



Cunninghame House,
Irvine.

19 November 2015

Cabinet

You are requested to attend a Meeting of the Cabinet of North Ayrshire Council to be held in the Council Chambers, Ground Floor, Cunninghame House, Irvine on **TUESDAY 24 NOVEMBER 2015** at **2.30 p.m.** to consider the undernoted business.

Yours faithfully

Elma Murray

Chief Executive

1. Declarations of Interest

Members are requested to give notice of any declaration of interest in respect of items of business on the agenda.

2. Minutes (Page 7)

The accuracy of the Minutes of the meeting held on 10 November 2015 will be confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973 (copy enclosed).

GENERAL BUSINESS FOR DECISION

Reports by the Chief Executive

3. **Consultation on the Scottish Public Sector Ombudsman's Draft Strategic Plan 2016 - 2020 (Page 11)**
Submit report by the Chief Executive on the consultation on the Strategic Plan of the Scottish Public Sector Ombudsman (SPSO) and on a proposed response (copy enclosed).

Reports by the Executive Director (Finance & Corporate Support)

4. **Sundry Debtor Write off (Page 45)**
Submit report by the Executive Director (Finance and Corporate Support) on the sundry debtor write off (copy enclosed).
5. **Treasury Management Mid-Year Report 2015/16 (Page 51)**
Submit report by the Executive Director (Finance and Corporate Support) on the Treasury Management update for the period 1 April to 30 September 2015 (copy enclosed).
6. **Amendments to Code of Financial Practice (Page 71)**
Submit report by the Executive Director (Finance and Corporate Support) on amendments to the Codes of Financial Practice (copy enclosed).
7. **Revenue Budget 2015/16 : Budgetary Control Statement to 30 September 2015 (Page 79)**
Submit report by the Executive Director (Finance and Corporate Support) on the revenue budgetary control position for the Council at 30 September 2015 (copy enclosed).
8. **Capital Monitoring to 30 September 2015 (Page 129)**
Submit report by the Executive Director (Finance and Corporate Support) on the progress in delivering the Capital Investment Programme as at 30 September 2015 (copy enclosed).

Reports by the Executive Director (Economy & Communities)

9. **Independent Review of the Scottish Planning System (Page 147)**
Submit report by the Executive Director (Economy and Communities) on the Independent Review of the Scottish Planning System and the 'Call for Evidence' (copy enclosed).
10. **Review of North Ayrshire Councils Modern Apprenticeship Programme (Page 157)**
Submit report by the Executive Director (Economy and Communities) on the key recommendations made following a review of the Council's Modern Apprenticeship Programme (copy enclosed).

Reports by the Executive Director (Place)

- 11. Maintenance of Town Clocks in Non-Council Premises (Page 161)**
Submit report by the Executive Director (Place) on maintaining clocks where the Council has no legal responsibility to do so (copy enclosed).
- 12. Review of Roads (Page 165)**
Submit report by the Executive Director (Place) on the outcomes of the review of the Roads service and to seek agreement to the actions arising (copy enclosed).

CONTRACTS

- 13. Award of Contract - Supply of replacement Cashless Catering Solution (Page 201)**
Submit report by Executive Director (Finance and Corporate) on the result of the tender exercise for the supply, replacement and upgrade of cashless catering (copy enclosed).
- 14. Urgent Items**
Any other items which the Chair considers to be urgent.

Cabinet

Sederunt: **Elected Members**

Willie Gibson (Chair)
Alan Hill (Vice-Chair)
Marie Burns
John Bruce
Anthea Dickson
Tony Gurney
Ruth Maguire

Chair:

Attending:

Apologies:

Meeting Ended:

Cabinet
10 November 2015

IRVINE, 10 November 2015 - At a Meeting of the Cabinet of North Ayrshire Council at 2.30 p.m.

Present

Willie Gibson, Alan Hill, Marie Burns, Anthea Dickson and Tony Gurney.

Also Present

Donald Reid.

In Attendance

L. Friel, Executive Director and M. McTeague, Category Manager/Team Leader - Supplies and Services (Finance and Corporate Support); C. Hatton, Executive Director, D. Hammond, Senior Manager (Energy and Sustainability), T. Fitzsimmons, Divisional Manager and P. Kelly, Temporary Principal Officer Community Safety Services (Place); C. McAuley, Head of Service (Economic Growth) and G. Robson, Senior Employability and Skills Manager (Economy and Communities); A. Fraser, Head of Democratic Services, G. Hamilton, Provost's Office Co-ordinator, M. Sugden, Communications Officer and D. McCaw, Committee Services Officer (Chief Executive's).

Chair

Councillor Gibson in the Chair.

Apologies for Absence

John Bruce and Ruth Maguire.

1. Declarations of Interest

There were no declarations of interest by Members in terms of Standing Order 10 and Section 5 of the Code of Conduct for Councillors.

2. Minutes

The accuracy of the Minutes of the meeting held on 27 October 2015 was confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

3. Draft Local Biodiversity Action Plan for North Ayrshire 2015-18

Submitted report and received a presentation by the Executive Director (Place) on the Draft Local Biodiversity Action Plan (LBAP) for North Ayrshire 2015-18 for publication. The findings of the public consultation, together with the recommended revisions to the draft LBAP, were detailed at Appendix 1 to the report.

The Cabinet agreed to (a) note the consultation responses to the Draft Local Biodiversity Action Plan (LBAP) detailed at Appendix 1 to the report; and (b) approve the revised LBAP detailed at Appendix 2 for publication.

4. Transformation Phase 2

The Cabinet received a presentation by the Executive Director (Finance and Corporate Support) on the next stages of the transformation programme and on areas requiring additional planning, prioritisation, resourcing and support.

Members asked questions and were provided with further information on:-

- the additional transformation activity targets and timelines for delivery of ambitions;
- the need for community involvement to assist with behavioural changes; and
- how progress will be managed going forward and on bi-annual future reports to Cabinet.

Noted.

5. Provost's Civic Events Budget and Fundraising Activity

Submitted report by the Chief Executive on (a) the Provost's Civic Events Budget expenditure to date with £1,463.85 uncommitted to the end of the financial year; and (b) details of the Provost's fundraising activity from May 2015, totalling £7,978.29.

The Cabinet agreed to (a) note the Provost's Civic Events Budget expenditure to date; and (b) receive an update in 6 months.

6. Skills Investments

Submitted report by the Executive Director (Economy and Communities) on the progress of the £1M investment in skills approved previously, focusing on the roll-out of Employability Hubs.

Members asked a question and were provided with further information in relation to several other Councils across Scotland who are looking at co-location hub initiatives.

The Cabinet agreed to (a) note (i) the latest plans for the £1M skills investments; and (ii) the update provided on Stevenston Employability Hub; and (b) approve the strategy which will inform the further development and roll-out of a hubs network.

7. Gypsy/Travellers - Unauthorised Encampments

Submitted report by the Executive Director (Place) on the findings of the exercise to identify suitable locations for a short stay/transit site for Gypsy/Travellers.

The Cabinet agreed (a) to note the outcome of the exercise to identify suitable locations for a short stay site; (b) that, at this time, due to the reduction in the number of unauthorised encampments, it is not necessary to develop an additional site; and (c) to approve that the Gypsy/Traveller cross service working group should continue to monitor the situation.

8. North Ayrshire Antisocial Behaviour Strategy 2015-18

Submitted report by the Executive Director (Place) on the Antisocial Behaviour Strategy 2015-18, detailed at Appendix 1 to the report.

Members were advised of the following amendments for addition to the Strategy:-

- An additional outcome measure indicator 7.d - Street Cleanliness Index - % Clean; and
- Provision of a contact number for Streetscene in the key contacts page.

The Cabinet agreed to approve the Antisocial Behaviour Strategy 2015-18, as detailed at Appendix 1 to the report and subject to the additions intimated.

9. Strategic Housing Investment Plan (SHIP) Review

Submitted report by the Executive Director (Place) on the delivery of the SHIP 2015-2020 and seeking approval to revise and update the SHIP development programme for submission to the Scottish Government.

Members asked a question and were provided with further information on consultation undertaken with residents in relation to the Canal Court and Glencairn House sheltered housing projects.

The Cabinet agreed to (a) note the current progress in delivering the SHIP 2015-2020; and (b) approve the proposed revisions at section 3.1 of the report, for submission to the Scottish Government for consideration.

10. Award of Framework – Framework Agreement for the Provision of Business Support Consultancy Services

Submitted report by the Executive Director (Finance and Corporate) on the result of the tender exercise for the Framework Agreement for the Provision of Business Support Advisory Services.

The Cabinet agreed to approve the award of the Framework Agreement to the suppliers detailed below:

- Lot 1 General Financial Advisory Services to AMAS Scotland Ltd, CEIS Ayrshire, Robert J Hart and Co and Lanarkshire Enterprise Services Ltd;
- Lot 2 Provision of a 2 day Strategy Workshop to Connect Three Solutions, Nexus, Lanarkshire Enterprise Services Ltd, Russell MacLeod and UXL Ltd;
- Lot 3 General Business Strategy Advice to Nexus, Jill Connell, Connect Three Solutions, Lanarkshire Enterprise Services Ltd and CEIS Ayrshire;
- Lot 4 Marketing Advisory Support to Russell Ferguson Marketing, Nexus, Sales and Marketing Solutions, RPL Marketing and Lanarkshire Enterprise Services;
- Lot 5 Procurement Support to CEIS Ayrshire, Intend Business Development and JI Management Ltd;
- Lot 6 ICT Advisory Support to Targeting Innovation and NVT Computing Ltd;

- Lot 7 Training Advice to Connect Three Solutions, CEIS Ayrshire, Business Success Partner ad Maureen Johnstone Associates;
- Lot 8 Environmental Advice to Crichton Carbon Centre, Albion Environment Ltd, Filkin and Co EHS Ltd, Marbett Associates and Wren and Bell;
- Lot 9 Tourism Advice to Russell Ferguson Marketing Ltd, Tourism Resources Company and Waverley Management Consultants;
- Lot 10 Human Resources Advice to Wright HR, Connect Three Solutions, Maureen Johnstone Associates and McKerral Consultants; and
- Lot 11 Leadership Development Advice to Connect Three Solutions, CEIS Ayrshire, Business Success Partners, Morrill PMC Ltd and Eglinton.

11. Exclusion of the Public

The Cabinet resolved in terms of Section 50(A)4 of the Local Government (Scotland) Act 1973, to exclude from the Meeting the press and the public for the following items of business on the grounds indicated in terms of Paragraph 9 of Part 1 of Schedule 7A of the Act.

11.1 Surplus Property - Former Montrose House, Glencloy, Brodick, Isle of Arran

Submitted report by the Executive Director (Place) on the Council's former care home at Montrose House, Glencloy, Brodick.

The Cabinet agreed to approve the recommendation as detailed in the report.

The meeting ended at 3.30 p.m.

NORTH AYRSHIRE COUNCIL

Agenda Item 3

24 November 2015

Cabinet

Title: **Consultation on the Scottish Public Sector
Ombudsman's Draft Strategic Plan 2016 - 2020**

Purpose: To advise Cabinet of the consultation on the Strategic Plan of the Scottish Public Sector Ombudsman (SPSO) and to propose a response.

Recommendation: Cabinet is recommended to submit the response attached at appendix two.

1. Executive Summary

- 1.1 The SPSO has invited comments on his Draft Strategic Plan 2016-2020. The deadline for responses is 18 December 2015. The Draft Strategic Plan is attached at appendix one and a draft response on behalf of the Council is attached at appendix two.

2. Background

- 2.1 The SPSO's Strategic Plan is produced against a background of increasing casework at a time of static resources. The SPSO make the case that static resources will result in a deterioration in their performance, either through extended timescales, encouraging public bodies to deal with complaints better in the first place or reducing the number of complaints made.
- 2.2 In spite of the changing climate the Ombudsman's Strategic Plan continues with the priorities of the previous plan.
- 2.3 The Strategic Plan suffers from a lack of a clear mission and vision. In particular there is a confusion of approaches as to whether the SPSO's main purpose is: -
- as a regulator;
 - as part of an integrated public sector, focusing on improved outcomes for the community;
 - as an independent body who impartially determines complaints in a quasi-judicial manner

- 2.4 In recent years North Ayrshire Council has had a low number of complaints referred to SPSO and very few upheld. For example in 2014/15, 54 complaints were made to SPSO being 2.9% of the Local Government Sector. Out of these only 2 were taken forward to a stage one investigation and neither upheld. While the Council's relations with SPSO are cordial there are concerns elsewhere in the public sector that the ombudsman is adopting an overly regulatory role, and on occasions exceeding his remit.
- 2.5 The draft response suggests that, like the rest of the public sector who face increasing demand at a time of decreasing resource, the Ombudsman needs to cut his cloth accordingly. Suggestions are made as to how this can be done.
- 2.6 In addition it is suggested that the SPSO's Strategic Plan would benefit from clarity and should focus on the Public Sector Reform principles of: -
- Outcomes not processes - deal with cases where these are in the public interest and will achieve a genuine outcome;
 - Early intervention and prevention - encouraging good practice and learning to ensure mistakes are avoided. The SPSO's work on a standardised public sector complaints procedure and in producing thematic reports are commendable examples of this;
 - All public authorities working together in an integrated manner in a way which avoids duplication and tailors services to the needs of localities or customer groups;
 - Subsidiarity - avoid a one size fits all regularity approach which interferes with outcomes tailored to communities;
 - Make efficiencies by fully embracing the digital agenda.

