how much of a reduction is likely to be experienced in government grant levels over the medium term.

- 8.3 In this context there is significant uncertainty in relation to the scale of savings that the Council may be required to deliver both in 2017/18 and also more significantly beyond into the medium term. In respect to 2017/18, the position will be predominantly influenced by pay levels that emerge for 2017/18 and the scale of the grant cut. After taking account of anticipated budget pressures, savings from the Better Council Change Programme and debt smoothing that will take effect in 2017/18, and current pay and grant assumptions included in the budget strategy, the remaining saving requirement to achieve a balanced budget could be in the region of £1 million. However, should the grant cut be more significant than that experienced in 2016/17 and more significant cost pressures emerge over the next 12 months in relation to pay, demographic and demand pressures, a gap in the region of £6 million or more could yet emerge for 2017/18. It should be noted that as referred to above this forecast position for 2017/18 is after the impact of Better Council Change Programme savings and significant savings from debt smoothing. The underlying saving prior to the impact of these measures for 2017/18 is likely to be excess of £20 million. In addition, moving forward beyond 2017/18 the outlook may not materially improve from a savings perspective. Should grant reductions of around the 3% level persist, along with pay awards in the range of 1%-2%, annual budget gaps in the region of £20 million per annum would represent a very real prospect for the Council up to 2019/20.
- 8.4 In addition, members should be alert to the likely timing of spending plan announcements by the Scottish Government that is elected following the May Parliamentary elections. It is likely that this will be in the second half of 2016 and could mean that results for individual councils are not likely to be known until December 2016, two months before the Council would normally look to set the 2017/18 budget. In addition, at this stage although there would be reasonable expectation, there is no certainty, that the announcement by the Scottish Government will provide draft planning figures beyond 2017/18, potentially extending the cycle of ongoing uncertainty over medium term government grant prospects for the Council.
- 8.5 Consequently, the Council will continue to operate with a medium term financial outlook that remains inherently uncertain, both in scale and potential for variability. As such it is important that the Council continues to adopt a flexible medium term perspective to the delivery of savings and maintains a strategic and sustainable focus linked to the delivery of priorities approved in the Council Plan and agreed with partners in the Community Plan. The Council will be required to plan for the possibility that over the future financial years, 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 should continue to pro-actively progress financial planning work for 2017/18 and beyond through the Better Council Change Programme to prepare for what is anticipated to be a further difficult and uncertain financial period for the Council.
- 8.6 Members will continue to be updated on developments for future years, but should be aware that in setting the 2016/17 budget any commitments to additional recurring expenditure will increase the projected deficit in future years unless they are offset by recurring savings. 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.
- 8.7 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.

8.8 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.

9. RESOURCE ALLOCATIONS

9.1 Appendix 1 attached summarises the provisional resource allocation for each service in terms of the detailed revenue estimates which accompany this report. 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.

10. PROBABLE OUTTURN 2015/16, BALANCES AND RESERVES

10.1 The summary booklet attached to this report includes at Page 8 an overview of the Probable Outturn for 2015/16.

10.2 The Council's general fund balances as at 1st April 2015 were £58.854 million, and as outlined in Table 4 below, the majority of this was earmarked for specific purposes. The Council in setting the budget for 2015/16 did not plan to draw from available unallocated reserves, planning for £7.767 million of general working balances to be available by 31st March 2016. As reported to members during the course of 2015/16, a year-end under-spend is being experienced across service budgets and the position on unallocated reserves on the closure of the 2015/16 accounts is expected to be £9.002 million. This projected year end position is after accounting for planned debt repayment as part of the Council's ongoing debt repayment strategy.

10.3 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 2016/17, unallocated reserves are maintained at least at £7.0 million, approximately 1.8% of the Council's net expenditure. In this context and recognising the uncertainty outlined earlier in relation to the potential budget gap that may emerge for 2017/18, it would be recommended that subject to any decisions taken by members to draw on balances as part of setting the 2016/17 budget, that unallocated reserves above £7 million are transferred to the capital fund to support additional debt smoothing flexibility moving forward into 2017/18 and beyond.

- 10.4 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 2015/16

	Balances as at 1/4/2015	Forecast In Year Change and Year End Transfers	Forecast Closing Position as at 31/3/16
	£000	£000	£000
Service Modernisation and Reform Fund	6,396	(1,300)	5,096
PPP Reserve	12,670	-	12,670
M74 Contribution	571	-	571
Development Contribution - Paisley Town Centre	1,136	(716)	420
Early Years Strategy	3,321	-	3,321
Land Decontamination	233	(233)	-
Waste Management Strategy	8,631	(2,306)	6,325
Invest in Renfrewshire	7,490	(2,500)	4,990
Community Safety	1,107	(940)	167
Private Sector Housing Grant	1,840	-	1,840
Support Credit Unions	461	(292)	169
Energy and Carbon Management	255	(255)	-
Events and Tourism	114	(114)	-
Paisley Town Centre Heritage Strategy	1,802	5,385	7,187
City Deal	1,561	-	1,561
Commission on Tackling Poverty	1,636	1,700	3,336
Youth Employment Strategy	180	32	212
Service Year End Flexibility	1,683	-	1,683
Unallocated General Fund Balances	7,767	1,235	9,002
Total General Fund Balances	58,854	(304)	58,550

- 10.5 As previously reported to Council in its consideration of the 2014/15 accounts, and as detailed in Table 5 below, other specific reserves continue to be maintained.

Table 5 – Specific Reserves 2015/16

	Balances as at 1/4/2015	Forecast In Year Movement	Forecast Balance as at 31/3/16
	£000	£000	£000
Insurance Fund	2,543	-	2,543
Reservoir Repair Fund	310	-	310
Education Capital Items Fund	838	-	838
Investment Programme Capital Fund	24,484	1,380	25,864
Housing Capital Fund	3,684	-	3,684
Total Specific Reserves	31,859	1,380	33,239

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

- 10.7 The Reservoir Repairs Fund represents funding received from a developer for repairs in perpetuity in relation to the Thornley Dam.
- 10.8 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.
- 10.9 The Capital Funds are used as part of the wider debt smoothing strategies operating across both the General Fund and Housing Revenue Account to manage both the debt levels linked with the respective investment programmes and the associated debt servicing costs charged to the revenue accounts.

11. COUNCIL TAX

- 11.1 The Council's council tax (Band D) for 2015/2016 is £1,164.69 and is £16 (1.39%) above the Scottish average. It is estimated that in 2016/17 each £1 of council tax will yield £66,723 which is higher than 2015/16. The increase in the yield is principally linked to anticipated growth in the council tax base in the context of the modest recovery being experienced in the housing development market. A maximum net yield of £77.711 million can therefore be anticipated from present council tax levels. In relation to empty and unfurnished properties, the Council under discretionary powers provides more generous discount provisions relative to many other council areas across the country. At present empty and unfurnished properties within Renfrewshire are afforded the statutory full exemption for 6 months, followed by a discretionary 50% discount for a further six months and a discretionary 10% discount permanently thereafter. Discretionary powers allow the second six month discount to be reduced to 10% with the option to apply a levy of up to 100% additional council tax after 12 months. The application of the levy after 12 months can be deferred until 24 months where the property in question is being actively marketed for rent or sale. Given the context of the Council's financial outlook, members may wish to consider aligning the discount arrangements for empty and unfurnished properties to the position allowable under discretionary powers and in line with many other local authorities. Should members wish to move to this position, an increase in yield of £0.300 million could be budgeted for in 2016/17 with a full year effect of £0.400 million in 2017/18, reflecting time required to implement a change of this nature and provide affected owners with an appropriate notice period of the change.
- 11.2 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.
- 11.3 Members are required to determine the level of council tax for Bands A to H inclusive which should apply for 2016/17, and in doing so, are reminded of the grant conditions detailed at paragraph 3.4 - 3.5.

12. BUDGET OVERVIEW – 2016/17

- 12.1 The overview budget position for the Council for 2016/17, prior to any changes in service levels, is outlined in Table 6 below. This overview position confirms a balanced budget position for 2016/17, subject to decisions by members in setting the final budget for 2016/17. As detailed in the table below, this balanced budget position reflects the impact of a change in council tax discount levels for empty and unfurnished properties. Should members wish to retain the existing arrangements, a minor budget gap of £0.300 million would require to be addressed. Members should be reminded that this budget position is anticipated to be temporary in nature with the Council expected to face a significant budget deficit over the medium term. Therefore, any decisions taken in setting the

2016/17 budget which commits resources on a recurring basis will increase further this forecast deficit position unless decisions are also taken to deliver corresponding savings.

Table 6 – Budget Overview 2016/17

	£000
Income:	
Confirmed Government Grant (per table1)	303,471
Council Tax Income	77,711
Council Tax Income from change in Empty Property Discount	300
Council Tax / Community Charge Arrears Recovery	500
Total Income	381,982
Less: Estimated Spending Need (Table 3)	381,982
Estimated Funding Surplus 2016/17	0

13. BUDGETARY CONTROL

- 13.1 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.

14. FURTHER ACTION

- 14.1 Members wishing clarification of the details of this report or the enclosed Revenue Estimates pack should contact Alan Russell (extension 7364) or the Chief Executive or any Director in relation to their specific service responsibilities.
- 14.2 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 2016/17 budget, identifying a balanced budget position. As detailed in the report, if the Council does not formally agree to the specified set of commitments as part of agreeing the 2016/17 budget, a further grant reduction estimated at £13.8 million will be applied by the Scottish Government.

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

Community Planning

Children and Young People – implications will be subject to any budget proposals agreed.

Community Care, Health & Well-being - implications will be subject to any budget proposals agreed.

Empowering our Communities - implications will be subject to any budget proposals agreed.

Greener - implications will be subject to any budget proposals agreed.

Jobs and the Economy - implications will be subject to any budget proposals agreed.

Safer and Stronger - implications will be subject to any budget proposals agreed.

Legal - The Council is required to set a balanced budget for 2015/16.

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 sections 8 and 10 of the report, the Council continues to be faced with risk and uncertainty in setting its 2015/16 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.

List of Background Papers

(a) Background Papers - none

Author – Alan Russell, Director of Finance & Resources

REVENUE ESTIMATES 2016/17
PROVISIONAL RESOURCE ALLOCATION STATEMENT
 (subject to amendment for any budget proposals approved by Council)

	RESOURCES ALLOCATION £000
<u>Service</u>	
Chief Executive's	4,362
Children's Services	169,483
Leisure Services	8,273
Community Resources	43,940
SPTA	3,355
Finance and Resources	27,246
Valuation Joint Board	1,244
Development and Housing	8,675
Adult Services	60,199
Miscellaneous Services	56,451
NET EXPENDITURE PER SUMMARY BOOKLET (Page 3)	383,228
 Less: Recoveries from accounts outwith service resource allocations	 1,815
 Total per Table 3	 381,413

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

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
DEPARTMENT : CHILDRENS SERVICES

	£	£	£
Analysis of Change between 2015-2016 and 2016-2017			
2015-2016 Estimates			202,010,269
Adjustments for items outwith Resource Allocation			
Less: capital charges	(16,454,500)	(16,454,500)	
Central support costs	(15,442,790)		
Central support recoveries			
Corporate and Democratic core costs	361,400	(15,081,390)	
			(31,535,890)
Adjusted 2015-2016 Estimates			<u>170,474,379</u>
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		302,571	
Transfers (PAPER 3)		<u>(1,294,360)</u>	
			<u>(991,789)</u>
2016-2017 Estimates			<u><u>169,482,590</u></u>
(Before budget decisions)			

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : CHILDRENS SERVICES

ED		£
1	Impact of Better Council Change Programme	(400,000)
2	Increased SQA Presentation Costs	50,000
3	Annual Contractual PPP Contract Indexation Adjustment	268,571
4	Increased Employer's Contributions to Teachers' Superannuation	700,000
5	Teacher Induction Funding not yet distributed by Scottish Government	(316,000)
Total Increase (Decrease) to Budget		302,571

RENFREWSHIRE COUNCIL

SUMMARY OF 2016-2017 REVENUE ESTIMATES

TRANSFERS

DEPARTMENT : CHILDRENS SERVICES

[illegible]

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
DEPARTMENT : LEISURE SERVICES

£ £ £

Analysis of Change between 2015-2016 and 2016-2017

2015-2016 Estimates			11,584,958
Adjustments for Items outwith Resource Allocation			
Less: capital charges	(2,509,470)	(2,509,470)	
Adjustments for Central Support			
Central support costs	(939,901)		
Corporate and Democratic core costs	<u>45,870</u>	(894,031)	
			<u>(3,403,501)</u>
Adjusted 2015-2016 Estimates			8,181,457
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		(355,000)	
Transfers (PAPER 3)		<u>446,546</u>	
			<u>91,546</u>
2016-2017 Estimates			8,273,003
(Before budget decisions)			

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : LEISURE SERVICES

[illegible]

RENFREWSHIRE COUNCIL

SUMMARY OF 2016-2017 REVENUE ESTIMATES

TRANSFERS

DEPARTMENT : LEISURE SERVICES

[illegible]

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
DEPARTMENT : COMMUNITY RESOURCES

	£	£	£
Analysis of Change between 2015-2016 and 2016-2017			
2015-2016 Estimates			56,532,458
Adjustments for items outwith Resource Allocation less: capital charges	(7,124,870)	(7,124,870)	
Adjustments for Central Support			
Central support costs	(3,990,162)		
Central support recoveries	222,608		
Corporate and Democratic core costs	180,190	(3,587,364)	
			(10,712,234)
Adjusted 2015-2016 Estimates			45,820,224
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		(1,079,900)	
Transfers (PAPER 3)		(800,628)	
			(1,880,528)
2016-2017 Estimates			43,939,696
(Before budget decisions)			

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : COMMUNITY RESOURCES

CR		£
1	Impact of Better Council Change Programme	(1,510,500)
2	Contract variations and adjustments	35,600
3	Increased costs for statutory testing and certification in public buildings	150,000
4	Increase In Landfill Tax	106,000
	Payments to Trading Operations	
5	Contract Payment - Catering Trading	42,300
6	Contract Payment - Vehicle Maintenance Trading	39,700
7	Contract Payment - Roads Trading	57,000
	Total Increase (Decrease) to Budget	(1,079,900)

RENFREWSHIRE COUNCIL

SUMMARY OF 2016-2017 REVENUE ESTIMATES

TRANSFERS

DEPARTMENT : COMMUNITY RESOURCES

[illegible]

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
DEPARTMENT : FINANCE AND RESOURCES

	£	£	£
Analysis of Change between 2015-2016 and 2016-2017			
2015-2016 Estimates			4,407,790
Adjustments for items outwith Resource Allocation capital charges	(3,406,490)	(3,406,490)	
Adjustments for Central Support			
Central support costs	(7,821,787)		
Central Support recoveries	<u>36,030,921</u>	28,209,134	
			<u>24,802,644</u>
Adjusted 2015-2016 Estimates			<u>29,210,434</u>
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		(2,663,794)	
Transfers (PAPER 3)		<u>699,173</u>	
			<u>(1,964,621)</u>
2016-2017 Estimates			<u><u>27,245,813</u></u>
(Before budget decisions)			

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : FINANCE AND RESOURCES

FIT		£
1	Impact of Better Council Change Programme	(2,991,000)
2	Agreed increase in Members' Salaries Costs	12,000
3	Adjustment to Legal and Property Enquiry Certificate Income	36,620
4	Increase in ICT Software and Hardware Maintenance Contracts	110,716
5	Adjustment to Single Fraud Investigation Service Grant Funding	(8,000)
6	Notified Reduction in DWP Housing Benefit Administration Grant Funding	166,160
7	Impact of Additional Scotland Excel Requisition	9,710
	Total Increase (Decrease) to Budget	(2,663,794)

RENFREWSHIRE COUNCIL

SUMMARY OF 2016-2017 REVENUE ESTIMATES

TRANSFERS

DEPARTMENT : FINANCE AND RESOURCES

	£
Transfer of Property & Construction Services Budgets	(197,109)
Transfer of GIS Budgets to Chief Executives	(253,259)
Realignment of Prior Year Savings	(59,427)
Realignment of Community Halls Budgets	(8,500)
Realignment of Travel and Subsistence Budgets	17,000
Transfer of Budget Provision for 2015-16 Living Wage Inflation	22,580
Corporate Support Model - consolidation of Staffing Budgets	360,422
Corporate Support Model - consolidation of ICT Budgets	127,003
Corporate Support Model - consolidation of Finance Service Budgets	716,463
Consolidation of Advice Services Budgets	(26,000)
Total Increase (Decrease) to Budget	699,173

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
DEPARTMENT : RENFREWSHIRE VALUATION JOINT BOARD

	£	£	£
Analysis of Change between 2015-2016 and 2016-2017			
2015-2016 Estimates			1,277,780
Adjustments for items outwith Resource Allocation less: capital charges	-	-	
Adjustments for Central Support Central support costs Corporate and Democratic core costs	-	-	
Adjusted 2015-2016 Estimates			1,277,780
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		(33,880)	
Transfers (PAPER 3)			(33,880)
2016-2017 Estimates (Before budget decisions)			1,243,900

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : RENFREWSHIRE VALUATION JOINT BOARD

JVB		£
1	Impact of Reduced Requisition	(33,880)
		(33,880)

RENFREWSHIRE COUNCIL

SUMMARY OF 2016-2017 REVENUE ESTIMATES

TRANSFERS

DEPARTMENT : RENFREWSHIRE VALUATION JOINT BOARD

JVB		£
		-

RENFREWSHIRE COUNCIL**SUMMARY OF 2016-2017 REVENUE ESTIMATES****DEPARTMENT : DEVELOPMENT & HOUSING SERVICES - OTHER HOUSING**

	£	£	£
Analysis of Change between 2015-2016 and 2016-2017			
2015-2016 Estimates			4,521,231
Adjustments for items outwith Resource Allocation less: capital charges	-	-	
Adjustments for Central Support			
Central support costs	(471,361)		
Corporate and Democratic core costs	94,310		
		(377,051)	
			(377,051)
Adjusted 2015-2016 Estimates			4,144,180
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		1,101,000	
Transfers (PAPER 3)		38,276	
			1,139,276
2016-2017 Estimates			5,283,456
(Before budget decisions)			

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : DEVELOPMENT & HOUSING SERVICES - OTHER HOUSING[illegible]

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
TRANSFERS

DEPARTMENT : DEVELOPMENT & HOUSING SERVICES - OTHER HOUSING

OH		£
1	Consolidation of Advice Services Budgets	(35,000)
2	Realignment of Prior Year Savings	(10,262)
3	Realignment of Staffing Budgets	83,538
Total Increase (Decrease) to Budget		38,276

RENFREWSHIRE COUNCIL**SUMMARY OF 2016-2017 REVENUE ESTIMATES****DEPARTMENT : DEVELOPMENT & HOUSING SERVICES - PLANNING AND ECONOMIC
DEVELOPMENT**

	£	£	£
Analysis of Change between 2015-2016 and 2016-2017			
2015-2016 Estimates			4,861,096
Adjustments for items outwith Resource Allocation less: capital charges	(637,920)	(637,920)	
Adjustments for Central Support Central support costs	(685,849)		
Corporate and Democratic core costs	61,950	(623,899)	
			(1,261,819)
Adjusted 2015-2016 Estimates			3,599,277
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		(320,000)	
Transfers (PAPER 3)		112,403	
			(207,597)
2016-2017 Estimates (Before budget decisions)			3,391,680

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

**DEPARTMENT : DEVELOPMENT & HOUSING SERVICES - PLANNING AND ECONOMIC
DEVELOPMENT**

PED		£
1	Impact of Previous Council and Board Decisions	(250,000)
2	Impact of Better Council Change Programme	(143,000)
3	Adjustment to Planning & Building Warrant Income	73,000
Total Increase (Decrease) to Budget		(320,000)

RENFREWSHIRE COUNCIL

SUMMARY OF 2016-2017 REVENUE ESTIMATES

TRANSFERS

DEPARTMENT : DEVELOPMENT & HOUSING SERVICES - PLANNING AND ECONOMIC DEVELOPMENT

[illegible]

RENFREWSHIRE COUNCIL**SUMMARY OF 2016-2017 REVENUE ESTIMATES****DEPARTMENT : STRATHCLYDE PASSENGER TRANSPORT**

	£	£	£
Analysis of Change between 2015-2016 and 2016-2017			
2015-2016 Estimates			3,354,700
Adjustments for items outwith Resource Allocation			
less: capital charges	-	-	
Adjustments for Central Support			
Central support costs	-	-	
Corporate and Democratic core costs	-	-	
			-
Adjusted 2015-2016 Estimates			3,354,700
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		-	
Transfers (PAPER 3)		-	
			-
2016-2017 Estimates			3,354,700
(Before budget decisions)			

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : STRATHCLYDE PASSENGER TRANSPORT

SPT		£
	Total Increase (Decrease) to Budget	-

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
TRANSFERS

DEPARTMENT : STRATHCLYDE PASSENGER TRANSPORT

SPT		£
	Total Increase (Decrease) to Budget	-

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
DEPARTMENT : CHIEF EXECUTIVE

£ £ £

Analysis of Change between 2015-2016 and 2016-2017

2015-2016 Estimates			1,620,259
Adjustments for items outwith Resource Allocation less: capital charges	(130)	(130)	
Central support costs	(164,179)		
Central support recoveries	2,382,467		
Corporate and Democratic core costs	<u>-</u>	2,218,288	
Adjusted 2015-2016 Estimates			<u>2,218,158</u> 3,838,417
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		413,450	
Transfers (PAPER 3)		<u>110,629</u>	
			<u>524,079</u>
2016-2017 Estimates			<u><u>4,362,496</u></u>
(Before budget decisions)			

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : CHIEF EXECUTIVE

[illegible]

RENFREWSHIRE COUNCIL

SUMMARY OF 2016-2017 REVENUE ESTIMATES

TRANSFERS

DEPARTMENT : CHIEF EXECUTIVE

[illegible]

RENFREWSHIRE COUNCIL**SUMMARY OF 2016-2017 REVENUE ESTIMATES****DEPARTMENT : MISCELLANEOUS**

	£	£	£
Analysis of Change between 2015-2016 and 2016-2017			
2015-2016 Estimates			29,932,378
Adjustments for items outwith Resource Allocation			
Less: capital charges	31,537,490	31,537,490	
Adjustments for Central Support			
Central support costs	(7,305,285)		
Corporate and Democratic core costs	(743,720)	(8,049,005)	
Adjusted 2015-2016 Estimates			23,488,485
			53,420,863
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		2,262,741	
Transfers (PAPER 3)		767,553	
			3,030,294
2016-2017 Estimates			56,451,157

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : MISCELLANEOUS

MS		£
1	Impact of Previous Council and Board Decisions	(11,020,000)
2	Impact of Better Council Change Programme	(1,405,000)
3	Provision for Increased Insurance Premium Tax	22,645
4	Mainlining of funding for events programme	750,000
5	Impact of National Pension Changes and Living Wage	6,325,000
6	Increased Non Domestic Rates poundage	200,000
7	Government Grant Adjustments for Council Tax Replacement and Other Settlement Changes	12,913,000
8	Debt Smoothing Adjustment	3,256,096
9	Adjustment to Resource Transfer Arrangements	(8,779,000)
	Total Increase (Decrease) to Budget	2,262,741

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
TRANSFERS

DEPARTMENT : MISCELLANEOUS

MS		£
1	Transfer of Budget Provision for 2015-16 Living Wage Inflation	(192,445)
2	Allocation of Funding for Children & Young People Act	(137,000)
3	Realignment of Prior Year Savings	539,824
4	Consolidation of Advice Services Budgets	108,000
5	Transfer of Staffing Resources	(159,577)
6	Realignment of Travel and Subsistence Budgets	(17,000)
7	Realignment of Non Domestic Rates Budgets	(111,216)
8	Corporate Support Model - consolidation of Finance Service Budgets	(113,033)
9	Realignment of Grant Adjustments	850,000
Total Increase (Decrease) to Budget		767,553

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
DEPARTMENT : ADULT SERVICES

£

£

£

Analysis of Change between 2015-2016 and 2016-2017

2015-2016 Estimates			55,657,081
Adjustments for items outwith Resource Allocation			
Less: capital charges	(1,404,110)	(1,404,110)	
Adjustments for Central Support			
Central support costs	-		
Corporate and Democratic core costs	-		
			(1,404,110)
Adjusted 2015-2016 Estimates			54,252,971
Adjustment to Current Year Estimates			
Unavoidable Increase (Decrease) (PAPER 2)		6,026,000	
Transfers (PAPER 3)		(79,592)	
			5,946,408
2016-2017 Estimates			60,199,379
(Before budget decisions)			

RENFREWSHIRE COUNCIL
SUMMARY OF 2016-2017 REVENUE ESTIMATES
UNAVOIDABLE INCREASES (DECREASES)