3. Proposals

- 3.1 It is recommended that Cabinet agree the consultation response attached at appendix two.

4. Implications

Financial:	There are no financial implications of this report.
Human Resources:	There are no human resource implications of this report.
Legal:	There are no legal implications of this report.
Equality:	There are no equality implications of this report.
Environmental & Sustainability:	There are no environment and sustainability implications of this report.
Key Priorities:	An efficient SPSO helps the Council to learn and improve, which supports all the Key Priorities.
Community Benefits:	There are no community benefit implications of this report.

5. Consultation

- 5.1 There has been consultation with the Council's Complaint and Feedback Manager.



ELMA MURRAY
Chief Executive

Reference :

For further information please contact Andrew Fraser, Head of Democratic Services on 01294 324125

Background Papers

None



SPSO Draft Strategic Plan

2016 – 2020

This Strategic Plan is presented for consultation under Section 17A of the Scottish Parliamentary Commissions and Commissioners etc Act 2010.

October 2015

If you require this document in another format (for example large print, audio or Braille), please contact us on 0800 377 7330 or at consultation@spsso.org.uk

Please use the response form to comment on the plan. The closing date is 18 December 2015.

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1 Ombudsman's foreword

This draft strategic plan builds on our 2012-2016 strategic plan. It lays out our six high level objectives and five equalities commitments, which are largely determined by our statutory duties. The timetable for achieving the plan is the four years to 2020, and, naturally, it is supported by detailed annual business plans and operational plans. The cost of delivering the plan is outlined in the resourcing section and the annex contains indicative figures per strategic objective.

A track record of achievement

These are SPSO's main successes over the past five years:

- managing a 41% increase in casework demand
- refining our complaints handling process and improving our efficiency, with measurable improvement in the quality of our service to the public including reducing time taken
- improving our productivity by 36% through business efficiency reviews and a range of initiatives, some of which have been recognised and adopted by other ombudsmen
- managing the widening of our remit to include complaints about prisons, water providers and prisoner health, without any loss in service provision and contributing considerable savings to the public purse
- establishing a Complaints Standards Authority (CSA) that has transformed the way complaints are dealt with across the public sector in Scotland by developing standardised, user-focussed complaints handling procedures
- introducing standardised reporting so that, for the first time, members of the public and others have access to clear, transparent, consistent and comparable information about the volume of complaints dealt with by service providers and how they have handled these
- improving the quality of complaints handling in the public sector through internationally-recognised training including innovative e-learning programmes
- making a significant contribution to the modernising of ombudsman services throughout the UK. The successful operation of the SPSO has had a considerable influence on the direction of some proposed changes to the model in England, in particular the drive for a single ombudsman service that would cover a number of different public service areas, and the standardising of complaints procedures.

Can SPSO continue this level of achievement?

Individually and collectively, the successes listed above are no mean feats. I am very proud that my staff's expertise and hard work have brought these achievements about. With just a few months left of our 2012-2016 strategic plan, we are on the

point of fully delivering the objectives we set, and we have done so against a background of static resources and rising complaint volumes and complexity. However, if investigations resources remain static, I am clear that over the next four-year period, we will have to take a number of difficult decisions.

Caseload demands

Our single greatest challenge is to manage the greater volume of complaints and their increasing complexity. The rise in demand for our service is in many ways to be welcomed (it demonstrates the public's response to increased clarity about how to report problems with a view to improving public services) but the number of complaints we are receiving is simply no longer sustainable at current resourcing levels. Over the past five years we have implemented many initiatives to improve our business efficiency and the quality of our service. I believe we have now maximised any major efficiencies we can make and only small incremental gains are possible. Therefore, if demand continues to grow and additional investigations resources are not forthcoming, we will need to consider measures to manage the volume and complexity of cases.

Measures to manage demand

In the event of investigations resources remaining static, we are proposing three main measures, which are detailed under strategic objective 1 in section 4. The first measure would extend our timescales meaning that we would take longer to consider cases. The second measure is designed to reduce demand by encouraging public bodies to deal with complaints better in the first place. This would have the benefit of reducing the emotional distress caused to people who feel let down by public services, and would also reduce the cost of complaints handling to the public purse. We uphold 50% of the complaints we investigate, all of which have already been looked at by the public body concerned.

Clearly, some public bodies are unable to resolve some issues satisfactorily themselves through their complaints process, and this suggests a degree of inefficiency and ineffectiveness. We propose setting up a learning and improvement unit to ensure that public bodies take the responsibility and actions they should to handle complaints well and to reduce the number of repeat mistakes they make.

The third measure would mean we looked at fewer cases, under a 'proportionality' or 'significance' test. This measure would likely bring about dissatisfaction among members of the public whose complaints were not considered. It is very much a last resort option and not a step we would take lightly.

Other challenges and opportunities

While we can anticipate some of the changes in the Scottish public sector over the next four years, we cannot of course predict every development that will impact on our business. The Scottish Government is continuing its strategy for implementation

of the recommendations of the Crerar Review and Sinclair Report to make it simpler and easier for people to complain. Taking on responsibility for additional new areas is very much in line with this simplification agenda but presents further, separate challenges for SPSO.

In terms of expanding remit, the two key areas of focus for us over the next four-year period are:

- the review of Scottish Welfare Fund decisions from April 2016
- the Government have asked us to help ensure consistency in relation to their health and social care integration complaints handling arrangements, as part of which they are consulting on SPSO taking on responsibility for social work complaints.

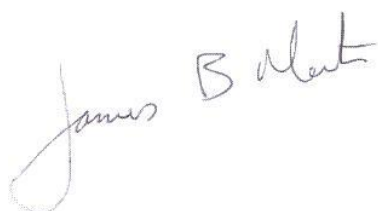
We must also be prepared for the potential impact of:

- further areas of public services coming under our jurisdiction, including as a consequence of the Smith Commission
- technological developments affecting how people access complaints procedures
- changes in the consumer and ombudsman landscape in the rest of the UK.

Other funding models

Our Audit and Advisory Committee has raised the question on several occasions of whether a switch to the 'polluter pays' model whereby public bodies that repeatedly fail to improve their complaints processes should shoulder some of the cost of the complaints about them that then go to the SPSO for resolution. While I am not at this stage proposing that we consider such a wholesale change, I believe we must keep all options on the table open as we continue to closely monitor demand.

I look forward to receiving comments from stakeholders: the Parliament, the public, public authorities, regulators and other scrutiny and improvement bodies, and organisations that represent the public, in particular advice groups and the third sector. I am grateful for your responses, which will enable SPSO to deliver a continually improving ombudsman service for the people of Scotland.

A handwritten signature in blue ink, appearing to read 'James B. Martin'.

Jim Martin, SPSO

2 Strategic objectives and equalities commitments 2016-2020

Strategic objectives

To reflect the significant impact of our new role in Scottish Welfare Fund reviews, we are adding a new strategic objective 2 about this area. Otherwise, we propose to keep the same five high-level strategic objectives of our previous strategic plan. They have served us well, improving our service, supporting our values and allowing sufficient flexibility to respond to external change. We have kept our objective relating to developing a standardised complaints system as objective 3 to follow a logical progression of the order of expected outcomes for public services. This recognises the importance to the customer and public services of effective, early complaints resolution. We will continue to encourage public bodies to improve their complaints handling procedures (objective 4) and share learning from complaints (objective 6) to improve public services, through both our Complaints Standards Authority and our casework roles. Objective 5 is about being an accountable, best value organisation.

1. To provide a high quality, user-focussed independent complaints handling service - by developing our capacity as complaints handlers to be able to deliver individual benefit to our customers; by being accessible and dealing with all enquiries and complaints impartially, consistently, effectively, proportionately and in a timely manner; and by producing clear, accurate and influential decisions about complaints.

2. To provide a high quality, user-focussed independent review service for Scottish Welfare Fund decisions - by developing our capacity to manage reviews for the benefit of both applicants and local authorities by being accessible and dealing with all enquiries and complaints impartially, consistently, effectively, proportionately and in a timely manner; and by producing clear, accurate and influential information about the outcomes of reviews.

3. To simplify the design and operation of the complaints handling system in Scottish public services - by working in partnership with service providers, regulators and other key stakeholders to facilitate the development of and compliance with simplified, standardised and user-focussed Complaints Handling Procedures across the public sector as an integral part of the wider administrative justice system in Scotland.

4. To improve complaints handling by public service providers - by using our expertise and resources to monitor, promote and facilitate the sharing of best practice and support service providers in improving their complaints handling.

5. To be an accountable, best value organisation - by making best use of our resources and demonstrating continuous improvement in our operational efficiency and supporting the professional development of our staff.

6. To support public service improvement in Scotland - by continuing to raise informed awareness of the role of the SPSO, and to feedback and capitalise on the

learning from our consideration of individual enquiries and complaints, for example, through thematic reports, and by working in partnership with public service deliverers, policy makers, scrutiny bodies and regulators to promote good administrative practice.

Equalities commitments

We also plan to keep the same equalities commitments. We made a number of changes to these following input from the consultation on our previous strategic plan. While we are satisfied that the current commitments enable us to fulfil our equalities obligations and duties, and help us encourage other public authorities to do the same, we welcome comments on how we may be able to improve on these.

- 1.** To take proactive steps to identify and reduce potential barriers to ensure that our service is accessible to all.
- 2.** To identify common equality issues (explicit and implicit) within complaints brought to our office and feedback learning from such complaints to all stakeholders.
- 3.** To ensure that we inform people who are taking forward a complaint of their rights and of any available support, and that we encourage public authorities to do the same.
- 4.** To ensure that we play our part in ensuring that service providers understand their duties to promote equality within their complaints handling procedures.
- 5.** To monitor the diversity of our workforce and supply chain, and take positive steps where under-representation exists.

3 Measuring performance and impact

We have an established range of performance measures, which we review and develop on an annual basis. These measures map against our strategic objectives and are there to support decision-making at a strategic and operational level, and provide a measure for monitoring business performance against targets. We report performance against these measures on a quarterly basis to the senior management team, and to the Audit and Advisory Committee at least three times a year. A report is then published on an annual basis summarising key aspects of performance. These are our high-level measures, and as with the strategic plan objectives, are supported by annual detailed objectives and measures in our business plans¹.

Under the 2016-20 strategic plan, the high-level performance measures are:

1 Providing a high quality, independent complaints handling service

- Case handling time and age profile targets
- Quality assurance measures for case handling and decision-making
- Customer satisfaction measures
- Tracking and reporting implementation of recommendations

2 Providing a high quality, user-focussed independent review service for Scottish Welfare Fund decisions

- Developing an accessible service, attuned to the needs of people who may be vulnerable and in crisis
- Case handling time
- Quality assurance measures for case handling and decision-making
- Analysing decision outcomes

3 Simplifying the design and operation of complaints handling systems

- Monitoring and developing model CHPs for all sectors and continuing to support bodies to comply with them
- Establishing compliance and performance-monitoring measures for all sectors

4 Improving complaints handling practices

- With key partners, building networks of complaints handlers for all sectors
- Developing key guidance and best practice documents

¹ <http://www.spsa.org.uk/business-plans>

- Developing the Valuing Complaints website as a platform for sharing best practice
- Effectiveness of training provision

5 Being an accountable, best value organisation

- Audit findings
- Financial performance measures
- Staff satisfaction
- The Investors in People Standard (IIP)
- Public Service Improvement Framework (PSIF)
- Workforce statistics
- ICT performance information
- Environmental impact assessments

6 Supporting public service improvement

- Meeting our stated commitments to raise awareness of our role and publicise learning from complaints
- Ensuring strategic lessons are shared
- Providing information about equalities in complaints we handle.

4 Complaints service

Strategic objective 1: to provide a high quality, user-focussed independent complaints handling service - by developing our capacity as complaints handlers to be able to deliver individual benefit to our customers; by being accessible and dealing with all enquiries and complaints impartially, consistently, effectively, proportionately and in a timely manner; and by producing clear, accurate and influential decisions about complaints.

Demand-led organisation

Our first priority under the 2016-20 strategic plan is to continue to manage our complaints handling service. As we have repeatedly underlined over the past several years, we are a demand-led organisation. Year on year the number of people coming to us for help is increasing – there has been a 41% increase in enquiries and complaints dealt with in the last five years, taking the total number to almost 5,600 in 2014-15.

Casework efficiency - background

As well as the growth in case volumes, we are looking at more cases of greater complexity. The first reason for this is the rising number of complaints about the NHS – an increase of 27% over the past two years. These cases typically require specialist advice from health professionals and consist of multiple issues. This increases pressure both on SPSO staff time and resource, and the direct costs of sourcing that advice.

The second reason is the fall in premature complaints (ones that come to us before the complaints processes of the organisation being complained about have been completed). While the reduction in premature complaints is to be welcomed (it suggests that people are getting their complaint dealt with at the right place and using the SPSO properly as the last stage in the process), the increase in mature complaints adds to our workload. In 2014-15, only 34% of our workload was made up of premature complaints, compared with 51% five years ago. These cases require less work than cases that are mature and ready to be investigated.

We are also looking at complaints about a wider range of organisations. Scottish Welfare Fund complaints came under our jurisdiction as part of a two-year interim arrangement in April 2013 and we will have a new role in reviewing welfare funds decisions from April 2016. There are a number of other proposals that will fall under the period of the strategic plan, namely complaints about:

- health and social care including social work
- the Named Person and Child's Plan

Complaints arrangements on these areas will be consulted on by the Scottish Government in 2015/16 and we will be providing detailed comments then.