DEPARTMENT : ADULT SERVICES

SW		£
1	Impact of demographic and socio-economic demand pressures	1,060,000
2	Inflationary pressures on commissioned contracts	540,000
3	Adjustment to the charging buffer from 16% to 25%	374,000
4	Living wage and capacity for further additionality	4,052,000
Total Increase (Decrease) to Budget		6,026,000

RENFREWSHIRE COUNCIL

SUMMARY OF 2016-2017 REVENUE ESTIMATES

TRANSFERS

DEPARTMENT : ADULT SERVICES

[illegible]

RENFREWSHIRE

REVENUE ESTIMATES

BASE BUDGET

2016-2017

Renfrewshire Council

REVENUE ESTIMATES 2016-17

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Renfrewshire Council
Estimates of Expenditure and Income for the Year Ended 31st March 2017
General Fund Summary
Objective Summary

Line No	Expenditure	2015/16 Estimates £	2016/17 Estimates £
1	Children's Services	189,833,131	188,676,464
2	Leisure Services	10,105,875	9,946,335
3	Community Resources	63,894,425	62,183,532
4	Finance and Resources	38,058,496	36,216,087
5	Valuation Joint Board	1,277,780	1,243,900
6	Other Housing	71,137,539	71,113,815
7	Planning and Economic Development	6,753,277	7,520,315
8	SPT	3,354,700	3,354,700
9	Chief Executives	3,840,767	4,385,690
10	Miscellaneous	57,016,521	68,213,413
11	Adult Services	76,185,718	81,741,129
12	Total Expenditure	521,456,229	534,595,380

Renfrewshire Council
Estimates of Expenditure and Income for the Year Ended 31st March 2017
General Fund Summary
Objective Summary

Line No	Income	2015/16 Estimates £	2016/17 Estimates £
1	Children's Services	19,358,752	19,193,874
2	Leisure Services	1,924,418	1,673,332
3	Community Resources	18,074,201	18,243,836
4	Finance and Resources	8,848,062	8,970,274
5	Valuation Joint Board	0	0
6	Other Housing	66,993,359	65,830,359
7	Planning and Economic Development	3,154,000	4,128,635
8	SPT	0	0
9	Chief Executives	2,350	23,194
10	Miscellaneous	3,595,658	11,762,256
11	Adult Services	21,932,747	21,541,750
12	Total Income	143,883,547	151,367,510

Renfrewshire Council
Estimates of Expenditure and Income for the Year Ended 31st March 2017
General Fund Summary
Objective Summary

Line No	Net Expenditure	2015/16 Estimates £	2016/17 Estimates £
1	Children's Services	170,474,379	169,482,590
2	Leisure Services	8,181,457	8,273,003
3	Community Resources	45,820,224	43,939,696
4	Finance and Resources	29,210,434	27,245,813
5	Valuation Joint Board	1,277,780	1,243,900
6	Other Housing	4,144,180	5,283,456
7	Planning and Economic Development	3,599,277	3,391,680
8	SPT	3,354,700	3,354,700
9	Chief Executives	3,838,417	4,362,496
10	Miscellaneous	53,420,863	56,451,157
11	Adult Services	54,252,971	60,199,379
12	Net Expenditure	377,574,682	383,227,870

Renfrewshire Council
Estimates of Expenditure and Income for the Year Ended 31st March 2017
General Fund Summary

Line No	Expenditure	2015/16 Estimates £	2016/17 Estimates £
1	Employee Costs	214,689,747	223,605,717
2	Salaries - Teacher	62,211,539	62,601,325
3	Salaries - Non Teacher	88,635,588	86,151,188
4	Salaries - Manual Worker	14,197,588	14,695,288
5	Superannuation - Teacher	10,005,251	9,944,343
6	Superannuation - Non Teacher	13,701,203	13,622,348
7	Superannuation - Manual Worker	1,769,719	1,668,761
8	Pension Increases	4,606,286	4,606,726
9	National Insurance - Teacher	5,054,009	5,018,921
10	National Insurance - Non Teacher	5,595,695	5,572,455
11	National Insurance - Manual Worker	705,383	758,426
12	In Service Training	348,971	337,020
13	Supported Study	3,000	0
14	Other Employee Costs - Others	4,162,935	14,905,076
15	Other Employee Costs - Teachers	28,812	28,812
16	Teachers Absence Cover - HQ	1,511,105	1,511,105
17	Teachers Absence Cover - Schools	727,589	727,489
18	Training Costs	634,587	654,422
19	Travel and Subsistence - Others	666,095	679,569
20	Travel and Subsistence - Teachers	124,393	122,443
21	Property Costs	83,405,207	84,557,960
22	Accommodation Charges to Users	33,260	33,260
23	Adaptations	177,871	482,871
24	Capital Minor Works	135,552	135,552
25	Central Repairs	27,410	0
26	Cleaning Materials	320,250	297,050
27	Contract Trading Service - Cleaning/Janitorial/Steward	278,829	344,715
28	Contract Trading Service - Grounds Maintenance	124,780	74,380
29	Electricity	2,875,257	2,927,065
30	Factoring	55,682	55,682
31	Furniture and Fittings	329,466	342,045
32	Gas	2,254,327	2,344,354
33	Grounds Maintenance	4,700	15,200
34	Heating Oil	301,885	272,341
35	Maintenance Repairs	15,348	5,000
36	Property Insurance	90,027	90,027
37	Rates	6,469,124	6,511,860
38	Rent Allowances	37,470,100	37,470,100
39	Rent Rebates	25,944,100	25,944,100
40	Rents and Leases	1,841,947	1,822,867
41	Repairs Direct	359,941	273,242
42	Security (Schools and Other)	3,213	3,213
43	Water Charges	1,016,887	993,053
44	Other Property Costs	3,275,252	4,119,984
45	Supplies and Services	10,791,003	10,800,591
46	Aids (Disabled People)	726,032	726,032
47	Analytic Bacteriological Fees	155,000	155,000
48	Client Expenditure (clothing/treatment/telephones/outings)	200,836	214,836
49	Clothing/Uniforms	195,730	184,019
50	Computer Equipment, Maintenance, Software etc.	434,891	392,910
51	Educational Supplies	829,536	998,138
52	Electrical Power	1,697,700	1,680,667
53	Fees for Coaching/Instruction	133,903	45,670
54	Festive Lighting/Community Fireworks	22,500	22,500
55	Ground Maintenance Supplies (Seeds, Plants, Fertiliser etc.)	121,054	112,685
56	Hotel etc. Charges	15,000	15,000
57	ICT Equipment	2,111,550	2,014,728
58	Library Books/Periodicals/Specimen Art Collection (incl Display Cases)	360,885	360,885
59	Office Equipment	81,394	77,586
60	Other Equipment (incl Maintenance)	22,947	22,947
61	Other Supplies and Services	1,152,077	910,105
62	Provisions	1,271,168	1,383,339
63	Publicity and Promotion (incl Renfrewshire Newsletter)	158,542	470,804
64	Road Supplies (incl Street Lighting Equipment)	196,700	196,700
65	Supply of Bins (incl Dog Waste Bins)	168,607	168,607
66	Tools and Equipment	524,951	437,433
67	Winter Maintenance	210,000	210,000
68	carried forward	308,885,957	318,964,268

Renfrewshire Council
Estimates of Expenditure and Income for the Year Ended 31st March 2017
General Fund Summary

Line No	Expenditure	2015/16 Estimates £	2016/17 Estimates £
68	brought forward	308,885,957	318,964,268
69	Contractors	96,974,027	100,784,069
70	Childrens Development Monies	198,106	198,106
71	Consultants	416,291	416,256
72	Contract Speech Therapy	337,700	340,000
73	Flexibility	22,843,097	28,945,097
74	Other Accounts of the Authority (incl Internal Consultants)	17,246,168	15,434,205
75	Other Local Authorities Use of PE Facilities	64,958	66,258
76	Payments to Careleavers	112,285	112,285
77	Payments to Contract Trading Services	9,957,849	10,011,049
78	Payments to Foster Parents	9,702,390	9,661,886
79	Payments to Other Agencies and Bodies	4,845,832	4,836,832
80	Payments to Other Local Authorities	1,349,964	1,404,764
81	Payments to Voluntary Organisations	2,213,034	2,213,034
82	Short Term Respite	1,449,594	1,449,594
83	Supplementation Payments	21,706,856	21,531,856
84	Work by Contractors	4,045,733	3,845,777
85	General Payments (including agency and other fees)	484,170	317,070
86	Transport	11,851,199	10,421,839
87	Transport charges - fleet hire	983,596	1,010,916
88	Transport charges - drivers	837,837	32,108
89	Transport charges - fuel	1,148,931	1,121,311
90	Transport charges - maintenance	1,146,181	1,131,132
91	Transport charges - garaging	53,965	14,593
92	External Fuel	1,622,312	1,621,102
93	External Hires	686,996	678,956
94	Mower/Plant Maintenance	199,600	227,600
95	Pupil Transport - Consortium	83,000	83,000
96	Pupil Transport - Private Contractors	1,899,040	1,899,040
97	Pupil Transport - SPT	2,430,683	2,430,683
98	Vehicle Insurance	104,074	104,074
99	Vehicle/Plant Purchase	30,976	30,976
100	Other Transport Costs	624,009	36,349
101	Administration Costs	27,055,400	27,388,378
102	Advertising	135,718	135,718
103	Apportionment of Management Support Costs	19,418,783	19,356,903
104	Bank Charges	77,580	78,580
105	Books and Publications	26,074	30,796
106	Conference/Course Expenses	89,460	89,403
107	Insurance	342,718	355,018
108	Legal Expenses (incl JP Court Expenses)	237,138	237,875
109	Members - Basic Pay	804,400	816,400
110	Members - NI	69,280	69,280
111	Members - Superannuation	65,080	65,080
112	Members - Surgeries (Rent and Advertising)	15,100	12,100
113	Members - Travel and Subsistence	30,030	30,030
114	Membership Fees and Subscriptions	54,225	59,244
115	Other Administration Costs	247,248	193,043
116	Postages	359,689	363,250
117	Printing and Stationery	1,006,875	1,280,363
118	Promotional Events	40,075	40,075
119	Recharges from HRA	1,415,300	1,502,267
120	Recharges to Other Accounts	1,676,000	1,676,000
121	Registration Fees	83,105	83,105
122	Staff Life Assurance	7,550	7,550
123	Telephones	853,971	906,297
124	carried forward	444,766,583	457,558,553

Renfrewshire Council
Estimates of Expenditure and Income for the Year Ended 31st March 2017
General Fund Summary

Line No	Expenditure	2015/16 Estimates £	2016/17 Estimates £
126	brought forward	444,766,583	457,558,553
127	Payments to Other Bodies	43,089,566	42,941,050
128	Access/Contact Payments	39,180	39,180
129	Amenity Lighting	28,764	28,764
130	Audit Fees	332,500	332,500
131	Children's Panel	49,700	24,700
132	Clothing Grants	366,100	366,100
133	Contract Trading Services	14,585	21,585
134	Cost of Elections	122,000	0
135	Grants to Voluntary Organisations	2,788,566	2,788,566
136	Direct Payments / Self Direct Support	1,807,328	1,340,328
137	Management Savings	336,477	292,208
138	National Priorities Action Fund	16,000	18,000
139	Payments to Health Board	545,471	545,471
140	Provision for Best Value	77,163	74,807
141	Provosts Community Scheme	4,980	4,980
142	Requisitions	1,665,330	1,644,459
143	School Boards	27,103	27,103
144	Section Payments	59,107	59,107
145	Irrecoverable Rent / Voids	373,166	373,166
146	Special Functions/Hospitality	209,467	203,287
147	SQA Presentations	867,070	917,070
148	Transport Subsidy - SPT	3,066,900	3,066,900
149	Payments to Other Bodies/Agencies	13,795,738	14,007,328
150	Payments to PPP Provider	16,496,871	16,765,442
151	Capital Financed from Current Revenue	1,500,000	1,000,000
152	CFCR	1,500,000	1,000,000
153	Capital Charges	0	0
154	Capital Charges	0	0
155	Loan Charges	32,102,080	33,095,776
156	Loan Charges - Principal	23,325,180	24,318,876
157	Loan Charges - Interest	8,685,100	8,685,100
158	Loan Charges - Expenses	91,800	91,800
159	Total Expenditure	521,458,229	534,595,380

Renfrewshire Council
Estimates of Expenditure and Income for the Year Ended 31st March 2017
General Fund Summary