The list of areas about which we may be asked to take complaints will no doubt grow, in particular with the possibility of further powers being devolved to Scotland, over areas such as welfare benefits.

Maximising our efficiency

In 2014-15, for the fifth year running, we achieved increases in productivity and continued to work to our stated targets. Our overall productivity increase over the past five years is 36%, helping us keep pace with demand and the increase in case complexity. We have achieved this through a number of initiatives, which are detailed in our annual reports². However, we believe we have now maximised any major efficiencies we can make and only small incremental gains are possible. If the rising trend in volumes of the past five years continues and if our investigations resource remains static, we will need to reduce the number of cases we examine by 10-15% in order to manage caseload.

The main three ways in which we would consider amending our service are, in order of preference:

1. Reviewing performance indicators

Over the past three years, we have held firm in maintaining our performance indicator of completing 95% of investigations within 12 months. Without additional resourcing it is unlikely this will continue to be achievable, and we will extend this indicator, meaning complainants will wait longer for us to conclude cases. We would continue to operate a system of fast-tracking those cases where there are the most significant risks.

2. Setting up a learning and improvement unit

One way we try to reduce demand at source is through our stakeholder improvement initiative to work more closely with the organisations that bring us the highest number of complaints relative to other similar organisations. We also expect the model complaints handling procedures to lead to improved complaints handling and learning by authorities. However, both of these strategies will take time to bring about lower levels of complaints to us. In the 2016-20 strategic plan, we are proposing to set up a learning and improvement unit that will help us further focus authorities on taking responsibility themselves for good complaints handling, in particular on organisational learning from complaints to reduce repeat mistakes.

The unit would be responsible for making sure that public bodies not only demonstrate that they comply with SPSO recommendations, but that they learn from

² <http://www.spsso.org.uk/annual-reports>

the complaints, and put in place appropriate changes to prevent repeat failings. We already follow up our recommendations robustly with authorities on a complaint-by-complaint basis, requiring specific evidence that authorities have taken the action that we have asked them to. With 1,444 recommendations made in 2014-15, this represents a considerable contribution to public service improvement, but we, and other stakeholders, want to be reassured that the outcomes for the public are as far-reaching as possible.

Stakeholder input over the past two years, in particular from our customer sounding board, the Parliament's Local Government and Regeneration Committee and our Audit and Advisory Committee, is that SPSO recommendations are key to bringing about improvements. Public bodies should take responsibility for complaints and take action on findings, for the benefit both of customers and public bodies. As we have highlighted earlier, this also saves the public purse.

While there would be an upfront cost to setting up the unit, we see considerable benefits, the main ones being that it will:

- support and advise public service organisations on the implementation of recommendations
- work with high volume generators of complaints to develop and support improvement initiatives
- reinforce the work currently undertaken by our Complaints Standards Authority to ensure recommendations support principles, model complaints handling procedures and good practice
- conduct impact assessment studies to assess and improve quality of recommendations to bring about change
- reduce the burden on SPSO complaints reviewers (no follow-up work from the recommendations) and therefore increase our productivity
- advise on, develop and track recommendations for consistency and knowledge management purposes.

3. Proportionality

Under the SPSO Act, the Ombudsman has the discretion to decide which cases are taken forwards for investigation. The SPSO Act does not specify how this discretion is applied. Under our current process, the majority of cases that meet the legal fitness test go on to be investigated.

While this would be a last resort option, we could introduce a test that would consider the level of injustice or hardship experienced by the complainant. This would allow us to focus more resources where someone has experienced a high degree of injustice or hardship, and less where they have not. Naturally, this is very difficult territory, because every complaint is significant for the person bringing it to us. We recognise that introducing such a test would lead to greater levels of dissatisfaction for those individuals whose cases were not progressed to

investigation - however, resourcing pressures are such that we invite comment on this proposal.

We are required to act in line with natural justice and to ensure that any decisions made would meet the standards of a judicial review challenge. We are also very clear that notwithstanding the fact that there may be cases where the level of injustice/hardship is low, we may still investigate, for example, where there is added value for the complainant, for the organisation's learning and/or wider sectoral learning.

Summary

We believe we have maximised any major efficiencies we can make to manage the significant increases in volume and case complexity over the past five years. We have highlighted that, in the event of no additional resources being made available and if case numbers and complexity continue to rise, we plan to review our performance indicators and accept fewer cases. Resource-permitting, we would like to set up a learning and improvement unit (we have provided the Parliament with detailed estimates of the costs of this).

While the wide number of variables make predictions difficult, we can say that, within existing resources, the main ongoing areas of casework activity over the period of the next strategic plan will be:

- managing casework volumes and complexity according to our service standards
- following up our recommendations to public bodies to ensure they implement them.

If demand allows, we will also continue to carry out the following key non-statutory activities:

- service improvements including quality assurance
- customer service complaints
- involving stakeholders through our sounding boards
- surveying our customers to measure their satisfaction with our service.

5 Scottish Welfare Fund

Strategic objective 2: to provide a high quality, user-focussed independent review service for Scottish Welfare Fund (SWF) decisions - by developing our capacity to manage reviews for the benefit of both applicants and local authorities by being accessible and dealing with all enquiries and complaints impartially, consistently, effectively, proportionately and in a timely manner; and by producing clear, accurate and influential information about the outcomes of reviews.

Background

Following consultation on the permanent arrangements for the funds, the Scottish Government confirmed their intended policy that we take on a new role in reviewing welfare funds decisions. The Welfare Funds (Scotland) Act 2015 gives us this function from April 2016 when the new statutory fund will come into existence. The Act provides us with an unusual extension to our role, since it includes the ability to review and change decisions (rather than recommend that a local authority reconsider a decision, as is the case with other areas of local authority complaint). Funding for this new function is currently under discussion and will be provided separately by the Scottish Government, and there is more detail on the associated costs in the Financial Memorandum³.

Preparing for the new role

We have been working closely with relevant stakeholders, including the third sector, the Scottish Parliamentary Corporate Body (SPCB), the Scottish Government and local authorities. We outlined our main considerations in a July 2014 briefing note⁴ about the proposed new role. We are consulting⁵ separately on significant parts of our approach to the new role, including how we will approach decision-making, rules on oral hearings, and how we are evaluating our work from an equalities and human rights perspective. For the purposes of this draft strategic plan, we highlight three key areas which together have significant practical implications for SPSO as an office over the period of the next strategic plan.

- **Accessibility**

We appreciate that there will be a need to be fully accessible to people who are more likely to be vulnerable and to have complex and multiple needs than the

³ <http://www.scottish.parliament.uk/parliamentarybusiness/Bills/77924.aspx>

⁴ <http://www.spsso.org.uk/news-and-media/spso-briefing-note-scottish-welfare-funds-scotland-bill>

⁵ <http://www.spsso.org.uk/news-and-media/spso-consultation-scottish-welfare-fund-reviews>

majority of our current complainants. Under this objective we will ensure that we are genuinely accessible to people and will commit to:

- providing simple, accessible information to the public about how to apply for a review and how SPSO would consider and respond to that review
- providing clear advice for groups and individuals advising and supporting applicants
- providing simple, accessible and multiple routes for people to bring a decision to us for review, including the ability to do so online and orally rather than in writing.

Our staff have a strong customer service focus and the ability to deal tactfully and sensitively with people who may be in difficult circumstances. We already contact people in the way most appropriate for them and anticipate that for many service users of the SWF, direct contact may be best by phone, followed up by information in writing. In relation to SWF complaints, we will ensure flexibility in how we investigate, allowing us to go beyond the paperwork and to interview, visit or hold an oral hearing where that is required in the interests of fairness.

- **Timeliness**

People in crisis need quick decisions, and we will ensure that our targets are appropriate to meet their needs. In this context, we have looked closely at the work of the Independent Review Service (IRS) who had a similar role under a previous scheme in Scotland. They achieved a high percentage of decisions within challenging targets. We are planning to meet those same targets as far and as quickly as possible. While we accept that the transition to new processes and ways of working may mean that it may take time to achieve turnaround comparable with the IRS, we will prioritise those in crisis.

- **Reporting**

We have always considered that learning from the experience of individuals is one of the best and most direct ways to improve services and, given this, we will:

- communicate decisions to applicants and local authorities appropriately and quickly
- publicly report anonymised versions of individual decisions to ensure learning is shared
- report annually on trends and themes identified from our handling of SWF reviews across Scotland, in line with our current approach.

For a variety of reasons it is difficult to predict the number of applications we will receive. Estimates range significantly. While figures from the IRS indicated around 6,000 reviews would be required annually, differences in the way the new funds are managed and experience over the two-year interim period have led us to predict an upper figure of 2,000 to a low of 400 per year. If we receive a high number, we will not be able to issue, as we currently do, a public report of each decision. At the very least, however, we will provide annual analysis and trend information.

6 Improving public sector complaints procedures

Strategic objective 3: To simplify the design and operation of the complaints handling system in Scottish public services - by working in partnership with service providers, regulators and other key stakeholders to facilitate the development of and compliance with simplified, standardised and user-focussed complaints handling procedures across the public sector as an integral part of the wider administrative justice system in Scotland.

Strategic objective 4: To improve complaints handling by public service providers - by using our expertise and resources to monitor, promote and facilitate the sharing of best practice and support service providers in improving their complaints handling.

Improving public sector complaints procedures

Our second statutory duty is to lead the development of simplified, standardised complaints handling procedures (CHPs) across the public sector and to monitor and promote best practice. This work is carried out by our internal unit, the Complaints Standards Authority (CSA), which we set up to fulfil the recommendations of the Crerar and Sinclair reports.

Simplifying the landscape

Over the past four years, the CSA has led the development and implementation of standardised complaints procedures across the public sector in Scotland. It successfully adopted a phased partnership approach to develop CHPs that cover the vast majority of public services – all those provided by councils, registered social landlords, colleges and universities, and organisations in the Scottish Government, Parliament and associated bodies sector. As a result of this work, the public have recourse to simple, accessible, timely CHPs that contain similar principles and processes. This major achievement was made possible by the new powers we were given under the Public Services Reform (Scotland) Act, and through the considerable efforts of the CSA team.

A significant area which the CSA is now turning its attention to is the NHS. The health service already operates a standardised process underpinned by the Patients' Rights Act and associated regulations and guidance. However, in April 2014 the Scottish Health Council recommended that we lead on developing a more succinctly-modelled, standardised and person-centred complaints process for NHSScotland. The Scottish Government have since agreed this and asked the CSA to undertake this work, with appropriate resources being provided. To do this, the CSA will be working with a large number of stakeholders and developing a CHP for the NHS, and this will be a key CSA project in our 2015-16 and 2016-17 business plans. Looking further ahead, as with other sectors, our role will be to support implementation by NHS boards and provide on-going support, advice and guidance to NHS providers.

Compliance, reporting and benchmarking performance

The CSA works with existing regulatory bodies to build compliance and performance mechanisms into existing audit processes to avoid additional regulatory burden. There is a strong emphasis on self-assessment. Under the model CHP, organisations have to publish annual complaints statistics and learning against performance indicators. We plan to continue to work with the sectors to support them in their discussions about how performance information should be presented and benchmarked. The aim is to move towards a greater consistency of reporting complaints, and provide a basis for comparing performance and supporting ongoing improvement.

Advice, support and guidance

For most sectors in which the CSA has developed a model CHP, we have supported the sectors to establish a network whose aim is to share good practice, develop tools and guidance, support complaints handling practitioners and provide a forum for benchmarking complaints information. The CSA supports the networks and organises meetings, events and conferences. It also responds to hundreds of stakeholder enquiries. It has developed support for complaints handlers through best practice guidance and training.

Training

Our training unit has been one of our key successes. It is run on a cost-recovery basis, and provides an extensive range of products, including ground-breaking work on developing e-learning modules. Our main training activities are:

- courses in frontline and investigation skills courses (we directly delivered 32 courses in 2014-15 across the majority of sectors including local government, FE and HE, the Scottish Government and associated public bodies, and the NHS). The courses get very high ratings from participants and the materials are much sought after, including by other ombudsmen in the UK and overseas.
- tailored materials for the health sector, with the support of NHS Education for Scotland (NES). The Ombudsman held masterclasses for chief executives and non-executive directors of NHS boards on the role of complaints in good governance. NES recorded some of this material and it is available on its website alongside all the other tools that we have developed for NHS staff in Scotland. We have also developed workshops for GP and dental practice managers using audio case studies as a training tool.
- e-learning modules on frontline complaints handling. The aim of these is to help the people dealing directly with the public to feel more confident responding to complaints and support them in developing their skills. Almost 3,500 registered users accessed the modules directly from our website last year. In addition to this, many public authorities have adapted the e-learning package for use on their

own internal systems, in particular councils. All our e-learning training materials are free and are available to all public sector organisations.

Improvement framework and quality assurance

Building on the work undertaken over the last few years to improve complaints processes and key performance reporting by public sector organisations, we have also been working to help them self-assess and improve further their overall complaints handling arrangements. We have developed tools to help them do this, including an improvement framework and quality assurance tool to help focus them on positive organisational complaints culture, improving the quality of responses and embedding potential learning from complaints. These tools will be outlined at an SPSO conference being held in October 2015.

Contributing more widely

Our head of complaints standards is a member of the Scottish Tribunals and Administrative Justice Advisory Committee. Through work with this committee, we have emphasised the importance of complaints systems as one of the key routes for the public to access administrative justice and the importance of all administrative justice routes being user-focussed. We are also working with Citizens Advice Scotland on the impact of the devolution of consumer advice and protection.

Summary

The CSA's achievements have been internationally recognised as transforming the complaints handling landscape in Scotland. The CSA is run by approximately one and a half FTE SPSO staff members, and the training arm operates on a cost-recovery basis. However, resourcing pressures mean that we may need to scale back our activities even in this highly influential area of our work. Resources-permitting, the main ongoing areas of CSA activity over the period of the next strategic plan will be:

- leading the development of standardised NHS complaints procedures
- ensuring that the model CHPs in all sectors remain fit for purpose
- supporting moves to align integrated health and social care complaints and, if appropriate, social work complaints, with model CHPs
- coordinating and contributing to networks of complaints handlers
- developing and sharing best practice, including the development of self-assessment and quality assurance tools
- providing advice, support and guidance for service providers, regulators and others on the operation of the CHPs and good practice more generally
- high quality training
- supporting public bodies to ensure reporting and publishing complaints handling performance in accordance with the CHPs.

7 Running the business

Strategic objective 5: To be an accountable, best value organisation - by making best use of our resources and demonstrating continuous improvement in our operational efficiency and supporting the professional development of our staff.

Over the past five years we have continued to develop a holistic approach to continuous improvement. We have used a range of recognised organisational improvement tools and feedback mechanisms to improve in a number of key areas including:

- the Public Service Improvement Framework (PSIF) model- this is a self-assessment approach which encourages organisations to conduct regular comprehensive reviews of their own activities and results
- professional service standards - developed in conjunction with our own customer sounding board, and other UK and Irish Ombudsmen, to reflect the core values and standards of a modern ombudsman service and to provide a clear framework on which to base quality assurance activities
- performance indicators
- our procedures for customer complaints about our service
- the Investors in People Standard (IIP)
- a comprehensive learning and development training programme
- an independent business process review to develop the efficiency and effectiveness of our case handling process
- external audit through Audit Scotland
- active participation and contribution to the sharing of best practice between other ombudsman services within the UK, Ireland and internationally.

We have a number of accountability and governance mechanisms, including:

- the SPSO Audit and Advisory Committee
- internal auditors (the Scottish Legal Aid Board) who look at areas such as HR, payroll, IT systems installation and document management
- feedback from our three sounding boards (customers, local government and NHS)
- evidence sessions to Scottish Parliament committees
- budget discussions with the SPCB
- feedback from our service users
- staff surveys.

To ensure that we are able to meet and monitor our commitments, we regularly carry out risk assessments and share these findings with our Audit and Advisory Committee and review our risk management practices as part of our cyclical internal audit programme.

Using technology effectively

The continuing rise in case volumes, increasing complexity of complaints and widening of our remit require us to continually adapt and expand how we use IT to deliver our service. As we recognise earlier in this document and in our submissions on the Scottish Welfare Fund, the applications that we see will be from people in crisis and need a far faster turnaround than the type of complaints we usually deal with. This creates new IT challenges, as we will need to exchange electronic information very quickly with the councils and other parties involved.

There will also be general challenges to meet in how people, irrespective of the type of complaint they have, increasingly access services online and through smartphones. We are continually adapting our service to make sure it is as accessible as possible, such as making improvements to our online complaints form, and working with the third sector and advice agencies in particular to ensure that our mutual information for the public is as helpful and accurate as possible.

Summary

We use a wide range of accountability, governance and best practice mechanisms to support our service and to ensure that we are continually improving. Many of these are statutory and will naturally be continued under the next strategic plan. In the event of increasing demand and static investigations resources, we will review the non-statutory activities.

8 Impact: sharing strategic lessons

Strategic objective 6: to support public service improvement in Scotland - by continuing to raise informed awareness of the role of the SPSO and to feedback and capitalise on the learning from our consideration of individual enquiries and complaints, for example, through thematic reports, and by working in partnership with public service deliverers, policy makers, scrutiny bodies and regulators to promote good administrative practice.

Publishing decisions

In June 2011, we became the first ombudsman service in the UK to report publicly on almost every decision we make⁶ and other ombudsmen have followed our example. This wider publishing of our findings has allowed us and others to make much more use of our work, for example to inform regulatory and improvement activities. While we must publish what we call public interest investigations (of which there were 46 in 2014-15), there is no statutory obligation on us to publish all decisions (in 2014-15 this amounted to a further 898).

Other information we publish

In our previous strategic plan consultation we proposed producing thematic sectoral reports⁷ and this received strong endorsement from stakeholders. We also provide an annual letter to all councils and NHS boards⁸ about complaints we have dealt with about their organisations.

We have received excellent feedback on our published information, in particular on the value of our annual sectoral complaints reports. However, there is also no statutory duty to produce annual letters or thematic complaints reports. In 2014-15, resourcing pressures meant that we took the decision to restrict our annual sectoral reports to only those areas about which we receive the majority of complaints.

Summary

We put a considerable amount of information into the public domain and share learning with public bodies, regulators, and other scrutiny and improvement bodies. Over the period of the strategic plan, we will engage with stakeholders to review the effectiveness of the complaints information we are able to provide within the resource we have available.

⁶ Decisions are at <http://www.spsso.org.uk/our-findings>

⁷ Sectoral reports are at <http://www.spsso.org.uk/sector-specific-information>

⁸ Annual letters are within relevant sectors at <http://www.spsso.org.uk/sector-specific-information>

9 Resources

Overview

The SPSO's main statutory duties are:

- handling complaints brought by members of the public about public bodies under our jurisdiction
- leading on developing and ensuring implementation of model complaints handling procedures
- monitoring, promoting and facilitating the sharing of best practice in complaints handling
- publishing investigations.

Our external independent auditors, Audit Scotland, have consistently highlighted as the only significant risk to our business the need to ensure that we are properly resourced. The SPSO Audit and Advisory Committee have similarly emphasised adequate resourcing as a key risk.

Our most significant resource is our staff - in 2014-15 staff costs accounted for 82% of our total cash budget. The realisation of our strategic objectives is largely dependent on having staffing levels and skills that are appropriate to meet the needs of a growing and demand-led service. Keeping pace with year-on-year increases in demand requires careful monitoring and planning. A clear and consistent focus on effective and efficient processing of cases, and continuously identifying areas for improvement internally is key to this.

More significant though is the degree to which the SPSO can support and influence public bodies to improve their own complaints handling processes. Our aim is to encourage local resolution through better complaints handling by public bodies, both through our casework and our Complaints Standards Authority role.

During the last five years case volumes have increased by 41%. The profile of complaints has changed, with fewer premature complaints and more complex cases. Over the course of this next strategic plan we will seek to effectively manage our resources, to operate within the funding available, and to highlight and reflect changes in demand, ensuring value for money while at the same time meeting our stated legislative and strategic objectives. We are planning for a range of scenarios, including a continued increase in case volumes at the pace seen over the past several years. Such increases would require a further review of resourcing levels, which would include considering the adaptations to our current service that we have outlined earlier in section 4.

As we outlined earlier, the new strategic plan period will also see the integration of new areas of work to the SPSO, including responsibility for Scottish Welfare Fund reviews and, possibly, social work complaints. Historically, new areas of work have been resourced separately from existing funding arrangements. Resourcing levels for any new responsibilities will need to be monitored and managed separately over

the strategic plan review period so that shifts in demand can be resourced effectively. As we grow, we will seek to integrate new areas into the organisation in a way that leads to the most effective delivery of all our strategic objectives.

Budget

We operate against an annual cash-based budget that is reviewed by the SPCB and approved by the Scottish Parliament. The budget process historically has operated on the assumption of a zero-based budget and has therefore required real-term cuts on an annual basis. During the current strategic plan period, we completed a programme of 15% cuts. These cuts were in addition to the circa £1.5 million of savings made to the public purse by SPSO taking on responsibility for prison, prisoner health and water sector complaints. We do not carry a contingency fund but instead have access to contingency arrangements through the Scottish Parliament where required.

The indicative budget for 2016-17 is £3,206,091⁹. It does not include costs associated with the new function for SWF reviews, funding for which is currently under discussion and will be provided separately by the Scottish Government. The budget also does not reflect funding for any other potential new areas of work nor for a review of accommodation requirements.

The indicative figures for 2017-18, which have been provided to the SPCB as part of the 2015-16 budget process, assume a continuation of the 2016-17 functions but do not reflect any further changes to our remit.

Timetable

Five of the six strategic objectives set out in this strategic plan reflect our current statutory obligations and the related core functions to be delivered by the SPSO over the four-year period up to March 2020. The sixth (strategic objective 2) reflects the new additional responsibility for SWF reviews. At this stage, there are no anticipated significant variations in areas of spend for core business areas year-on-year.

Indicative Costs

Indicative figures for the delivery of each of the strategic objectives of the strategic plan are set out in Annex 1, on the assumption that the SPSO's legal duties and strategic objectives can be achieved with the resources set at the level reflected in the 2016-17 budget. These indicative figures would potentially be impacted on by rising demand for service, or additional jurisdictional or legal responsibilities. These

⁹ This indicative figure does not include a current in-year submission for additional investigative staffing resourcing from 2015-16 onwards.

estimates do not include contingencies, for example for legal challenges. Approximately 84% of SPSO resources are already fully dedicated to delivering strategic objective 1. The split of resources across the strategic objectives may need to be realigned further within the four-year period of the strategic plan to reflect any further increases in demand to this aspect of the service. As set out above, further additions or extensions to the SPSO remit within this period would also require an additional review of our resource management.

Recruitment and accommodation

We will be taking on additional staff to handle SWF reviews. We will be recruiting and developing people to ensure they have the necessary experience of welfare/benefits, which will stand us in good stead in the event that there is further devolution of welfare services to Scotland following the Smith Commission. As our service expands to include SWF and, possibly, social work complaints, it is also likely that we will have to move premises or find other ways to accommodate additional staff since there is no room to house additional staff in our current office. At a time of tight budgets, we do not intend to over-resource and will work with the Scottish Government and the SPCB to decide what is reasonable. However, the uncertainty over SWF numbers clearly presents a challenge to our business.

If additional areas of work are added to our remit, in particular under the Government's proposals in relation to health and social care integration complaints arrangements, there will be a need to increase staff numbers and to review our accommodation requirements.

Annex 1: SPSO Indicative figures 2016-2020 per strategic objective (based on 2016-17 indicative budget)

Budget head	S01: Case handling	S02: SWF	S03: Simplification	S04: Good practice	S05: Continuous improvement	S06: Compliance and publication	Total costs
Office holder staff costs	£91,021		£5,310	£3,096	£7,168	£5,168	£111,763
Management staff costs	£209,300		£78,658	£35,958	£34,656	£35,958	£394,530
Non-management staff costs	£1,801,376		£38,648	£32,439	£123,684	£78,202	£2,074,349
Total Staff Costs (excl office holder)	£2,010,676		£117,306	£68,397	£158,340	£114,160	£2,468,879
% staff costs (excl office holder)	81%		5%	3%	6%	5%	100%
Staff related costs	£39,092		£2,281	£1,330	£3,078	£2,220	£48,001
Property costs	£247,580		£14,444	£8,422	£19,497	£14,057	£304,000
Professional fees	£132,749		£7,745	£4,516	£10,454	£7,537	£163,001
Running costs	£172,003		£10,035	£5,851	£13,545	£9,766	£211,200
Capital costs							
Income				-£31,000	-£69,000		-£100,000
TOTAL	£2,693,121	TBC	£157,121	£60,612	£143,082	£152,908	£3,206,844
% of budget	84%		5%	2%	4%	5%	100%

Consultation on SPSO Draft Strategic Plan 2016-2020

Response by North Ayrshire Council

General Comments

It is important to recognise that the SPSO operates in the same climate as the rest of the public sector, one of decreasing resource and increasing demand. If, or when public services reduce in response to financial pressures, there are likely to be more complaints. Digital capability makes it even easier to make complaints. Increases in budget sought by the SPSO will only come at the expense of another public budget. In the present climate this is not likely, nor could we support this. Accordingly SPSO will face challenges in continuing to provide the same service.

While these issues are touched upon in the Strategic Plan, the draft Plan continues with the same five strategic priorities, plus a new one relating to Welfare Fund decisions. It appears to us that the Plan would benefit from a clear Mission and Vision. At present it suffers from a confusion of approaches as to SPSO's mission. Is it:-

- As a regulator
- As part of an integrated public sector, focussed on improving outcomes for the community
- As an independent body who impartially determines complaints in a quasi-judicial manner?

It appears to us that the Draft Strategic Plan attempts to fulfil all three of these roles. In our view the SPSO and its Strategic Plan needs to focus on the second of these bullet points. SPSO's role needs to align with the recommendations of the Christie Commission. Most of its workload comes from what Christie defined as 'failure demand'. The SPSO's Strategic Plan needs to focus on encouraging early intervention and prevention and good practice. It needs to work in partnership with the public sector to ensure that its work is targeted towards achieving real and tangible outcomes for the community. It needs to take a wider public interest view of its work. If that means not investigating cases where there is little public interest in doing so, so be it. Police and Procurator Fiscal resources are not limitless, and they also require to apply such a public interest test.