Line No	Expenditure	2015/16 Estimates £	2016/17 Estimates £
169	Grant Income	71,065,803	70,405,824
170	Other Government Grants	68,547,933	67,656,413
171	Other Grants General	2,449,670	2,681,211
172	School Milk Subsidy	68,200	68,200
173	Other Income	72,817,744	80,961,686
174	Income from Users	4,917,461	4,526,461
175	Community Care	147,495	147,495
	Income from Other Agencies	591,458	500,298
176	Income from Other Bodies	180,310	180,310
177	Licensing and Fine Income	570,180	630,180
178	Miscellaneous Income	1,887,387	1,817,728
179	Off Street Parking	370,970	370,970
180	On Street Parking	426,100	426,100
181	Other Accounts of the Authority	9,397,876	9,707,951
182	Other Local Authorities	767,327	736,627
183	Property Enquiry Fees	25,620	9,000
184	Recovery of Departmental Management Support	20,861,731	20,760,925
185	Registration Fees	185,250	185,250
186	Rental Income	2,544,784	2,560,284
187	Resource Transfer	16,455,693	25,234,693
188	Sales, Fees and Charges	6,108,601	6,368,061
189	Statutory Additions	483,900	483,900
190	Temporary Interest	1,412,400	800,000
191	Trading Account - Net Surplus : Building and Works	711,000	711,000
192	Trading Account - Net Surplus : Catering	502,507	502,507
193	Trading Account - Net Surplus : Roads Direct	417,875	417,875
194	Trading Account - Net Surplus : Transport Workshop	551,889	551,889
195	Transfer to Water Services	540,000	635,652
	Employee Costs Recovered from Capital	2,759,929	2,696,529
196	Total Income	143,883,547	151,367,510
200	Total Income	143,883,547	151,367,510
201	Total Expenditure	521,458,229	534,595,380
202	Net Expenditure	377,574,682	383,227,870

Renfrewshire Council

General Fund Probable Outturn for 2015-16

Line No	Net Expenditure	2015/16	2015/16
		Revised Estimates £000	Probable Outturn £000
1	Children's Services	200,950	200,950
2	Leisure Services	12,665	12,665
3	Community Resources	56,302	56,302
4	Finance and Resources	4,684	4,509
5	Valuation Joint Board	1,278	1,278
6	Other Housing	5,735	5,443
7	Planning and Economic Development	8,457	8,457
8	SPT	3,355	3,355
9	Chief Executives	1,596	1,481
10	Miscellaneous	29,050	28,850
11	Social Work	55,830	55,830
12	Net Expenditure	379,902	379,120



To: Council

On: 3 March 2016

Report by: Director of Finance & Resources

Heading: Non Housing Capital Investment Programme 2016/17 – 2018/19

1. Summary

- 1.1 This report details the planned capital investment for non housing services which covers children's services, leisure, community resources, planning, roads and a range of corporate projects. 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 16 December 2015 the Scottish Government published the draft Scottish Government budget for 2016/17 which is subject to parliamentary approval on 24th February. Also on this day, the Cabinet Secretary for Finance, Constitution and Economy announced the provisional local government finance settlement which is subject to parliamentary approval on 25th February. The finance settlement confirmed the total capital grant to be paid to Renfrewshire Council in 2016/17 of £12.672 million, a decrease of 35% from 2015/16 levels. The Cabinet Secretary has also opted to defer £3.231 million of capital grant to the next settlement period, providing a total capital grant settlement £15.903 million for the Council of which £0.240 million relates to cycling and walking safer streets specific grant. Taking this deferred element into account, the reduction remains significant at 19%.
- 1.3 At present there are no Scottish Government budget figures published beyond 2016/17 at individual portfolio level. However the Scottish Government have provided indicative high level budget figures over the medium term period through to 2019/20 which outline sustained growth in capital expenditure levels each year, with total growth of 12% between 2016/217 and 2019/20. These figures reflect the intention of the Scottish Government, if re-elected, to continue to utilise the full extent of capital borrowing available under devolved powers and have also indicated a commitment for local government's share of the capital resource to be maintained over this period. Should the indicative capital spend profile be achieved over the medium term, there remains the prospect that local government may see an increase in future capital grant levels in contrast to an expectation of a sustained decline in revenue grant. However, it should be recognised that at this stage these figures remain only indicative, that firm planning figures over the medium term are not expected to be confirmed by an incoming Scottish Government until the second half of 2016 and that

uncertainty exists due a range of potential factors that may influence the scale of capital resources available to the Scottish Government.

- 1.4 In this context therefore it is proposed that the Council continues to operate an appropriately prudent approach given this uncertainty and restricts any new capital investment commitments that have to be funded by capital grant to the grant settlement level which is currently known. It should be noted that the capital plan extends beyond 2016/17 reflecting approved programmes already in place which are funded by other arrangements including 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 from arrangements from capital grant are established.

2. Recommendations

- 2.1 It is recommended that the Council:

- 2.1.1 Approves the investment programme covering the period up to 2018/19 as summarised in Table 2 of the report, and detailed in Appendices 1-5 attached.
- 2.1.2 Notes the ongoing uncertainty in relation to the Council's capital grant funding position beyond 2016/17 and that no assumptions are included within the planned programme beyond this financial year in respect to future grant levels, with the exception of the £3.231 million deferred by the Scottish Government from 2016/17 to a future settlement.
- 2.1.3 Notes that, subject to the approval of the proposed investment programme, there are uncommitted resources of £7.300m million held in the Strategic Asset Management Fund, available for allocation to new investment priorities for the Council.
- 2.1.4 Delegates to the Head of Property Services, in consultation with the Director of Finance and Resources, authority to adjust where appropriate resources across individual components of the lifecycle maintenance programme.
- 2.1.5 Approve 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 reports being presented to this Council meeting.
- 2.1.6 Approve the treasury management strategy for 2016/17, including the treasury management indicators, set out in Appendix 6 to this report.
- 2.1.7 Consider the equality impact of any decisions being taken by members relating to the recommendations outlined in 2.1.1 to 2.1.6 above.

3. Overview of Capital Resources and Current Programme

- 3.1 Given there is no visibility of capital grant funding for local government beyond 2016/17, the updating of the capital programme outlined in this report focuses on the 2016/17 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 £10.650 million of general capital grant for 2016/17 is 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 the annual replacement programme for the Council's vehicle fleet (£1.5 million);
 - maintenance programmes for the Council's transport infrastructure covering roads & footpaths (£2.6 million), and bridges (£0.5 million). It should be noted that the roads programme would support a steady state and would not deliver any material improvement in the overall measured condition of the roads infrastructure.
 - £1.150 million of capital grant to investment in support lighting columns. As approved by Council in June 2015, these resources coupled with prudential borrowing are being utilised in 2016/17 to support investment of £11m to deliver a major stepped change investment in the lighting stock through a large scale programme replacing existing lighting with significantly more efficient LED lights.
 - maintaining delivery of the private sector housing programme (£0.9 million funded from general capital grant, with an additional £0.3m funded from CFCR).
 - 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 provides 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 2016/17 - 2018/19

Project Title	Programme 2016/17 £000s	Programme 2017/18 £000s	Programme 2018/19 £000s
Prudential Borrowing	43,577	16,020	5,255
TOTAL BORROWING	43,577	16,020	5,255
Specific Grant	191	49	0
General Capital Grant	12,481	3,182	0
Usable Capital Receipts	10,716	9,310	33,182
C.F.C.R.	12,652	1,780	1,040
Total Resource Availability	79,617	30,341	39,477

Table 2: Programme 2016/17 - 2018/19

Project Title	Programme 2016/17 £000s	Programme 2017/18 £000s	Programme 2018/19 £000s
Major Programmes			
Schools Estate Programme*	29,030	15,600	4,495
Leisure Estate	5,250	0	0
Russell Institute	2,500	0	0
Street Lighting Investment Strategy	9,850	0	0
Transformation & ICT	3,199	400	400
Private Sector Housing Programme	1,200	0	0
City Deal	7,072	9,310	33,182
Museum Store	3,157	0	0
Townscape Heritage 2	1,636	0	0
Asset Lifecycle Maintenance Programmes			
Vehicle Replacement	1,500	0	0
Roads & Footpaths**	3,191	449	400
Bridges	1,400	0	0
Lighting Columns	1,150	0	0
Waste Transfer Station Upgrade	0	400	0
Buildings Capital Lifecycle	4,000	1,000	1,000
Tackling Poverty	1,364	0	0
Strategic Asset Management Fund - unallocated	4,118	3,182	0
Total Planned Spend	79,617	30,341	39,477

3.3 Strategic Asset Management Fund

As detailed in table 2 above, there is £7.300 million of unallocated resources currently held in the Strategic Asset Management Fund (SAMF). These available resources are linked to:

- £5.013 million of capital grant which would remain unallocated after taking account of the proposed programme;
- £1.144 million of capital receipts from asset disposals secured during previous years
- £1.143 of resources released from confirmed under-spends on completed projects

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 2016/17 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 continue to 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.

Roads & Footpaths

- 4.4 The proposed investment level detailed in this report for 2016/17 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 2016/17.

Streetlighting and Bridges & Other Road Structures

- 4.5 Over recent years the Council has supported a regular annual lifecycle maintenance programme across lighting columns and other road structures in recognition of the need to continually invest in lifecycle maintenance in order to maintain condition across the stock.
- 4.5 Council agreed in June 2015 to a significant investment in streetlighting, replacing the current largely sodium-vapour lights with more energy efficient LED lighting. This investment was predicated on savings from both lighting maintenance and electricity being utilised to fund the borrowing costs associated with the investment. Based on the business case costs, total funding of £11m was approved, funded by both borrowing and the application of capital lifecycle maintenance resources.
- 4.6 Similar to the Council's property portfolio, a maintenance backlog has historically existed across the bridges structures portfolio. Progress has however been made over recent years with a range of significant bridge improvement projects and therefore as previously advised to Council a reassessment of funding required for future maintenance has been undertaken. This reassessment has concluded that £0.5 million is sufficient to fund ongoing bridges and structures maintenance. An additional £0.9m has been deferred from 2015/16 in relation to Lochwinnoch Bridge.

Vehicle & Plant Replacement Strategy

- 4.7 The Council has invested approximately £1.5 million per annum over recent years to support a vehicle replacement strategy. Continued investment at this level 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)

- 4.8 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 2016/17

- 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 2016/17 and treasury management strategy for 2016/17 based upon the details outlined in this report.

6. Equalities

- 6.1 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.
- 6.2 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.

2016/17 – 2018/19 Capital Investment Programme Resources

Project Title	Programme 2016/17 £000s	Programme 2017/18 £000s	Programme 2018/19 £000s
Prudential Borrowing	43,577	16,020	5,255
TOTAL BORROWING	43,577	16,020	5,255
Specific Grant	191	49	0
General Capital Grant	12,481	3,182	0
Usable Capital Receipts	10,716	9,310	33,182
C.F.C.R.	12,652	1,780	1,040
Total Resource Availability	79,617	30,341	39,477

2016/17 – 2018/19 Capital Investment Programme Summary

Department	Revised Programme 2016/17	Revised Programme 2017/18	Revised Programme 2018/19
Childrens Services	29,030	15,600	4,495
Leisure Services	5,250	0	0
Community Resources	17,091	849	400
Development & Housing Services	14,365	9,310	33,182
Corporate Projects	12,681	4,582	1,400
Private Sector Housing Grant	1,200	0	0
TOTAL GENERAL SERVICES PROGRAMME	79,617	30,341	39,477

2016/17 – 2018/19 Capital Programme

CHILDRENS SERVICES

Project Title	Revised Programme 2016/17	Revised Programme 2017/18	Revised Programme 2018/19
Early Years Estate Programme	2,100	0	0
Primary Schools Estate Programme(SEMP)			
Phase 1a			
Mossvale/St James PS Refurb & Extension	3,794	0	0
Phase 1b			
St Fergus PS - New Build	3,587	2,662	0
St John Bosco/Bargarran PS - Refurb Shared Campus & Extended Nursery Provision	8,216	7,592	0
St Paul's PS/Foxlea Nursery Co-location/Refurb	2,140	4,947	679
St Anthony's PS/Spateson Pre 5 Co-location/ Refurb	0	0	3,416
Primary School Estate Programme Sub-Total	17,737	15,200	4,095
Other Schools Investment Programmes			
New Linwood School	8,793	0	0
TOTAL SCHOOLS INVESTMENT PROGRAMME	28,630	15,200	4,095
OTHER PROGRAMMES			
Technology Replacement Strategy ICT	400	400	400
TOTAL CHILDRENS SERVICES PROGRAMME	29,030	15,600	4,495