Against this background SPSO's Strategic Plan needs to focus on the public sector reform principles of: -

- Outcomes not processes- deal with cases where these are in the public interest and will achieve a genuine outcome.
- Early intervention and prevention - encouraging good practice and learning, to ensure that mistakes are avoided. The SPSO's work on a standardised public sector complaints procedure and in producing thematic reports are commendable examples of this.
- All public authorities working together in an integrated manner in a way which avoids duplication and tailors services to the needs of localities or customer groups.
- Subsidiarity - avoid a one size fits all, regulatory approach which interferes with outcomes tailored to communities.
- Make efficiencies by fully embracing the digital agenda.

Particular Feedback

Ombudsman's Foreword

While the Introduction section flies the kite of charging public authorities under the principle of 'the polluter pays', the norm in any other appeal or tribunal proceedings is to charge a fee to those making the complaint, refundable in the event of success. This has the twin merits of cutting down complaints which are either vexatious or have no chance of succeeding, and controlling demand for the SPSO's services.

The Ombudsman makes the point that some public authorities are unable to satisfactorily resolve complaints through their complaints process, and that 50% of complaints are upheld by SPSO. This conclusion is based on erroneous data as the 50% figure includes complaints which public bodies have themselves upheld at an earlier stage of their own complaints process

Section 4 - Complaints Service

Casework efficiency – background

(page 10)

While it is important to achieve efficiencies SPSO needs to work in a manner which does not simply transfer its load elsewhere onto the public sector. For example, the SPSO Annual Statement of 7 October 2015 advises that during 2015 year the Ombudsman will require full information from Councils at the initial enquiry stage. Essentially this is frontloading all the work onto local authorities without any consideration of the resource impact. Regardless of how vexatious a complaint (and there are many), a local authority will require to submit full information. In our view the SPSO should be taking a more pro-active approach to reject cases immediately which appear vexatious, where there is no obvious injustice to the complainer, where there is no foreseeable likelihood of success or where it is not in the public interest to pursue the complaint

A further means of managing demand would be to introduce tighter timescales for complaints. In common with most other appeal provisions, an ouster clause could be introduced limiting the period for complaint to 6 weeks after conclusion of an Authority's two stage complaints procedure. This could also help further standardise the complaints process.

In this section, there is mention of the proposal for complaint handling in health and social care, including social work. Whilst the report says there will be a consultation in 2016, this cursory mention should perhaps be expanded upon to include more information on what this will entail and what the SPSO and/or Scottish Government's expectations are around this for local authorities.

Reviewing the performance indicators (page 11)

Should the SPSO extend the 12 month timescale to complete their investigations, we will find ourselves in a position where recommendations are being proposed for a complaint that happened, say, 2 years ago. Things may have moved on to such a degree that recommendations made may not be applicable or feasible (particularly if they involve actions concerning a member of staff or a department). It should also be noted that this timescale

contrasts widely with the short timescale which the Ombudsman gives authorities to respond.

Setting up a learning and improvement unit (page 11)

We would fully support the setting up of such a unit irrespective of whether there were budget/resource pressures at the SPSO or not. Insofar as this aims to reduce complaints at source, it is a key part of early intervention and prevention. The focus of this unit should be on encouraging best practice rather than regulation.

Summary (page 13)

Sounding Boards are to be commended but need to be two-way. There needs to be genuine consultation, rather than selective engagement for these to work. The demand in the SPSO's letter of 15 October 2015 that local authorities sign a letter of assurance, copied to senior councillors in each authority, is a good example of something which should have been, but was not, raised with the Local Authority Sounding Board.

We are also unsure what the reference in this section to 'customer service complaints' means.

Section 5 - Scottish Welfare Fund

Accessibility (page 14)

Scottish Welfare Fund applicants are vulnerable and on low income and may not have access to a computer and the skills to complete an online application form. Customers may not have the financial resources to pay for travel costs to provide oral evidence in person and therefore providing evidence over the telephone at no cost to the customer or in writing is recommended.

Timeliness (page 15)

The plan refers to people in crisis but the Scottish Welfare Fund also provides community care grants in support of people living independently; both grants have separate targets for processing applications and making awards; 24 hours crisis grant and 15 days community care grant. It is unclear from the strategic plan if the same review target will be set for both crisis grants and community care grants as the level of detail required for a community care grant review may be more involved. The Council would recommend two separate review targets to reflect the two types of grants.

Reporting (page 15)

As the SPSO can review and change decisions made by the Council it is essential that the outcome of the review is communicated quickly in order for the Council to amend its records and award further grant or provide more goods to customers where applicable. The strategic plan does not specify how decisions will be communicated to the Council for example by email or by post and this should be made known. Not all Councils administer the Scottish Welfare Fund in the same way and a single point of contact is recommended.

NORTH AYRSHIRE COUNCIL

Agenda Item 4

24 November 2015

Cabinet

Title: **Sundry Debtor Write off**

Purpose: To advise the Cabinet of sundry debtor write off.

Recommendation: Agree to authorises the write off of balances over £10,000 as set out in Appendix 1.

1. Executive Summary

- 1.1 Council Services raise invoices through the Council's debtors system for goods or services provided to the general public or to businesses. The Finance Debt Recovery Team manages and recovers these debts. If a debt is unpaid then a reminder and a final reminder are issued before the debt is passed to Legal Services to recover the debt through legal processes.
- 1.2 During the recovery process cases are identified by Legal Services where it appears unlikely that there will be further recoveries of monies due, or where continued recovery action would be inappropriate. These cases are referred back to Services for their approval to write off the debts under delegated powers or, where appropriate, to seek Members' approval for the write-off.
- 1.3 The Financial Regulations provide that sums due to the Council may be written off when all avenues for recovery have been exhausted and where the sums are considered to be irrecoverable.
- 1.4 Write-off of amounts below £10,000 is delegated to the Executive Director of Finance & Corporate Support.

2. Background

- 2.1 All accounts recommended for write off have followed the procedures outlined at 1.1 and 1.2.
- 2.2 Appendix 1 shows that 857 accounts of less than £10,000 with a total value of £149,802.49 have been written off under delegated powers.

- 2.3 A further two accounts of more than £10,000 totalling £39,543.02 require Cabinet approval for write off; one account relates to financial year 2012/13 and write off is recommended by legal services due to the account being time barred and one account for 2013/14 where the company ceased trading.
- 2.4 The total amount of sundry income debt to be written off under delegated powers and by the Cabinet is £149,802.49 and £39,543.02 respectively, totalling £189,345.51. This compares to £260,383.21 written off at the same point last year.
- 2.5 Although it is proposed that the accounts be written off as irrecoverable, further attempts will be made to recover the debts through Stirling Park sheriff officers, where possible.
- 2.6 Since April 2007 debt previously written off totalling £1,609,581 has been passed to Stirling Park for collection and to date they have collected £110,511 (6.87%).
- 2.7 Full lists detailing the accounts for write off are available in Finance for inspection by Members.

3. Proposals

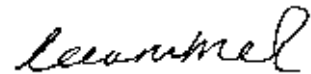
- 3.1 That the Cabinet authorises the write off of balances over £10,000 as set out in Appendix 1.

4. Implications

Financial:	The write off of sundry debtor accounts results in a financial loss to the Council. Adequate provision for bad debts has already been made in the Council's accounts.
Human Resources:	None
Legal:	None
Equality:	None
Environmental & Sustainability:	None
Key Priorities:	None
Community Benefits:	None

5. Consultation

- 5.1 All services that raise invoices through the sundry debtors system were consulted on the proposal. Legal Services have also been involved in the recovery process.



LAURA FRIEL
Executive Director (Finance and Corporate Support)

Reference : SH

For further information please contact Stephen Humphries Senior Manager
Revenues and Benefits on 01294 310106

Background Papers

Sundry Debtor write off lists 2015/16

Appendix 1

North Ayrshire Council - Debtors Control System - Write off summary 2015

Value of invoices	General Fund		H.R.A.		Total	
	Number	Value	Number	Value	Number	Value
Delegated powers less than £10,000	452	£68,039.25	405	£81,763.24	857	£149,802.49
Cabinet approved over £10,000	2	£39,543.02	0	£0.00	2	£39,543.02
	454	£107,582.27	405	£81,763.24	859	£189,345.51

NORTH AYRSHIRE COUNCIL

Agenda Item 5

24 November 2015

Cabinet

Title: **Treasury Management Mid-Year Report 2015/16**

Purpose: To provide Cabinet with a Treasury Management update for the period 1 April to 30 September 2015.

Recommendation: Agree to (a) note the contents of the Mid-Year Treasury Management Report for 2015/16 (Appendix 1); (b) note the Prudential and Treasury Indicators contained therein; (c) approve the change to the credit rating methodology; (d) approve the revised methodology for the calculation of interest returns for Common Good and Trust Funds; and (e) approve the revised limit on variable rate borrowing.

1. Executive Summary

- 1.1 The Treasury Management Strategy Statement and treasury management indicators provide a framework for the Council's treasury activities to ensure the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks. This mid-year review report provides an update on performance to 30 September 2015 and also updates the annual prudential indicators to reflect the latest information available to the Council. This report demonstrates that the treasury management activities carried out during the period 1 April to 30 September 2015 have been consistent with the Treasury Management Strategy Statement 2015/16 and have complied with the treasury management indicators set out in the strategy statement.

2. Background

- 2.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2011) requires that Elected Members are provided with regular monitoring reports on treasury management activities. The Treasury Management strategy for 2015/16 was approved by the Council on 17 December 2014.

This report is the Mid Year report providing Cabinet with an update on treasury management activities for the period 1 April to 30 September 2015. The Council will receive an annual report after the end of the financial year.

These reports ensure that the Council is meeting best practice in accordance with CIPFA's Code of Practice.

- 2.2 The 2015/16 mid year report is attached at Appendix 1 and covers : -
- Prudential and treasury indicators;
 - Investment rate and outturn;
 - Changes in credit rating methodology;
 - Icelandic Bank Update.
- 2.3 This report provides an update on performance to 30 September 2015 and the annual prudential indicators to reflect the latest information. It is a statutory duty for the Council to determine and keep under review its approved borrowing limits and prudential indicators. Details within the report demonstrate that during the period 1 April to 30 September 2015 the Council has operated within the treasury limits and prudential indicators as set out in the Council's 2015/16 Annual Treasury Management Strategy Statement (TMSS).
- 2.4 The Executive Summary of the Mid Year Report provides a high level overview of Treasury Management and Performance with more detail provided in the body of the report. Key points to note are:
- the re-profiling of capital expenditure into future years and continued use of internal resources have had an impact on all of the prudential indicators;
 - it continues to be more cost effective to use internal funds in lieu of borrowing due to investment rates on offer. This has resulted in no borrowing being undertaken to date in 2015/16;
 - investment returns are in line with budgeted returns;
 - the Council sold its remaining Icelandic bank investment in September 2015.

2.5 Changes in Credit Rating Methodology

In 2015, in response to the evolving regulatory regime, all three main rating agencies (Fitch, Moody's and Standard & Poor's) began reassessing their methodologies. In addition to the removal of implied sovereign support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or little changed.

In keeping with the agencies new methodologies, the credit element of the Council's credit assessment process now focuses solely on the Short and Long Term ratings of an institution which is the minimum ratings criteria which is contained in the Council's Treasury Management and Annual Investment Strategy for 2015/16.

North Ayrshire will continue to specify a minimum sovereign rating of AA-. This is due to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will have an influence on the ratings of a financial institution.

These rating agency changes do not reflect any changes to the underlying status or credit quality of the institution, merely a reassessment of their methodologies in light of enacted and future changes to the regulatory environment in which the financial institutions operate.

Further detail on the impact of this can be found in section 5 of the Mid-Year Treasury Management Report 2015/16 (Appendix 1).

2.6 Investment Interest Rate - Trust and Common Good

Historically Trust and Common Good funds have attracted interest rates on their investments with the Council based on our average investment rates which reflects our mixture of short and long term investments. However the nature of these funds means that investment balances are largely available for the full year for investment and as such could attract a rate of return which reflects this longer term investment. Following a review it is proposed to apply the average long term rate secured by the Council to these investment balances. Based on current investments this would increase the interest rate applied from 0.51 % to 0.70%.

2.7 Limits on Variable Rate Borrowing

Prudential Indicator 11 relates to the limit set on the Council's exposure to variable rate interest. This was set at 20% by the Council in the Treasury Management Strategy for 2015/16. This level is now considered too restrictive in managing the Council's short term cash flow and a revised limit of 30% is proposed.

Further detail can be found at section 3 (d) of the Mid-Year Treasury Management Report 2015/16 (Appendix 1).

3. Proposals

- 3.1 It is proposed that the Cabinet (a) notes the contents of the Mid-Year Treasury Management Report 2015/16 (Appendix 1); (b) notes the Prudential and Treasury Indicators contained therein; (c) approves the change to the credit rating methodology; (d) approves the revised methodology for the calculation of interest returns for Common Good and Trust Funds; and (e) approves the revised limit on variable rate borrowing.