LEISURE SERVICES

Project Title	Revised Programme 2016/17	Revised Programme 2017/18	Revised Programme 2018/19
OTHER PROGRAMMES			
Grass Pitches & Changing Facilities	2,250	0	0
Community Halls & Facilities Improvement Programme	3,000	0	0
TOTAL LEISURE SERVICES PROGRAMME	5,250	0	0

2016/17 – 2018/19 Capital Programme

COMMUNITY RESOURCES

Project Title	Revised Programme 2016/17	Revised Programme 2017/18	Revised Programme 2018/19
PROGRAMME FUNDED BY SPECIFIC CONSENT			
Cycling, Walking & Safer Streets - Outwith Travel Plans	191	49	0
Total Programme Funded By Specific Consent	191	49	0
ASSET LIFECYCLE MAINTENANCE PROGRAMMES			
Vehicle Replacement Programme	1,500	0	0
Bridge Assessment/Strengthening	1,400	0	0
Roads/Footways Upgrade Programme	3,000	400	400
Lighting Columns Replacement	1,150	0	0
Waste transfer station upgrade	0	400	0
OTHER MAJOR PROGRAMMES			
Street Lighting Investment Strategy	9,850	0	0
TOTAL COMMUNITY RESOURCES PROGRAMME	17,091	849	400

2016/17 – 2018/19 Capital Programme

DEVELOPMENT & HOUSING

Project Title	Revised Programme 2016/17	Revised Programme 2017/18	Revised Programme 2018/19
PAISLEY TOWN CENTRE REGENERATION			
Major Projects	124	0	0
Total Paisley Town Centre Regeneration	124	0	0
CITY DEAL			
Airport Access	918	674	1,500
Glasgow Airport Investment Area	2,769	3,153	6,579
Clyde Waterfront & Renfrew Riverside	3,385	5,483	25,103
Total CITY DEAL	7,072	9,310	33,182
OTHER PROGRAMMES			
Townscape Heritage Initiative	1,512	0	0
Russell Institute	2,500	0	0
Museum Store	3,157	0	0
TOTAL DEVELOPMENT & HOUSING PROGRAMME	14,365	9,310	33,182

CORPORATE PROJECTS

Project Title	Revised Programme 2016/17	Revised Programme 2017/18	Revised Programme 2018/19
ICT PROGRAMME			
ICT Infrastructure Maintenance & Renewal Programme	400	400	400
ICT Corporate Change Programme	2,799	0	0
Total ICT Programme	3,199	400	400
OTHER CORPORATE COMMITMENTS			
Strategic Asset Management Fund	4,118	3,182	0
Lifecycle Capital Maintenance (LCM) Fund	4,000	1,000	1,000
Anti-poverty/Digital Services Improvement Programme	1,364	0	0
TOTAL CORPORATE PROJECTS PROGRAMME	12,681	4,582	1,400

2016/17 – 2018/19 Capital Programme

PRIVATE SECTOR HOUSING GRANT

Project Title	Revised Programme 2016/17	Revised Programme 2017/18	Revised Programme 2018/19
PRIVATE SECTOR HOUSING GRANT PROGRAMME General PSHG Programme	1,200	0	0
TOTAL PSHG PROGRAMME	1,200	0	0

Property Lifecycle Maintenance Programme 2016 - 17

	2016/17
	£m
Minor Works & Roofing Programme	1.100
Energy Programme	0.080
Fire Risk Works – compliance with Fire Safety legislation following inspections	0.050
Asbestos Works – compliance with Asbestos legislation following inspections	0.050
Electrical Installations Works – compliance with Electrical testing inspections	1.900
Gas Installations Works – compliance with Gas testing inspections	0.700
Demolitions – Various locations	0.035
Office Accommodation	0.035
Design and Pre Contract Works Allocation	0.050
TOTAL	4.000

Roads & Footpaths Lifecycle Maintenance Programme 2016 - 17

	2016/17 £m
Patching programme in advance of future surface dressing programmes	0.250
Footway Resurfacing	0.300
Carriageway Resurfacing	2.000
Drainage Improvements	0.200
Defect Patching	0.250
Walking, Cycling and Safer Streets	<u>0.191</u>
Total	<u>3.191</u>

Appendix 6

Prudential Framework for Capital Finance 2016/17 – 2018/19 and

Treasury Management Strategy 2016/17

**Prudential Framework for Capital Finance 2016-2019 (estimates)
and
Treasury Management Strategy Statement 2016-2017**

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 The revised 2009 edition of the Treasury Management Code was adopted by the General Management and Finance Policy Board of 3 March 2010.
- 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 support affordability, prudence and sustainability;

- capital investment decisions are consistent with, and support, local strategic planning, local asset management planning and proper option appraisal.
- 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 finance 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 of 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 Statement of 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 2015/16* 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 non-housing services are presented on the agenda to this Council meeting (the housing investment plan having been approved at the Council meeting on 25 February 2016), and take account of the capital resources that, at this stage, are known will be made available to the Council

from the Scottish Government in 2016/17 and the updated long term housing business case in relation to housing services.

- 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. This includes any associated changes arising from the approval by the Council of business case proposals for projects arising from the City Deal project. It is recommended that the Council approves the following as the indicator for capital expenditure for the next three financial years:

Capital expenditure	2016-2017 estimate £m	2017-2018 estimate £m	2018-2019 estimate £m
Non-housing	79.617	30.341	39.477
Housing	14.230	21.090	16.770
Total	93.847	51.431	56.247

- 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 risk in relation to the disposal of surplus land, 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 programmes. These figures will be included in the Council's Annual Accounts, with explanations of significant variations from expectations. The actual capital expenditure incurred in 2014-2015 was £66.348million.
- 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 2017 estimate £m	31 March 2018 estimate £m	31 March 2019 estimate £m
Non-housing	228	234	229
Housing	150	157	159
Total	378	391	388

- 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 Annual Accounts, with explanations for significant variations from expectations. At 31 March 2015 the capital financing requirement was £367.573million.

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 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 2016-2017 through 2018-2019:

Operational boundary for external debt	2016-2017 £m	2017-2018 £m	2018-2019 £m
Borrowing	298	314	314
Other long-term liabilities	80	77	74
Total	378	391	388

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 2016-2017 through 2018-2019:

Authorised limit for external debt	2016-2017 £m	2017-2018 £m	2018-2019 £m
Borrowing	312	328	328
Other long-term liabilities	80	77	74
Total	392	405	402

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 2015 was £310.660million of which £225.557million related to borrowing and £85.103million 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 2016-2017 through 2018-2019 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 2009 edition of the Treasury Management Code was adopted by the General Management and Finance Policy Board of 3 March 2010. This requires that the annual treasury management strategy statement is approved by Council, along with treasury limits for the three-year period 2016-2017 through 2018-2019.

- 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 2016-2017 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 2019 is £388million (section 3.11). Net external borrowing should not exceed this level and, indeed, the projected operational boundary at 31 March 2019 is £388million (section 4.4). The Council had no difficulty in meeting this requirement at 31 March 2015 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 2009 edition of the Treasury Management Code was adopted by the General Management and Finance Policy Board of 3 March 2010.

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	2016-2017 estimate	† 2017-2018 estimate	† 2018-2019 estimate
Non-housing	7.78%	5.94%	6.46%
Housing	48.66%	49.58%	53.87%

† 2017-2019 estimates are currently based on the 2016-2017 settlement figures because the current settlement does not extend past 2016-2017.

- 7.2 The estimates of financing costs include current commitments and the proposals set out within the *Revenue Budget and Council Tax* report, including the impact of the ongoing debt smoothing exercise referred to in that report. The key objective of this strategy is to support a managed reduction in the Council’s non-housing financing costs in recognition of the likely reduction, over the medium term, in the resources that will be available to the Council to deliver services. The reduction in this ratio for non-housing services over the period 2016-2017 through 2017-2018 reflects, and is consistent with, the anticipated outcome of implementation of the debt smoothing strategy. In relation to housing, the ratios detailed above are consistent with the updated *Housing Revenue Account Budget and Capital Investment Plan* presented to Council in February 2016.
- 7.3 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.
- 7.4 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”).

- 7.5 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...	2016-2017 estimate	2017-2018 estimate	2018-2019 estimate
...on Band D council tax	£0	£0	£0
...on weekly housing rents	£1.24	£4.01	£6.22

- 7.6 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 The revised 2009 edition of the Treasury Management Code was adopted by the General Management and Finance Policy Board of 3 March 2010.
- 8.3 The Council’s **treasury management strategy statement** for 2016-2017 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 Capita Asset Services ("Capita") 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 2016-2017 is based upon the views on interest rates, supplemented with market forecasts provided by Capita, 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 1 January 2016 was as follows:

External borrowing position	borrowing position as at 31.03.2015		borrowing position as at 01.01.2016		change in the year
	£m	average interest rate	£m	average interest rate	£m
Long-term borrowings:					
PWLB: fixed rate	172.641	5.41%	165.932	5.24%	-6.709
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	225.557	5.25%	218.848	5.11%	-6.709
Short-term borrowings:					
Temporary loans	0.000	0.00%	0.000	0.00%	0.000
Renfrewshire Leisure deposit	0.355	0.59%	0.964	0.61%	0.609
Total short-term borrowings	0.355	0.59%	0.964	0.61%	0.609
Total of all external borrowings	225.912	5.24%	219.812	5.09%	-6.100

10.2 The decrease in Public Works Loan Board (PWLB) borrowing represents the scheduled repayment of nine loans that matured during the period 1 April 2015 to 1 January 2016. These repayments were funded from investment balances. The Renfrewshire Leisure deposit represents funds which are invested temporarily in the Council's loans fund as part of Renfrewshire Leisure's short-term cash flow management arrangements. The increase is expected to be short term and is as a result of the decision taken to broaden the remit of Renfrewshire Leisure to include all cultural, sports facilities and services.

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 2017 estimate £m	31 March 2018 estimate £m	31 March 2019 estimate £m
Borrowing	240.618	258.118	258.724
Other long-term liabilities	79.883	77.178	74.274
Total external debt	320.501	335.296	332.998
Capital financing requirement	375.000	391.000	388.000
Under/(over) borrowing	54.499	55.704	55.002

- 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 2015-2016 plus the estimates of any additional capital financing requirement for 2016-2017 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 2015-2016 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 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. The table above does not at this point include the impact of borrowing (both short and long term) required to fund City Deal projects as it is anticipated that spend in the years outlined will be fully funded by grant income; this assumption will be closely monitored as the wider programme develops and the regional cashflow position is clarified.
- 10.6 **Interest rate forecast**
As part of Capita'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 2016	June 2016	Sept 2016	Dec 2016	March 2017	March 2018	March 2019
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	1.25%	1.75%

Interest rate forecast: PWLB borrowings							
5-year loans	1.70%	1.90%	2.00%	2.10%	2.20%	2.70%	3.10%
10-year loans	2.30%	2.40%	2.50%	2.60%	2.70%	3.10%	3.60%
25-year loans	3.20%	3.20%	3.30%	3.30%	3.50%	3.70%	3.80%
50-year loans	3.00%	3.00%	3.10%	3.10%	3.30%	3.50%	3.70%

10.7 Borrowing decisions

The main borrowing decisions to be made for 2016-2017 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 will not require to borrow to fund new capital expenditure during 2016-2017, but will require to borrow £11.522 million of funds to replace loans due to mature that year. As mentioned at 10.5 above, the Council will also require to consider the borrowing implications from the City Deal projects both in the short term to address project cashflows and in the longer term.

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

- The cheapest borrowing will be internal borrowing through utilising cash balances and foregoing interest earned at historically low rates. However, in view of the overall forecast for long-term borrowing rates to slowly increase over the next few 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.
- 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.
- Short-dated borrowing from non-PWLB sources.