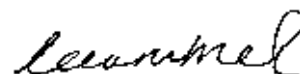
4. Implications

Financial:	<p>General Services</p> <p>Capital Financing Costs - the Council budgeted £19.321m for financing costs and expenses on debt for 2015/16. It is currently estimated that actual costs will total £16.265m. The main reasons for the underspend of £3.056m are a) the continuing strategy to delay new external borrowing by utilising cash balances, resulting in savings on external interest costs and b) re-profiling of the capital programme, resulting in savings on loans fund principal and interest payments. In line with the budget strategy, it is proposed to transfer this underspend to the Loans Fund Reserve.</p> <p>Housing Revenue Account</p> <p>Capital Financing Costs - the Council budgeted £9.263m for financing costs and expenses for debt in 2015/16. It is currently estimated that actual costs will total £8.138m.</p>
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	The main reasons for the underspend of £1.125m are a) the continuing strategy to delay new external borrowing by utilising cash balances, resulting in savings on external interest costs and b) reprofiling of the capital programme, resulting in savings on loans fund principal and interest payments.
Human Resources:	None.
Legal:	None.
Equality:	None.
Environmental & Sustainability:	None.
Key Priorities:	Treasury Management activities for the period 1 April to 30 September 2015 helped support outcome 15b - "Public services are more efficient and effective".
Community Benefits:	None.

5. Consultation

5.1 No consultation has taken place on the contents of this report.



LAURA FRIEL
Executive Director (Finance and Corporate Support)

Reference :

For further information please contact Margaret Hogg, Senior Manager, Financial Management on 01294 324551

Background Papers

Treasury Management Strategy Report 2015/16 - Council - 17 December 2014



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

**Mid-Year Treasury
Management Report**

2015/16

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Mid-Year Treasury Management Review 2015/16

1. Purpose

The Council is required by regulations issued under the Local Government in Scotland Act 2003 and the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2011) to produce a mid-year review of treasury management activities. The purpose of this mid-year review is to report the performance of the Council's treasury operation and how this measures up against the Council's Annual Treasury Strategy. This is done through the publication of updated prudential and treasury indicators for 2015/16.

This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2015/16 the minimum reporting requirement was that the following reports should be submitted to Elected Members:

- an annual treasury strategy (submitted to the Council on 17 December 2014)
- a mid-year treasury update report (this report)
- an annual review following the end of the year describing the activity compared to the strategy (will be submitted to Council in June 2016)

Regulations place responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of treasury activities for the six months to 30 September 2015 and highlights compliance with the Council's policies previously approved by members.

2. Executive Summary

During the six month period to 30 September 2015, the Council complied with its legislative and regulatory requirements.

The **key prudential and treasury indicators** for 2015/16 have been updated based on the latest available information and will be used to assess performance at the end of the year.

TABLE 1

Prudential and treasury indicators	2015/16 Original Estimate £m	2015/16 Revised Estimate £m
Capital expenditure (Indicator 1)		
· Non-HRA	52.011	58.370
· HRA	28.819	24.379
· Total	80.830	82.749
Capital Financing Requirement (CFR):		
· Non-HRA	241.717	243.847
· HRA	133.190	115.555
· Total	374.907	359.402
Gross borrowing (Indicator 4)	351.590	329.818
Operational Boundary (Indicator 5)	416.606	383.725
Authorised Limit (Indicator 6)	451.568	415.399
Investments (Indicator 8)		
· Longer than 1 year	-	-
· Under 1 year	10.000	30.000
· Total	10.000	30.000

A summary of performance is provided below with more detailed information provided in the body of the report.

Capital Expenditure for both the General Fund and HRA vary from original estimates due to changes in the profile of projects and the receipt of new external funding.

The **Capital Financing Requirement (CFR)** is the underlying borrowing requirements of the Council. The reduction to the requirement during 2015/16 reflects the change in profile of the capital programme as well as changes in estimates of external funding.

Gross Borrowing reflects the actual borrowing which has been undertaken, this is projected to be lower than anticipated due to the revised profile of capital projects and the use of internal funds, the latter being a key element of the Treasury Management Strategy to minimise costs.

The **Operational Boundary** is the maximum we would anticipate borrowing to fund the current year capital programme building in flexibility for the timing of the different funding streams and principal repayments. The in-year variance is linked to the use of internal funds and the re-profiling of the capital programme.

The **Authorised Limits** is set at 10% above the Operational Boundary to give some flexibility to raise funds for future year capital investment.

As noted above the Council continues to use its internal funds to delay borrowing, minimising costs. There has been no **new borrowing** in the period 1 April to 30 September 2015.

Affordability of borrowing is measured by a number of indicators, including the impact of:

- Borrowing on the Council Tax and Housing Rent; and
- Percentage of financial costs relative to the net revenue stream of the General Fund and Housing Revenue Account.

These will be updated as part of our annual report.

The **average investment** rate to 30 September was 0.51%, compared to a budget of 0.5% and actual in 2014/15 of 0.45%. The marginally higher return secured by North Ayrshire Council reflects the slightly better rate achieved by placing recent investments for up to six months. This decision was based on the cash flow requirements of the Council.

Other prudential and treasury indicators and supporting information can be found in the main body of this report.

Icelandic Bank Update

The Council sold its remaining Icelandic bank investment in September 2015. Further details can be found at Section 7.

Conclusion

The Executive Director (Finance and Corporate Support) confirms that long-term borrowing is only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) has not been breached.

3. Prudential and Treasury Indicators for 2015/16

The Prudential Code establishes a framework to ensure Councils demonstrate effective control over levels of, and decisions relating to, capital investment activity including borrowing. The Treasury indicators are used to ensure that risk is managed and controlled effectively. Together the Prudential and Treasury Indicators consider the affordability and impact of capital expenditure decisions and set out the Council's overall capital framework.

These indicators help the Council to demonstrate public accountability in relation to borrowing and investments. As part of this accountability this report will summarise the following: -

- Capital activity during the year (section a);
- Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement) (section b);
- The actual prudential and treasury indicators (section a – e);
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances (section e);
- Detailed debt activity (section e); and
- Summary of interest rate movements in the year (section 4);
- Detailed investment activity (section 6).

(a) The Council's Capital Expenditure and Financing 2015/16 (Prudential Indicator 1)

The Council incurs capital expenditure when it invests in its long term assets. Capital Expenditure can be funded in two main ways:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply other resources, the capital expenditure will give rise to borrowing, which is approved as part of the Council's investment plans.

The tables below show the planned capital expenditure for 2015/16 and the latest forecast alongside the amount estimated to be financed in year and the amount which will give rise to borrowing.

TABLE 2

General Fund	2015/16 Original Estimate £m	2015/16 Revised Estimate £m
Capital expenditure (Indicator 1)	52.011	58.370
Financed in year	22.742	28.462
Unfinanced capital expenditure	29.269	29.908

HRA	2015/16 Original Estimate £m	2015/16 Revised Estimate £m
Capital expenditure (Indicator 1)	28.819	24.379
Financed in year	15.112	14.509
Unfinanced capital expenditure	13.707	9.870

(b) The Council's Overall Borrowing Need (the Capital Financing Requirement) (Prudential Indicators 2 and 3)

This indicator outlines the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not been paid from either a capital or revenue resource and therefore needs to be funded from borrowing. It is essentially a measure of the Council's underlying borrowing need.

Part of the Council's treasury activity is to meet the funding requirements for this borrowing need. The treasury management section organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLb] or the money markets), or utilising temporary cash resources within the Council.

The Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. The Council is required to make an annual revenue charge, called the Loan Fund Principal Repayment. This is effectively a repayment of the borrowing need and it is charged to revenue over the life of the asset. This charge reduces the CFR each year. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- increasing the annual revenue charge

The Council's CFR for the year is shown below, and is a key prudential indicator. The opening balance includes the PPP scheme on the balance sheet, which increases the Council's borrowing need, this is shown to give a complete picture of the Council's debt, however no borrowing is actually required against these schemes as a borrowing facility is included in the contract, and as such this is removed from the bottom line.

Table 3 shows that based on historic capital expenditure and this year's capital expenditure the Council has a cumulative underlying need to borrow of £292.416m forecast at 31 March 2016. This is lower than the original estimate as a result of re-profiling of the capital programme.

TABLE 3

CFR	2015/16 Original Estimate £m	2015/16 Revised Estimate £m
Opening balance	275.924	263.323
Add new PPP liability	66.986	66.986
Revised Opening Balance	342.910	330.309
Add unfinanced capital expenditure (General Fund and HRA per Table 2)	42.976	39.778
Less Loans Fund Principal Repayments	(10.979)	(10.685)
Sub-total	374.907	359.402
Less PPP lease repayments	(66.986)	(66.986)
Closing balance (Indicator 2)	307.921	292.416
Annual Change (Indicator 3)	(34.989)	(37.893)

(c) Limits to Borrowing Activity (Prudential Indicators 4 - 6)

Borrowing activity is constrained by the prudential indicators for CFR, gross borrowing and by the authorised limit to ensure the Council operates its activities within well-defined limits.

Gross borrowing and the CFR

There is a need to ensure that gross debt does not, except in the medium term, exceed the total CFR (i.e. the Council does not borrow more than it needs to fund its capital programme). In exceptional circumstances Councils are allowed to borrow to cover the current financial year plus the next two financial years (i.e. to 2017/18). This provides some flexibility to borrow in advance where this is appropriate.

Table 4 highlights the Council's forecast gross borrowing position against the CFR and confirms that at 30 September 2015 the Council has complied with this prudential indicator as gross borrowing is currently within its CFR. The Council is currently under borrowed by £68.062m due to the continuing strategy to delay new external borrowing by utilising internal cash balances.

TABLE 4

	2015/16 Original Estimate £m	2015/16 Revised Estimate £m	30 September 2015 Actual £m
Gross borrowing position (Indicator 4)	351.590	329.818	291.340
CFR	374.907	359.402	359.402
(Under)/Over Borrowed Position	(23.317)	(29.584)	(68.062)

All figures in this table exclude the Council's liabilities in respect of the PPP scheme.

As part of its Annual Treasury Management Strategy the Council sets limits for external borrowing which it is not normally expected to exceed. These limits are explained below.

The Operational Boundary

The operational boundary is the expected maximum borrowing position of the Council during the year, taking account of the timing of various funding streams and the recharge of principal repayments from the revenue account. Periods where the actual position varies from the boundary is acceptable subject to the authorised limit not being breached.

The Authorised Limit

The authorised limit represents a limit beyond which external debt is prohibited. This limit is set by Council and can only be revised by Cabinet approval. It reflects the level of external borrowing which,

while not desirable, could be afforded in the short term, but is not sustainable in the longer. The current limit is set at 10% of the Operational Boundary.

Table 5 demonstrates that between 1 April and 30 September 2015 the Council's gross borrowing was within both the operational boundary and its authorised limit, by a very significant margin due to the continuing strategy to delay new external borrowing by utilising internal cash balances and slippage in the capital programme which has reduced the requirement for borrowing.

TABLE 5

	Actual £m	Revised £m
Average gross borrowing position 1 April to 30 September 2015	224.578	
Maximum gross borrowing position 1 April to 30 September 2015	225.354	
Operational boundary per Treasury Strategy 2015/16 (Indicator 5)	349.620	316.739
Authorised limit per Treasury Strategy 2015/16 (Indicator 6)	384.582	348.413

All figures in this table exclude the Council's liabilities in respect of the PPP scheme.

(d) Treasury Position at 30 September 2015 (Prudential Indicators 7 - 11)

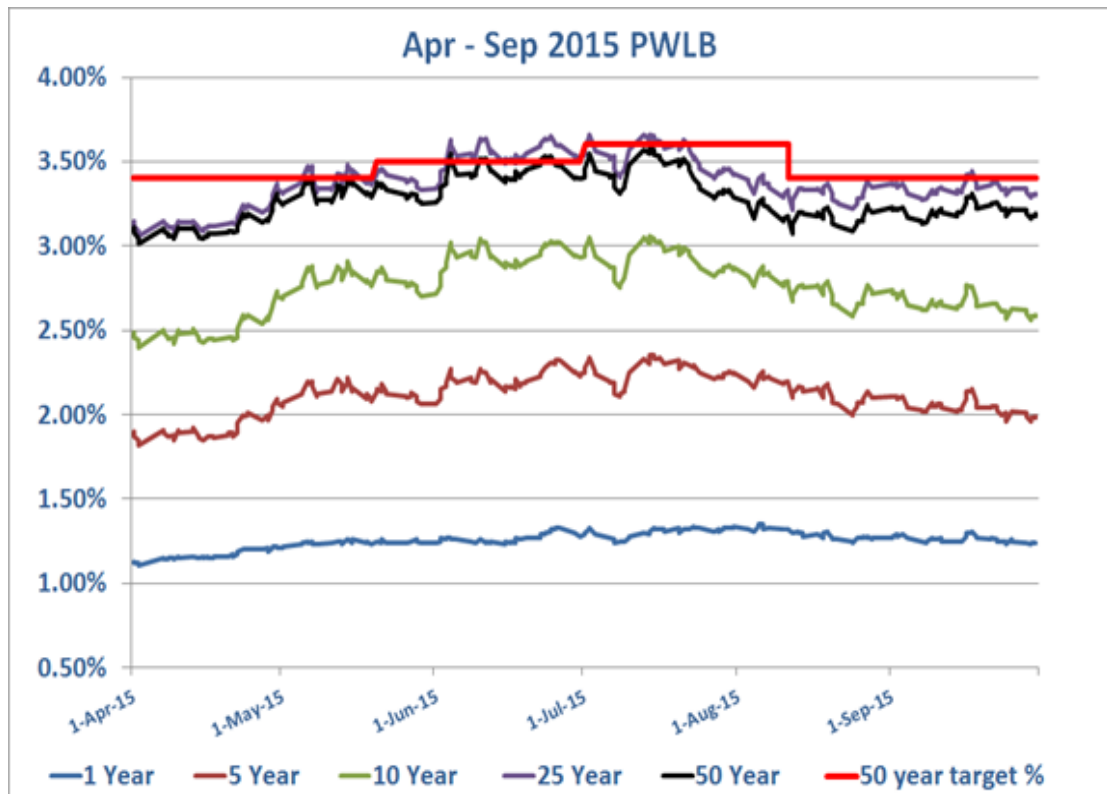
The Council's debt and investment position is organised by the treasury management service to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within agreed parameters. Procedures and controls to achieve these objectives are well established both through Member reporting and through the Council's Treasury Management Practices.

Borrowing Strategy for 2015/16

The Borrowing Strategy for 2015/16 anticipated low but rising bank interest rates, starting in quarter 2 of 2015, and gradual rises in medium and longer term fixed borrowing rates during 2015/16. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

The graph below demonstrates that the general trend has seen an increase in PWLB rates during the first quarter which then fell back in quarter two.



Borrowing Position for 2015/16

To date the Council has not undertaken any borrowing. Due to investment concerns, both in terms of counterparty risk and low returns on investment, the Council used internal short term cash reserves to temporarily fund its borrowing requirement to 30 September 2015.

Based on current capital plans and replacement borrowing requirements, it is estimated that the Council will borrow £46.093m this financial year, with a forecasted planned under borrowed position of £29.584m at the end of March 2016.

Rescheduling

No rescheduling has taken place between 1 April 2015 and 30 September 2015 as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

The Council's treasury position (excluding borrowing by PPP and finance leases) at the 31 March 2015 and 30 September 2015 was as follows:

TABLE 6

	31 March 2015 Principal £m	Rate/ Return %	30 September Principal £m	Rate/ Return %
Fixed rate funding:				
-PWLB	165.254	5.58%	165.254	5.44%
Variable rate funding:				
-Market	60.100	6.02%	59.100	5.63%
Total debt (Indicator 7)	225.354	5.68%	224.354	
CFR	264.239		292.416	
Over / (under) borrowing	(38.885)		(68.062)	
Investments:			-	
- in house	29.450	0.45%	30.000	0.51%
Total investments (Indicator 8)	29.450		30.000	

Note: Investment figures above exclude outstanding Icelandic deposits.

All investments at 30 September 2015 mature within one year in line with the Treasury Management Strategy (**Indicator 9**).

The maturity structure of the debt portfolio (**Indicator 10**) at 30 September is shown below and shows the period when the Council is required to repay and/or refinance debt. It is important to ensure a reasonable spread of debt to mitigate against high exposure levels in respect of refinancing. The current profile ensures this:

TABLE 7

Maturity Profile of Borrowing (Indicator 10)	31 March 2015 Actual £m	30 September 2015 Actual £m
Under 12 months	7.000	6.000
12 months and within 24 months	12.500	12.500
24 months and within 5 years	11.867	11.867
5 years and within 10 years	15.000	15.000
10 years and within 20 years	21.500	21.500
20 years and within 30 years	-	-
30 years and within 40 years	18.300	18.300
40 years and within 50 years	98.187	98.187
50 years and above	41.000	41.000
Total Borrowing	225.354	224.354

The next indicator is used to manage risk and reduce the impact of adverse movement in interest rates. This sets a limit on the Council's exposure to fixed and variable interest rates (**Indicator 11**). The Council approved a limit on variable borrowing of 20% in the Treasury Management Strategy 2015/16. This is now considered to be too restrictive in managing the Council's short-term cashflow and a revised limit of 30% is proposed for approval below:

TABLE 8

	2015/16 Original Limits	2015/16 Revised Limits	30 September 2015 Actual
Limits on fixed interest rates based on net debt (Indicator 11)	100%	100%	78%
Limits on variable interest rates based on net debt (Indicator 11)	20%	30%	22%

(e) Affordability Prudential Indicators (Prudential Indicator 12 - 14)

These Prudential Indicators assess the affordability of capital investment plans and provide an indication of the impact of capital investment plans on the Council's overall finances. The three indicators are

- incremental impact of capital investment decisions on council tax (**Indicator 12**)
- incremental impact of capital investment decisions on housing rents (**Indicator 13**)
- financing costs as a proportion of net revenue stream (**Indicator 14**)

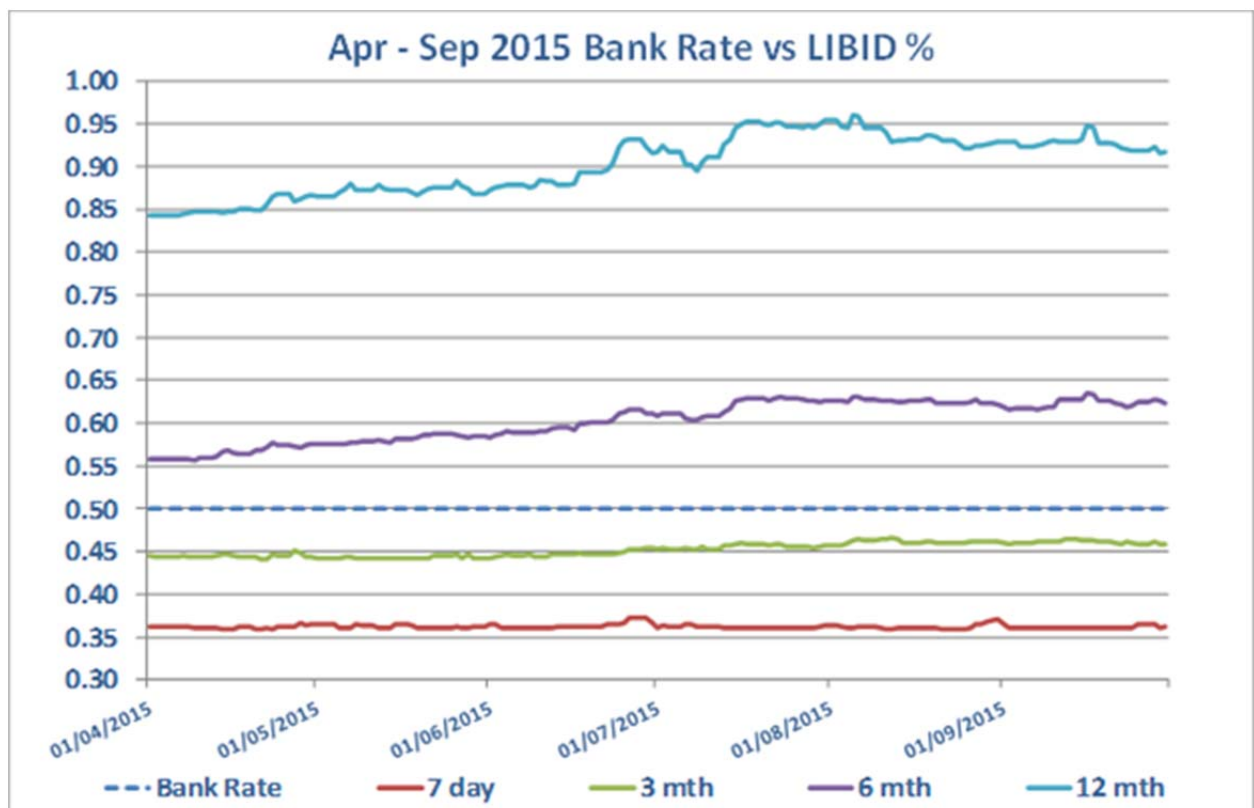
The first two indicators can only be updated at 31 March 2016 once final figures are known. An estimate of the third indicator is shown below:

TABLE 9

Estimate of ratio of financing costs to net revenue stream (Indicator 14)	2015/16 Original Estimate £m	2015/16 Revised Estimate £m
General Services	5.3%	5.2%
HRA	20.7%	18.5%

4. Investment Rates in 2015/16

Bank Rate has remained at its historic low of 0.5% throughout this year; it has now remained unchanged since March 2009. Market expectations as to the timing of the start of monetary tightening started the year at quarter 2 2015 but then moved back to around quarter 2 2016 by the middle of this year



5. Changes in Credit Rating Methodology

The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these "uplifts" with the timing of the process determined by the regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or little changed.

In keeping with the agencies' new methodologies, the credit element of the Council's credit assessment process now focuses solely on the short and long term ratings of an institution. While this is the same process that has always been used by Standard & Poor's, this has been a change to the use of Fitch and Moody's ratings. It is important to stress that the other key elements to our process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay have not been changed.

The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. Where through the crisis, clients typically assigned the highest sovereign rating to their criteria the new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. While it is recognised that changes that have taken place, the Council will continue to specify a minimum sovereign rating of AA-. This is due to the fact that the underlying domestic and, where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.

It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution, merely a reassessment of their methodologies in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the "support" phase of the financial crisis.

6. Investment Position for 2015/16

Investment Policy

The Council's investment policy is governed by Scottish Government investment regulations, which have been implemented in the annual investment strategy approved by the Council on 17 December 2014. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.). This policy was adhered to at all times between 1 April 2015 and 30 September 2015.

Resources

The Council's cash balances comprise revenue and capital resources *and cash flow monies*. The Council's cash resources were as follows at 30 September 2015:

TABLE 10

Cash Balances	2015/16 Actual £m
1 April 2015	29.450
30 September 2015	30.000
Change within 6 months	0.550

Investments held by the Council

The Council has maintained an average balance of £27.356m of internally managed funds and utilised cash balances during the year in support of the under-borrowed position. The internally managed funds earned a weighted average rate of return of 0.51%. This compares to a rate of 0.45% in 2014/15. This is consistent with peer authorities' rates of return. North Ayrshire is one of 13 Scottish local authorities that are members of an investment benchmarking group run by Capita, the Council's treasury advisers. The weighted average rate of return for the benchmarking group was 0.64% (2014 - 0.62%). The increase is due to slightly higher rates of interest being offered on fixed term investments taken by the Council in line with cash flows requirements in 2015/16. Performance was slightly above the target rate of 0.5%.

7. Icelandic Bank

The only outstanding issue for the Council in respect of its historic investment in Icelandic Banks at 1 April 2015 related to Glitnir.

The Council held an investment of £10m in the Icelandic Bank Glitnir when it collapsed in 2008. On 16 March 2012 the Council received a payment of £8.261m. The remaining settlement was made in Icelandic Krona (ISK) and was held in an Escrow account within Iceland.

At 31 March 2015 the Council held an outstanding investment of £1.309m within the Annual Accounts. The Council has now sold its ISK in respect of its claims against the insolvent estate of Glitnir. The ISK was sold to Deutsche Bank. The price at which it was sold was agreed by North Ayrshire Council on the basis of legal advice received from Bevan Brittan and North Ayrshire Council's own analysis of the financial position. The proceeds of the sale were paid in cash in Pounds Sterling. This brings to an end our dealings in respect of the insolvent estate.

NORTH AYRSHIRE COUNCIL

Agenda Item 6

24 November 2015

Cabinet

Title:	Amendments to Code of Financial Practice
Purpose:	To seek approval from the Cabinet to amend the Codes of Financial Practice.
Recommendation:	Agree to approve the proposed amendments to the Codes of Financial Practice.

1. Executive Summary

- 1.1 The Council has a series of Codes of Financial Practice to ensure there is strong governance and controls in place for dealing with financial matters.
- 1.2 Two minor changes are required to the Codes of Financial Practice to ensure they remain current and fit for purpose.

2. Background

- 2.1 The most up to date Codes of Financial Practice were agreed by the Council on 5 November 2014.
- 2.2 Two recent Internal Audit reports highlighted some issues around the authorising of invoices. As a result of this it is proposed that Code of Financial Practice 10 be amended to reflect the issues identified. It should be noted this is clarifying and enhancing the current arrangements and controls in place.
- 2.3 The Council approved a revised Scheme of Delegation to Officers in April 2015. Within the Scheme of Delegation, the approved limit for the write-off of debt by the Executive Director (Finance and Corporate Support) is £10,000; Code of Financial Practice 3 requires to be updated to be brought into line with the Scheme of Delegation.

3. Proposals

- 3.1 It is proposed that the attached Code of Financial Practice 10 be approved by the Cabinet.

The four main changes are as follows:

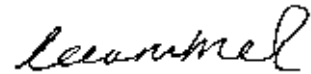
- The invoice batch header must be approved by an authorised signatory. Previously the batch did not require to be authorised.
 - It is expressly stated that anyone signing an invoice for payment cannot also countersign the batch header for payment. This ensures a separation of duties in the invoice payment process.
 - There is clarification around the responsibilities of the person authorising the batch for payment.
 - Applications for a procurement card require to be authorised by a Head of Service, Manager (Grade 14 and above) or a Head Teacher. In the existing Code of Financial Practice this is limited to the Executive Director (Finance and Corporate Support).
- 3.2 Guidance will be issued on the Code of Financial Practice to ensure all officers are aware of their roles and responsibilities. A training workshop will be arranged to help staff comply with the new process.
- 3.3 In addition, it is proposed that Code of Financial Practice 3 be updated to reflect the previously agreed write-off limit for debt.

4. Implications

Financial:	None
Human Resources:	None
Legal:	None
Equality:	None
Environmental & Sustainability:	None
Key Priorities:	Strong financial governance and policies underpin all the Council's key priorities.
Community Benefits:	None

5. Consultation

- 5.1 Consultation has taken place with Internal Audit in preparing the updated Codes of Financial Practice.