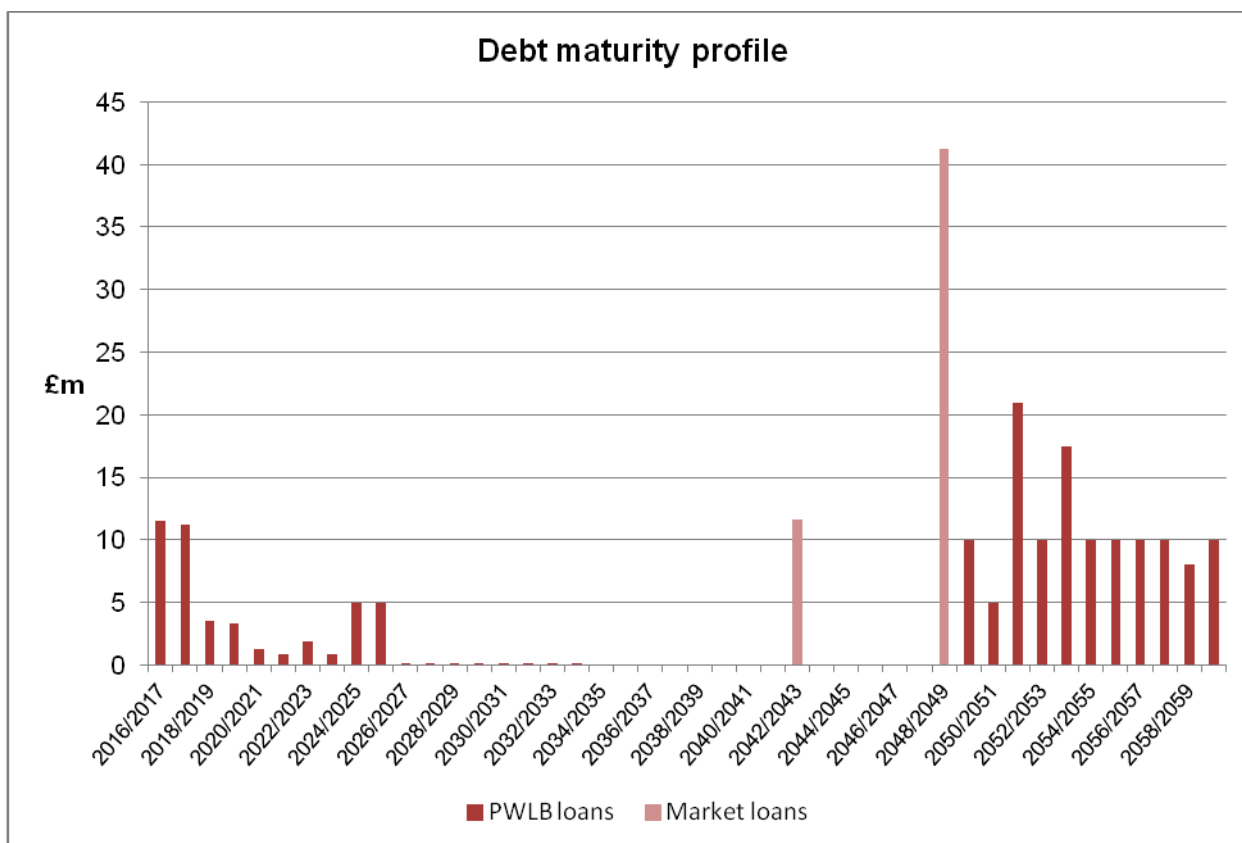
- (iv) Long-term borrowing arranged in advance, in order to achieve certainty on future borrowing costs and reduce exposure to interest rate risk.
- (v) Long-term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available), with due regard to maintaining an appropriate balance between PWLB and market debt in the debt portfolio.

10.10 **Sensitivity of the interest rate forecast**

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 cheap.

10.11 The forecast debt maturity profile at 31 March 2016 per the graph below highlights that the Council has less than 15% of its total borrowings redeeming in any one of the next 5 to 10 years. 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 2016-2017 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: 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 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 1 January 2016 was as follows:

External investment position	investment position as at 31.03.2015		investment position as at 01.01.2016		change in the year
	£m	average interest rate	£m	average interest rate	£m
Temporary investments:	55.850	0.59%	106.748	0.59%	50.898

- 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 holiday period;
- the re-profiling of elements of the current capital programme;
- the re-phasing of general support grant income payments from the Scottish Government (that is, more income has been received earlier in the year);

- the current level of planned under-spend in general revenue expenditure and the in-year profile of capital expenditure

11.7 The average rate of interest received on the Council's temporary deposits has remained the same over the period (it continues to out-perform the Bank Rate). 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 uses the creditworthiness methodology provided by Capita Asset Services ("Capita"). This methodology is based upon a modelling approach which uses, as its core element, credit ratings from the three major credit rating agencies: Fitch, Moody's and Standard & Poor's. The use of credit ratings is further enhanced by the use of specific overlays, encompassing:

- credit watch status and credit outlook from credit rating agencies;
- credit default swap (CDS) spreads, to give early warning of likely changes in credit ratings;
- sovereign ratings, to select counterparties from only the most creditworthy countries.

11.9 This process produces a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour code bands are used by the Council to determine the duration for investments and are therefore referred to as "durational bands". The Director of Finance and Resources is satisfied that this service provides the Council with the facility to appropriately manage the risk relating to the security of the Council's investments.

11.10 The maximum deposit period for each of the durational bands is as follows:

Durational band colour	Capita's recommended maximum deposit duration	Renfrewshire Council maximum deposit duration
yellow	5 years	1 year
purple	2 years	1 year
blue [†]	1 year	1 year
orange	1 year	6 months
red	6 months	3 months
green	100 days	35 days
no colour	not to be used	not to be used

[†] The blue durational band applies only to nationalised or part-nationalised UK banks.

- 11.11 The approved list of counterparties 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 15% (with the exception of the nationalised/part-nationalised UK banks, for which the counterparty limit for each bank has been set at 30%), 10% for building societies and 5% for money market funds, of the total cash balances held by the Council at the time the investment is made, and taking into account the relevant investment period. These 15%, 30%, 10% and 5% limits are applied subject to a maximum total exposure of £15million, £30million, £10million and £5million respectively. This approach allows the Council to meet its cash flow management objectives whilst appropriately spreading investments over a range of counterparties.
- 11.12 All credit ratings are monitored daily. The Council is alerted to rating changes notified by all three rating agencies through its use of the Capita creditworthiness service. 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 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 has remained unchanged at 0.50% since March 2009. Current market forecasts indicate that the Bank Rate is expected to rise from quarter one of 2017, and then to rise gradually thereafter. Bank Rate forecasts are outlined at section 10.6 above.
- 11.15 The Council's investment strategy will therefore continue to include avoiding locking into longer-term deals whilst investment rates remain at historically low levels. 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 and 5 of this report.
- 12.2 The *Guidance Notes for Local Authorities* which accompany the Treasury Management Code specify a further two treasury management indicators which are covered by the Treasury Management Code itself: (i) interest rate exposures and (ii) maturity structure of borrowing.

12.3 Interest rate exposures

The Council is required to set for the forthcoming financial year, and the following two financial years, upper limits to its exposures to the effects of changes in interest rates. These indicators are required to relate both to fixed interest rates and to variable interest rates. The effect of setting these upper limits is to provide ranges within which the Council will manage its exposures to fixed and variable rates of interest. It is recommended that the Council approves the following as the indicator for interest rate exposures for each of the next three financial years:

Interest rate exposures	2016-17	2017-18	2018-19
Upper limit for fixed interest rate exposure	100%	100%	100%
Upper limit for variable rate exposure	25%	25%	25%

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	2016-17	
	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
Money market funds	long-term AAA vol- atility rating	instant	no [†]	75%	not applicable

[†] An objective of money market funds is to maintain the net asset value of unit shares in the fund, although such funds hold assets which can in fact vary in value. However, the credit rating agencies require the fluctuation in unit values held by investors to vary by almost zero.

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 such investments, securities or property as deemed fit. The Director and officers rely on professional investment managers (currently Standard Life Wealth) 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 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 such 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 15%[†] (30% for nationalised/part-nationalised UK banks) 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 £15million, where the element which exceeds the 15% 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) *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.

The Council will only invest in MMFs where the principal sum invested has the highest security, that is, funds which offer a constant net asset value (CNAV). The Council, along with its treasury advisers, will regularly monitor all the MMFs it invests in. The Council will:

- carry out periodic monitoring of fund portfolios, examine credit quality and review the market value of the portfolio holdings and the capabilities and resources of the fund managers;
- review, weekly, information on the credit quality and diversification of the portfolio holdings, redemption/subscription activity and the key performance indicators of the fund (net asset values, weighted average maturity and weighted average final maturity indicators);
- in periods of market stress, monitor the daily position of all funds.

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

Implications of the Report

Financial – the report proposes a £201.525 million investment programme over the period 2016/17 to 2018/19.

HR & Organisational Development - The Capital Investment Plan contains a range of proposals which will continue to drive forward the modernisation and development of the organisation through delivering joined up services, improved customer responsiveness, providing one stop access and delivering higher quality and more efficient services.

Community Planning

Children and Young People – The Capital Investment Programme contains a range of proposals that will support the development of education throughout Renfrewshire.

Community Care, Health & Well-being - The Capital Investment Plan contains a range of proposals that will support the Council in taking forward its key objective of improving the health of the people of Renfrewshire.

Empowering our Communities - None

Greener - The Capital Investment Plan contains a range of proposals that support the Council in advancing environmentally sustainable improvements.

Jobs and the Economy - the capital investment programme represents a significant level of construction and investment activity within the Renfrewshire area which will support ongoing economic activity.

Safer and Stronger - The Capital Investment Plan contains a range of proposals that directly contribute to the objective of making Renfrewshire a safer place to live, work and visit.

Legal - *none*

Property/Assets – the investment projects outlined in the report will improve the Council's property and wider asset portfolio.

Information Technology - the investment projects outlined will improve the Council's ICT infrastructure and systems to support the better delivery of services to our customers.

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.

Health & Safety – the property lifecycle maintenance programme will improve health and safety standards across public buildings.

Procurement - none

Risk – the proposals outlined in the report assist in managing key financial risks for the Council including ensuring future investment and borrowing levels are financially sustainable over the long term.

Privacy Impact - none

List of Background Papers

None

Author: Alan Russell, Director of Finance & Resources



To: Council

On: 3rd March 2016

Report by: Chief Executive

Heading: Health and Social Care Integration – Financial Due Diligence and Governance Update

1. Summary

- 1.1. The Public Bodies (Joint Working) (Scotland) Act 2014 put in place the framework for the formal integration of health and social care services from 1 April 2016, and has significant implications for the future financial, operational governance and delivery arrangements for adult social care services, community health services for adults and children and elements of Acute services in Renfrewshire.
- 1.2. The main implications of the legislation have been set out in previous reports to Council and to the Leadership Board. Regular update reports have been provided at each meeting of the Social Work, Health and Well-being Board.
- 1.3. In order to provide assurance to elected members that all necessary work has been progressed to ensure that Renfrewshire Integration Joint Board (IJB) will have all essential governance and other arrangements in place in readiness for integrated health and social care service delivery from 1 April 2016, this report provides elected members with an update on the status of progress across all of the areas of work which have been taken forward and in particular in relation to the following:
 - The formal establishment of the IJB
 - The development of the Strategic Plan, and the work of the Strategic Planning Group (SPG). It is the approval of this Plan by the Integration Joint Board which will trigger the formal delegation of adult social work services and associated budgets from the Council to the IJB from 1 April 2016.
 - The structured programme of work in place which clearly sets out and monitors progress on the above and all other key required elements for service integration. This programme is designed to ensure that all the

essential legislative and other commitments are in place to support the effective delegation of services from 1 April 2016, the detail of which is attached at Appendix 1.

- 1.4. In addition, at the meeting of the Leadership Board on 2 December 2015, elected members agreed to note that a full report would be provided on the completed financial due diligence process being undertaken by the Director of Finance and Resources, the Council's response to any concerns identified through the process in relation to proposed resource transfer for 2016/17 from either the Council or the Health Board would require to be considered. This report provides elected members with the outcome of the due diligence process and any risks identified as a result.

2. Recommendations

Members are asked to note:

- 2.1. The formal legal establishment of the Renfrewshire Integration Joint Board in terms of the Public Bodies (Joint Working)(Scotland) Act 2014.
- 2.2. The work undertaken in collaboration with the locally established Strategic Planning Group and other stakeholders, to finalise the development of the Strategic Plan for approval by the Integration Joint Board (IJB) at its meeting on 18 March 2016, and that this approval will trigger the formal delegation of the prescribed social work adult services and the corresponding council budgets from 1 April 2016.
- 2.3. The work undertaken to establish sound financial governance arrangements for the IJB.
- 2.4. The current position on the financial due diligence work in relation to the health and social care budgets being delegated to the IJB from 1 April 2016. In particular to note the as yet incomplete financial due diligence on the transfer of resources from the Health Board and the direct interest the Council has in the satisfactory conclusion of this given the potential financial risk to the Council of either under-funding of or over-spending by the IJB arising in 2016/17.
- 2.5. The structured programme of work which has been taken forward during 2015/16 to prepare for the local implementation of health and social care services from 1 April 2016, ensuring that all legislative and other commitments are met, showing that all the required activity is either complete or on track for completion by the required deadline dates.
- 2.6. From 1 April 2016, updates on activity and performance of the delegated adult social work services, as defined in legislation, will be provided to elected members on a twice yearly basis at the Council's Leadership Board

3. Background

- 3.1. The Public Bodies (Joint Working) (Scotland) Act 2014 puts in place the framework for the formal integration of health and social care services, and has significant implications for the governance and delivery arrangements of for adult social care services, community health services for adults and children and elements of Acute services in Renfrewshire.
- 3.2. The main implications of the legislation have been set out in previous reports to Council, to the Leadership Board and in regular update report to the Social Work, Health and Well-being Policy Board. These are:
- The establishment of the Renfrewshire Integration Joint Board for local integrated service delivery for adult social care services in terms of the Act, together with NHS Greater Glasgow and Clyde community health services for both adults and children, and elements of Acute services.
 - The appointment of a Chief Officer and Chief Finance Officer, the latter having the role of section 95 officer for the Integration Joint Board.
 - The development of a Strategic Plan which details the way in which local health and social care services will work with all stakeholders to meet the future needs of local people. In line with legislation, key to the development of the Plan is the establishment of and close collaboration with the Strategic Planning Group of local stakeholder representatives, and extensive engagement and consultation. The Plan must include a Housing Contribution Statement and an underpinning Financial Plan.
 - A range of other legislative requirements and commitments set out in the Integration Scheme (formal legal partnership agreement) between Renfrewshire Council and NHS Greater Glasgow and Clyde. These are reflected in a detailed programme of work, the progress of which is tracked by the Chief Officer and other senior officers, and reported regularly to the IJB and to elected members through Council, the Leadership Board and the Social Work, Health and Well-being Board. This forms Appendix 1 to this report.
- 3.3. The paragraphs below cover the legislative and other requirements in relation to each of the above and outline the current status of each, in order to provide assurance to elected members that the necessary governance arrangements are or will be in place to properly support the transfer of Council adult social care functions, as prescribed in the legislation, and corresponding budgets to the Integration Joint Board from 1 April 2016. Where potential risks have been identified, these are also outlined for members' consideration.
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4. The establishment of the Integration Joint Board (IJB)

- 4.1. Following the approval of the Integration Scheme (partnership agreement) for Renfrewshire, the Integration Joint Board (IJB) was formally constituted on 27 June 2015; the IJB had met in shadow form in advance of this date to ensure continuity of governance arrangements and oversight of the development of integration arrangements pending formal constitution.

- 4.2. As prescribed in the legislation, the IJB comprises an equal number of voting members from Renfrewshire Council and NHS Greater Glasgow and Clyde Health Board. There are 8 voting members in total, and the Council is represented by the Depute Leader, the Convener and Vice-convenor of the Social Work, Health and Well-being Policy Board and the Convener of the Education and Children Policy Board. The first Chair of the IJB is the current Convener of the Social Work, Health and Well-being Board, with position of Vice Chair being held by a non-executive member of the Health Board. The legislation specifies that there be no casting vote, this being intended to foster a consensual approach to decision making.
- 4.3. The required non-voting membership is also in place, together with two additional non-voting members. Detailed membership lists were provided for elected members information at the leadership Board on 2 December 2015.
- 4.4. The first meeting of the formally constituted IJB took place on 18 September 2015. At this meeting the IJB ratified the statutory appointments of its Chief Officer and Chief Finance Officer (section 95 Officer), ratified the non-voting membership, and also formally established its Strategic Planning Group, in line with the requirements of the legislation. The IJB has met on two further occasions, on 29 November 2015 and 15 January 2016. The final meeting prior to the delegation of services and budgets is scheduled for 18 March 2016. The significance of decisions to be taken at this meeting in terms of the Strategic Plan and the Financial Plan is covered below in paragraphs 5 and 7 of this report.
- 4.5. The current arrangements in relation to the establishment, composition and operating procedures of the Integration Joint Board meet all the legislative and other requirements.

5. The development of the Strategic Plan

- 5.1. The Public Bodies (Joint Working) (Scotland) Act 2014 places a duty on Integration Joint Boards (IJBs) to develop a Strategic Plan. The Strategic Plan is the document which sets out the arrangements for the carrying out of integration functions in the Renfrewshire area to meet the needs of the local population over the next 3 years and into the future. It is the approval of its Plan by the IJB which triggers the formal delegation of services and budgets on 1 April 2016.
- 5.2. The stages in the consultation, engagement and decision-making processes in relation to the development of the Plan are covered in some detail in the legislation. This includes as the key element the establishment of a Strategic Planning Group comprising a wide range of prescribed stakeholder representatives.
- 5.3. At its meeting on 19 June 2015 the shadow IJB approved the proposed composition of its shadow Strategic Planning Group (SPG) in terms of the stakeholder or professional groups from which they would be drawn. The shadow Board also approved Terms of Reference for the operation of the Group. The SPG was formally established at the first constituted meeting of the IJB on 18 September 2015, and its membership ratified. The list of current SPG members was provided to elected members for information at the Leadership Board on 2 December 2015.

- 5.4. The SPG has met on four occasions and their participation, engagement and feedback have been key to the development of the Strategic Plan. The formal second draft of the Plan was issued for much wider consultation from 18 January to 3 February 2016. The Council's response to the consultation was agreed at the Leadership Board on 17 February 2016. The comments received as part of the consultation exercise are currently being analysed for incorporation into the final draft of the Plan, which as indicated above is scheduled for submission to the IJB for final approval at its meeting on 18 March 2016.
- 5.5. The Plan will also include two additional statements, as prescribed in legislation. Firstly a Housing Contribution Statement is currently being finalised in consultation with housing colleagues and other housing providers. This will reflect the priorities set out in the local housing strategy and demonstrate the key contribution of the availability of appropriate housing to the health and well being of local people. The format will be consistent with national guidance. Secondly, the Strategic Plan requires to be underpinned by a Financial Plan which details the funding which will be delegated from the Council and the Health Board to the Integration Joint Board to fund the delivery of the services as set out in the Strategic Plan. Funding considerations and the outcome of the due diligence exercise carried out by the Director of Finance and Resources are set out in paragraph 7 below.
- 5.6. The strategic planning process has been in line with legislative requirements, and the finalisation of the Strategic Plan, with its housing contribution statement, is on track for submission to the IJB for approval at its meeting on 18 March 2016. It should however be noted that the Director of Finance and Resources as part of his due diligence review of the budgets being delegated to the IJB for service delivery in 2016/17 has highlighted some risks in relation to the ability of the IJB Chief Financial Officer to fully complete the financial due diligence process at this stage due to the expected timing of formal confirmation of the proposed budgeted transfer from the Health Board and these are set out in more detail for elected members' consideration at paragraph 7 below.

6. The programme of work to support health and social care integration

- 6.1. To ensure the Strategic Plan and other integration arrangements are successfully delivered by 1 April 2016, key activities have been closely managed as a structured programme of work. This approach has provided a framework for the Chief Officer, with support from senior officers from across the Council and the NHS, to have oversight of the complex range of activities being progressed and to manage these in a controlled and coordinated way. It has also aimed to provide reassurance to the IJB that the work required in terms of the legislation will be complete in line with statutory timescales.
- 6.2. Furthermore this approach offers reassurance to the Council and the Health Board as the parent organisations, in advance of the prescribed functions being delegated by 1 April 2016, that well organised preparations are underway to implement the appropriate supporting organisational governance arrangements.
- 6.3. The Health and Social Care Integration Programme, led by the Chief Officer, runs formally until 1 April 2016 (albeit that a small number of legislative deadlines post date this and will be monitored as part of a separate

programme in 2016/17), and is being delivered by nine specialist Workstreams, which have been progressing the key elements of integration as set out in the legislation:

1. Governance arrangements
2. Consultation, communication and engagement
3. Strategic Plan
4. Performance Management
5. Delivering for localities
6. Workforce (HR and Organisational Development)
7. Clinical and Care Governance
8. Finance
9. Information sharing and ICT

6.4. The progress monitoring report at Appendix 1 to this report:

- provides an overview of the content of each of the above workstreams,
- indicates where the specific actions relate to a legislative requirement,
- provides the target timescales which need to be met and
- monitors progress on delivery of the programme of work underway,

As detailed in the Appendix, all of the work identified in the programme is either complete or is on track for completion by the legal deadlines.

6.5. As previously reported to Council, a number of Council functions which will be delegated to the IJB currently sit outwith Adult Social Work Services. Addictions and Gender Based Violence have been delivered until now within the Childcare and Criminal Justice division of the Social Work service, and Housing Adaptations and Garden Maintenance have been managed by Housing and Development Services. In addition to the Programme workstreams therefore plans are in place to establish the most appropriate and pragmatic approaches to delegate each of these functions and develop the supporting mechanisms and structures required to ensure the key links both within the Council and across partner agencies are maintained and developed.

7. Financial Governance Arrangements

- 7.1. The Public Bodies (Joint Working)(Scotland) Act 2014 and supporting statutory and non statutory guidance set out a number of provisions relating to financial good governance, proportionate to the breadth and scale of the legislative changes both operationally and financially.
- 7.2. Work has progressed almost to conclusion to put in place sound financial governance arrangements for the Integration Joint Board which will underpin and provide assurance around the operational delivery and strategic planning arrangements of the Partnership.
- 7.3. The Chief Finance Officer, who also carries the Section 95 Officer responsibilities for the IJB is the former Social Work Finance Manager following her appointment 15 June 2015. The CFO is the accountable officer

for the financial administration and performance of the services delegated to the Health and Social Care Partnership. She has supported the Chief Officer in putting in place both appropriate operational finance arrangements, and in developing the financial plan which underpins the strategic planning process for the Partnership.

- 7.4. Internal Audit arrangements have been put in place for the IJB, including the appointment of the Council's Chief Internal Auditor as the Chief Internal Auditor for the IJB. The IJB has approved terms of reference and operating procedures for its audit committee, with proposals in relation to the identification of membership being submitted to the IJB for consideration at its meeting on 18 March 2016. The chief internal auditor will develop and submit an internal audit plan for 2016/17 for approval by the IJB.
- 7.5. The Council's Director of Finance and Resources has been working with The Chief Officer, and Chief Finance Officer and the Health Board's Director of Finance to carry out the required financial due diligence work, in line with Scottish Government guidance. This work has been progressed over the course of 2015/16 to seek assurance that the budgets for 2016/17 being transferred to the IJB on 1 April 2016 to fund the operational delivery of the delegated services are adequate, and that the makeup of the budgets and any underlying risks and assumptions are mutually understood. The adequacy of the financial due diligence process will be the subject of internal audit review and reporting to the IJB and to the Council's Audit, Scrutiny and Petitions Board.
- 7.6. In relation to the Council budgets, full information has been provided to the IJB CFO to facilitate the completion of the due diligence process on the budgets to transfer from the Council, subject to approval of the recommendations detailed in the report dealt with as agenda item 1 to this Council meeting. As detailed in that report, it is confirmed that the full £8.779 million of resources provided by the Scottish Government to support adult social care will transfer to the IJB in 2016/17 as part of the delegation arrangements. This has allowed the IJB CFO to conclude her assessment of the resources transferring from the Council in which she is expected to confirm to the IJB that subject to the successful delivery of key areas of demand and cost mitigation measures, the resources proposed to be transferred by the Council are adequate to support the delivery of the prescribed services transferring from the Council. In consultation with the CFO, the key issue that is anticipated to be highlighted to the IJB will focus on the commitment to deliver the payment of the living wage across all adult social care workers, including those employed by external providers, within the resources provided by the Scottish Government. It is expected that the CFO will highlight that the cost of delivering this commitment will only be definitively known once the required engagement with external providers has been appropriately concluded, notwithstanding it is anticipated that given the part year impact of a 1st October target implementation date, there will be sufficient resources within the 2016/17 budgets to manage the delivery of this commitment. However, it is also anticipated that she will take the opportunity to highlight the potential financial risk associated with the full year effect which would impact on 2017/18 and that this may be an area for engagement with the Council in relation to additional funding requirements moving into 2017/18.
- 7.7. Similar to the Council, NHS Greater Glasgow and Clyde budgets are facing significant financial challenges. NHS GG&C is working to achieve the savings

required to balance the overall budget in the current financial year 2015/16. Current NHS Partnership budgets for services which will transfer to the IJB assume the successful delivery of these 2015/16 savings. The NHS Board has reported financial pressures in the current financial year, particularly in relation to acute hospital services. Moving into 2016/17, NHS GG&C, similar to the Council will experience demand-led cost pressures and a range of other inflationary cost pressures including exceptional national pension policy changes. Pressures emerging from the ending of non-recurring funding sources, and requirements to meet national hospital performance standards will continue to present significant ongoing financial challenges for the NHS Board.

- 7.8 At this stage, the NHS Board budget for 2016/17 has not yet been formally set, with the plans to meet the identified financial pressures still being developed, and the budgets to be transferred to the IJB to fund the delegated health services and any underlying assumptions similarly still to be finalised. Until confirmed and a balanced budget set by the NHS Board, there will be challenges for the IJB CFO in completing her financial due diligence assessment of the proposed NHS budget transfer. At this stage this uncertainty represents a key area of risk for the IJB in its preparations for the 1st April 2016. Should the CFO not be in a position to fully complete her due diligence assessment process in preparation for the 18th March IJB meeting, there will be a requirement for her to carefully consider what caveats would be appropriate and required as part of her due diligence report and what advice would be provided to the IJB moving into 2016/17. Given the nature of the pooled budget arrangement and the potential financial risk to the Council of either under-funding of or over-spending by the IJB in 2016/17, the Council will have a legitimate and direct interest in the satisfactory conclusion of the due diligence process underpinning the budget transfer from the NHS .
- 7.9 External Audit arrangements have been notified to the Renfrewshire IJB. The IJB has been classified as a body under Section 106 of the Local Government (Scotland) Act 1973; it will require to produce its own statutory accounts. The Accounts Commission's current external auditor appointed for Renfrewshire Council is Audit Scotland, who is tracking progress over this shadow year. The external auditor for the IJB will remain the same as that for Renfrewshire Council. This will not be Audit Scotland from 2016/17 but will be one of the private firms appointed by the Accounts Commission for this purpose, although the detail of the appointment is not yet known.
- 7.10 The Chief Officer, supported by the Chief Finance Officer, will be responsible on behalf of the IJB for managing the NHS and Council budgets for functions delegated to it from 1 April 2016, and for remaining within those allocated budgets. The Chief Officer supported by the Chief Finance Officer will also be accountable to the Integrated Joint Board (IJB) for financial and monitoring arrangements being put in place to ensure clarity in terms of probity and performance and at an operational level detailed financial delegation of lines of accountability and appropriate levels of ongoing scrutiny.

8 Future Reporting to Elected Members

- 8.1 The Social Work, Health and Well-being Board will not be in place after 31 March 2016, as the responsibility for the delegated services and corresponding budgets formally transfer to the IJB from 1 April 2016. However from that date twice yearly reports on activity and performance in relation to the services delegated to the IJB will be provided to the Council's Leadership Board.

Implications of this report

1. **Financial Implications** - The proposed model of integration through pooled budgets, will have significant implications for how the budgets and spend on the delegated services are monitored and governed. Due diligence on the budgets transferred to the IJB in terms of their adequacy to fund services in 2016/17 therefore needs to be robust to minimise any potential risk to the Council of financial uncertainty and potential exposure.
2. **HR and Organisational Development Implications** – existing terms and conditions will remain in place as staff move into the new integrated arrangements.
3. **Community Plan/Council Plan Implications** – Integrated service arrangements will require to link effectively to community planning structures and to the local authority to ensure appropriate levels of oversight are maintained.
4. **Legal Implications** – Integrated service arrangements for adult health and social care services will be developed in accordance with the legislation.
5. **Property/Assets Implications** – Assets remain in the ownership of the parent organisations. Opportunities for further consolidation of the existing asset base may arise through new integrated service arrangements.
6. **Information Technology Implications** – appropriate data sharing supported by IT systems will be required to support the new integrated arrangements as these develop.
7. **Equality and Human Rights Implications**
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 and Safety Implications** - none.
9. **Procurement Implications** – Integrated service arrangements will need to continue to be supported by flexible, yet robust procurement systems.
10. **Risk Implications** – Risk management arrangements will require to be developed on an integrated basis. In addition and as detailed in the report, in the context of the new pooled budget that will underpin the new integrated arrangement the Council is potentially exposed to wider risks were the IJB to be under-funded or over-spends in 2016/17 and given this the Council has a direct interest in the satisfactory conclusion of the financial due diligence process relating to the budgets to be transferred from the Health

Board to the IJB.

11. Privacy Impact - none















List of Background Papers



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Appendix 1: Programme of work to meet legal requirements and commitments













The tables below detail Renfrewshire's legal requirements and commitments in relation to Health and Social Care Integration as set out in the Public Bodies (Joint Working) (Scotland) Act 2014 Act and its Integration Scheme.

Requirement / commitment source:	Key
Act & supporting Regulations	Act
Renfrewshire Integration Scheme	IS
Scottish Government guidance	SG
Established governance arrangements for parent bodies	Gov




1. Governance (non-financial) arrangements				
Legal requirement /commitment	Type	Legal deadline	Target / actual date	RAG
Integration Scheme approved, published and Integration Joint Board (IJB) legally established	Act	27/06/15	-	
The 1 st meeting of the legally constituted IJB	Act	-	18/09/15	
Ratify the remit and constitution of the IJB including its voting and non members, chair and vice chair.	Act	-	18/09/15	
The Procedural Standing Orders of the IJB agreed	Act	-	18/09/15	
IJB ratify the appointment of the Chief Officer, Chief Finance Officer and establish the Strategic Planning Group (including governance arrangements and Terms of Reference)	Act	-	18/09/15	
Risk policy, strategy, procedures and list of key strategic risks approved by IJB	IS	27/09/15	18/09/15	
Arrangements for Hosted Services agreed amongst the IJBs in the GG&C area.	IS	31/03/16	15/01/16	
Health and Safety policy and procedures in place	IS	31/03/16	15/01/16	
Complaints policy and procedures in place	IS	31/03/16	15/01/16	
Fol policy and procedures in place and Publications Scheme in place	Act	31/03/16	15/01/16	
Business continuity arrangements in place	IS	31/03/16	15/01/16	
Parent organisations agree the provision of support services for the IJB	IS	31/03/16	15/01/16	
CO confirms all governance arrangements in place (IJB Report) for functions to be delegated from parent organisations to the IJB	IS	31/03/16	18/03/16	
Functions delegated to IJB	Act	01/04/16	01/04/16	

Key:		Complete		On target		Risk of delay		Significant Issues
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2. Communication and engagement				
Legal requirement /commitment	Type	Legal deadline	Target / actual date	RAG
IJB agrees its participation and engagement strategy	IS	27/12/15	20/11/15	

3. Strategic Plan (the order of Strategic Plan activities are prescribed in the Act but not specific individual deadlines for each stage)				
Legal requirement /commitment	Type	Legal deadline	Target / actual date	RAG
IJB agree its proposals for the Strategic Plan	Act	-	18/09/15	
SPG feedback on the proposals for the Strategic Plan content	Act	-	23/09/15	
IJB agree its first draft of Strategic Plan, taking account of SPG feedback	Act	-	20/11/15	
SPG feedback on the first draft of the Strategic Plan content	Act	-	27/11/15	
IJB agree its second draft of Strategic Plan, taking account of SPG feedback	Act	-	15/01/16	
Formal consultation with prescribed stakeholders including SPG, Health Board and Council (commences 18/01/16)	Act	-	07/02/16	
NHS GGC agree its response to the draft Plan **	Gov	Not legal req't	17/02/16	
Leadership Board agree the Council's response to the draft Plan **	Gov		17/02/16	
Update report on consultation and final draft of Strategic Plan prepared for the IJB	Act	-	24/02/16	
IJB approve its final version of the Strategic Plan	Act	31/03/16	18/03/16	
Equalities scheme and EQIAs completed for Partnership (previously reported under Governance)	IS	31/03/16	18/03/16	
Strategic Plan published along with financial statement and statement of action taken by IJB under section 33 (consultation and development of the Strategic Plan).	Act	31/03/16	31/03/16	

**** Please note:** this commitment has changed; parent organisations had previously planned to update their Boards on the final draft version of the Strategic Plan (this is not a legal requirement)

4. Performance Management				
Legal requirement /commitment	Type	Legal deadline	Target / actual date	RAG
Parties prepare a list of targets and measures in relation to delegated and non delegated functions	IS	27/06/15	27/06/15	
Council and Health Board develop proposals on targets and measures for 2015/16 'interim' performance framework to be submitted to an early meeting of the IJB	IS	-	18/09/15	
IJB agree its reporting arrangements and supporting plan to develop 2016/17 performance framework with the Council and Health Board	IS	-	18/09/15	

IJB agree 2016/17 performance framework, taking account of localities, reporting arrangements and plans to publish the annual performance report 25/02/16	IS	27/06/16	17/06/16	✓
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5. Delivering for Localities













Legal requirement /commitment	Type	Legal deadline	Target / actual date	RAG
IJB agree locality arrangements (in line with SG guidance), based on stakeholder engagement, which will be reflected in the Strategic Plan	IS	-	20/11/15	✓



6. Workforce

Legal requirement /commitment	Type	Legal deadline	Target / actual date	RAG
Parent organisations formal structures established to link the Health Board's area partnership forum and the Council's joint consultative forum with any joint staff forum established by the IJB.	IS	31/03/16	18/03/16	✓
Workforce plans and agreed management / governance structures approved by Health Board	IS	31/03/16	29/03/16	✓
Workforce plans and agreed management / governance structures approved by Council	IS	31/03/16	29/03/16	✓
Chief Officer implements Workforce governance arrangements between the IJB and parent organisations (this is captured within parent organisation joint Workforce Plan)	IS	31/03/16	31/03/16	✓
IJB note the approved Workforce plans and agree management / governance structures	Gov	Not legal req't	17/06/16	✓

7. Clinical and Care Governance

Legal requirement /commitment	Type	Legal deadline	Target / actual date	RAG
IJB approve draft Quality, Care & Professional Governance Framework and implementation plan, including approach to working with parent organisations	Gov	Not legal req't	18/09/15	✓
The Parties and the IJB implement appropriate clinical and care governance arrangements for its duties under the Act.	IS	31/3/16	18/03/16	✓
IJB Quality, Care & Professional Governance Framework in place	IS	31/03/16	18/03/16	✓
Health and Care Governance Group established	IS	31/03/16	18/03/16	✓
Chief Social Work Officer provides annual report to IJB (Section 5.15 of IS) – will be carried into the 2016/17 Programme	IS	-	31/10/16	✓

8. Finance and Audit				
Legal requirement /commitment	Type	Legal deadline	Target / actual date	RAG
IJB Audit arrangements agreed	IS	31/03/16	18/09/15	
Insurance arrangements (claims handling) in place	IS	31/03/16	31/12/15	
IJB agree procedure with other relevant integration authorities for any claims relating to Hosted Services		31/03/16	18/03/16	
IJB sign off financial governance arrangements as per the national guidance	IS	31/03/16	20/11/15	
IJB report on due diligence on delegated baseline budgets moving into 2016/17	IS	31/03/16	18/03/16	
Draft proposal for the 2016/17 Integrated Budget based on the Strategic Plan approved by IJB	IS	31/03/16	18/03/16	
Draft proposal for the Integrated Budget based on the Strategic Plan presented to the Council and the Health Board for consideration as part of their respective annual budget setting process	IS	31/03/16	31/03/16	
Parent organisations confirm final IJB budget	IS	31/03/16	31/03/16	
Financial statement published with the Strategic Plan	Act	31/03/16	31/03/16	
Resources for delegated functions transferred to IJB from parent organisations	Act	31/03/16	31/03/16	
IJB issue Directions to the Council and NHS GCC for their respective delegated functions	Act	31/03/16	31/03/16	
Audit Committee established with agreed Terms of Reference (cannot meet until post 1 April 2016 when functions are delegated)	IS	31/01/16	31/03/16	

9. Information Sharing and ICT				
Legal requirement /commitment	Type	Legal deadline	Target / actual date	RAG
Information Sharing Protocol ratified by parent organisations	IS	31/03/16	25/02/16	
Information Sharing Protocol shared with IJB	Gov	Not legal req't	15/01/16	
Appropriate Information Governance arrangements are put in place by the Chief Officer	IS	31/03/16	15/01/16	