LAURA FRIEL
Executive Director (Finance and Corporate Support)

Reference :

For further information please contact Lesley Aird, Head of Finance on 01294-324560.

Background Papers

None

Code of Financial Practice 10

Procurement of Goods and Services and Payment of Accounts

Official Orders

Except for petty cash purchases, supplies of Public Utility services and periodic payments such as rates, all goods, materials and services supplied to or work executed for the Council shall be ordered or confirmed in writing by means of an official order, by written acceptance of a tender or offer, or by an electronic order through the PECOS system.

Each order shall conform to the Council's Standard Commodity List and Procurement Route Workflow which details all the Corporate Contracts and Procurement instructions.

Authorisation of Orders and Acceptances

Orders and acceptances of tenders or offers shall be authorised either electronically or in writing only by officers certified to do so by the Head of Service of the ordering department and in accordance with the Council's Standing Orders Relating to Contracts. Signature stamps shall not be used for this purpose. Each Service shall maintain a current list of officers so authorised.

Limits regarding the level and type of expenditure to which authorising officers can commit the Council shall be formalised and maintained by each Head of Service and shall be recorded on the list of authorised officers, which shall be held by the Head of Finance.

Check on Goods, Materials and Services Received

It shall be the duty of the Head of each Service that places an order to ensure that all goods, materials and services received following the placing of such orders are as ordered in respect of price, quality and quantity.

Where goods have been ordered using the PECOS system, the receipt of goods shall also be recorded against the appropriate order on the system.

Method of Payment

Apart from payments from imprest accounts (petty cash payments) the normal method of payment of money due from the Council shall be by BACS, cheque or other instrument drawn on the Council's bank account(s) by the Executive Director (Finance and Corporate Support) or any person or persons authorised by the Executive Director (Finance and Corporate Support).

The Council's preferred method of payment shall be by BACS.

Certification for Payment

A list of authorised signatories (including their financial limit) for certifying the payment of accounts shall be supplied and certified by all Heads of Service to the Head of Finance. Additions and deletions shall be notified to the Head of Finance as they occur. Heads of Service shall review the lists annually and confirm to the Head of Finance that this has been done.

Heads of Service must ensure that Authorised Signatories only sign invoices and batch headers within their financial limits. If an authorized signatory has signed an invoice, they are not permitted to sign the covering batch header, there must be a separation of duties.

It is the responsibility of the person authorising the batch to ensure that all invoices attached to the batch have been approved by an authorised signatory within their limit.

Once the invoice has been appropriately certified in accordance with the checks below, the Head of Service or other authorised officer intimated to the Head of Finance shall pass it without delay to the Head of Finance to ensure any offer of cash discount for early payment is received and that financial penalties for late payment are avoided.

Non PECOS Invoices

The Head of each Service which incurs expenditure shall arrange for the certification in manuscript by an authorised signatory of their Service that all accounts and invoices for payment comply with the following:

- the expenditure is on items or services which it is within the Council's legal powers to incur;
- the goods, materials, services or work to which the account relates have been received or carried out and have been examined and approved and are in accordance with the order and the Goods Received Note;
- the prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
- the relevant expenditure has been properly incurred and is within the relevant estimate provision;
- appropriate entries have been made in the inventories or stores/stock records as required;
- the appropriate financial ledger code numbers are entered on the document for payment.

Services should obtain from the Corporate Procurement Unit a stamp for invoice checking purposes and Services should not amend the stamp in any way or use any other stamp.

PECOS invoices

The Professional Electronic Commerce Ordering System (PECOS) has controls in place to ensure that only Authorised Officers (as approved by their Head of Service) can approve orders and invoices. The PECOS system will not allow payment to be made unless the goods are recorded as being received and the invoice value agrees with the order or is within a tolerable variance. There is therefore no requirement to use the invoice stamp or manually sign/authorise invoices processed through PECOS.

Procurement Cards

Procurement Cards may be used by Services for high volume transactions, one off purchases and/or internet purchases.

All applications for a Procurement Card require to be authorised by a Head of Service, Manager (Grade 14 and above) or Head Teacher.

All transactions are required to be approved on the procurement card system by an authorised approver. The system is administered by Corporate Procurement. It is the responsibility of all card holders and approvers to ensure transactions are approved promptly.

The Council's monthly statement is processed for payment by Corporate Procurement and all transactions made by individual Services will be journalled against the appropriate finance code.

Duplicate Invoices

Payment shall not be made on duplicate, photocopied or faxed invoices unless the appropriate Head of Service or other authorised officer within the appropriate Service certifies in writing that the amounts have not previously been passed for payment.

Pro-forma Invoices

Payment shall not normally be made on 'pro-forma' invoices that state 'this is not a VAT invoice'. In exceptional circumstances where such payments may be made, it shall not be possible for the Council to recover VAT.

Finance Checks

The Head of Finance will carry out additional checks on invoices as required, in addition to those checks that must be carried out by Services prior to passing invoices for payment.

Amendments to Invoices

No changes will be made to tax invoices which must instead be returned to the creditor for amendment and reissue.

NORTH AYRSHIRE COUNCIL

Agenda Item 7

24 November 2015

Cabinet

Title: **Revenue Budget 2015/16 : Budgetary Control Statement to 30 September 2015**

Purpose: To advise the Cabinet of the revenue budgetary control position for the Council at 30 September 2015.

Recommendation: Agree to (a) note the information and financial projections outlined in the report; (b) note the current financial projection for the Health and Social Care Partnership and seek assurance that corrective action will be taken to deliver services within available resources; (c) approve the virements detailed in Appendix 9.

1. Executive Summary

- 1.1 The Council's General Fund and Housing Revenue budgets for 2015/16 were approved at a special meeting of the Council held on 9 December 2014.
- 1.2 As part of the monitoring procedures to keep the Cabinet informed of the financial performance of the Council, budgetary control reports are presented on a regular basis. This is the second report for 2015/16 and covers the period to the end of September 2015 (Period 6). Projections of the year-end position have been made. As the year progresses these projections will become more robust.
- 1.3 At Period 6 the General Fund is forecasting a net in-year surplus of £4.224m (1.3%) which is an increase of £0.795m from period 4. A high level analysis confirms that the surplus is anticipated to be non-recurring.
- 1.4 The Housing Revenue Account is forecasting an in-year surplus of £1.939m which is an increase of £0.154m from period 4.

2. Background

General Fund

- 2.1 The Council has set a break-even budget for 2015/16. In addition to the budget approved on 9 December 2014 earmarked funds of £4.224m have been carried forward from 2014/15 for service expenditure in 2015/16 and are reflected in the figures within the 2015/16 budgetary control reports as they are drawn down.
- 2.2 Current financial projections indicate that a net in-year surplus of £4.224m (1.3%) net of carry forwards is anticipated for the year to 31 March 2016, which is an increase of £0.795m from period 4. A high level analysis confirms that the surplus is anticipated to be non-recurring with either spend anticipated or budgets adjusted in 2016/17. The main reasons are as follows;
- the council set aside funding to supplement grant funding for discretionary housing payments and the council tax reduction scheme, demand is being met without requiring to draw down these funds (£1.2m)
 - resources had been identified to fund the impact of universal credit on homelessness services, the delay in implementation of universal credit has created a temporary surplus (£1.0m)
 - a delay in the need to draw down funding for early years and the later than anticipated start of a number of European-related Economy and Communities programmes has resulted in lower than budgeted spend (£1.6m).

	Appendix No	Annual Budget £000's	Projection to 31 March 2016 £000's	Projected Variance for year (Fav)/Adv £000's	Projected Variance @ Period 4 (Fav)/Adv £000's	Movement £000's	Note
Service Expenditure							
Chief Executive and Democratic Services	1	4,502	4,507	5	57	(52)	(i)
Finance & Corporate Support	2	13,649	13,115	(534)	(487)	(47)	(ii)
Education and Youth Employment	3	104,839	104,761	(78)	(108)	30	(iii)
Place	4	63,121	62,145	(976)	(862)	(114)	(iv)
Economy and Communities	5	22,297	21,532	(765)	(96)	(669)	(v)
Other Corporate Services	6	15,112	12,842	(2,270)	(2,275)	5	
Sub Total		223,520	218,902	(4,618)	(3,771)	(847)	
Health and Social Care Partnership	7	83,567	84,581	1,014	1,084	(70)	2.4
Balance for Services		307,087	303,483	(3,604)	(2,687)	(917)	
Financing Charges	8	19,295	19,295	-	-	-	
Contribution to Capital Fund	8	-	-	-	-	-	
Total Planned Expenditure		326,382	322,778	(3,604)	(2,687)	(917)	
Planned Income							
Aggregate External Finance	8	(277,296)	(277,296)	-	-	-	
Council Tax	8	(46,116)	(47,324)	(1,208)	(1,201)	(7)	
Use of Change Fund	8	(674)	(674)	-	-	-	
Use of Earmarked Funds	8	(2,296)	(2,296)	-	-	-	
Total Planned Income		(326,382)	(327,590)	(1,208)	(1,201)	(7)	
Net Expenditure/ (Income)		-	(4,812)	(4,812)	(3,888)	(924)	
Carried Forward Funds	8	-	588	588	459	129	
Revised Net Expenditure/(Income)		-	(4,224)	(4,224)	(3,429)	(795)	

2.3 **Commentary on Significant Movements from the Forecast at Period 4**

The Council's overall financial forecast against the original budget is an improvement of £0.795m. A brief explanation of the significant movements from period 4 is outlined below.

(i) **Chief Executive and Democratic Services**

At Cabinet on 29 September a contribution of £0.238m for the Records Store was identified from within the Capital Budget. This report acknowledged that this sum was insufficient to fund the project. This report proposes that £0.129m from the overall Council underspend is allocated to complete the funding package for the Records Store. This allocation is not required until 2016/17 and is therefore requested to be carried forward.

(ii) **Finance and Corporate Support - underspend of £0.534m, an increase in underspend of £0.047m**

The movement in forecast relates principally to an updated position in relation to the anticipated spend on Discretionary Housing Payments. This forecast includes an increased contribution to the upgrade of the Contact Centre technology (£0.012m) within the Capital Programme.

The Social Welfare Fund is currently projecting an underspend but actions are being taken to mitigate this and deliver full spend by the end of the financial year.

(iii) **Education and Youth Employment - underspend of £0.028m, a decrease in underspend of £0.070m**

Within Education and Youth Employment a number of areas are forecasting an increased underspending position. The main movement relates to an underspend in Early Years Education (£0.040m) for payment to private partner providers based on current demand and an additional underspend in Primary and Secondary Schools (£0.067m) as a result of reductions in the PPP charges. This service proposes to utilise £0.150m of this underspend to contribute to the refurbishment costs of creating the Learning Academy which is linked to the delivery of the Raising Attainment Challenge and this is included in the projected underspend of £0.028m. This expenditure is ineligible for Raising Attainment funding.

(iv) **Place - underspend of £0.976m, an increase in underspend of £0.114m**

Three services are forecasting an improvement in their outturn. Facilities Management (£0.082m) largely attributable to a projected staff underspend. Waste Services (£0.068m) largely due to a projected underspend in Landfill Tax (£0.229m) due to reduced forecast tonnage, which has been partially off-set by a projected overspend in payment to contractors (£0.074m) mainly for waste processing payments and legal support and an increase in the projected shortfall on commercial refuse income (£0.050m). Building Services (£0.079m) mainly due to workforce planning. These underspends are partially off-set by an increase in expenditure forecast in Roads (£0.074m) and is reflective of current work plans.

(v) **Economy and Communities - underspend of £0.765m, an increase of £0.669m**

The main area of underspend forecast this period is in relation to economic development programmes (£0.627m) which have experienced later starts as a result of delays in receiving grant award confirmations and is impacting on programmes including Case Management, Job Brokerage and Strive. The underspend forecast in Planning and Protective Services (£0.092m) has also increased mainly as a result of additional income received by Planning services. Economy and Communities are proposing contributions to the Irvine Leisure Centre project (£0.014m) and Eglinton Car Park (£0.050m) and full details are contained in Appendix 5.

Health and Social Care Partnership - overspend of £1.014m, an increase of £0.086m

- 2.4 The Health and Social Care Partnership is forecasting an overspend of £2.441m as at the end of September 2015. The Council services element of the projected overspend is £1.014m which is an increase of £0.086m from period 4. Children & Families (£0.198m) has increased its forecasted spend mainly as a result of an increase in placements in residential schools (£0.092m), fostering (£0.030m) and adoption (£0.052m). This has been partially off-set by an increase in the underspend within Direct Overheads and Support Services (£0.164m) mainly as a result of vacancy management and the receipt of additional income related to student Social Workers. Physical Disabilities (£0.171m) are also forecasting a reduction in spend as a result of reduction in forecasts for community packages.

Of the annual projected overspend Children and Families (£1.165m) are forecasting an overspend mainly within Children with Disabilities (£1.070m) and is linked with the current forecasted residential and community packages. Learning Disabilities (£0.573m) and Mental Health Community Teams (£0.347m) are also forecasting an overspend based on the number of community packages currently forecast for the year. These overspends are being off-set with underspends in Older People (£0.886m) due to a reduction in the number of placements being experienced within this service.

Actions being taken to address the overspends include delay the filling of vacancies, realignment of any budget slippages, a programme of additional high cost package reviews, a review of charging and focus on delivery of all agreed savings. A further analysis of delivery of savings is required to ensure these are in line with the financial plan. Progress on all of the initiatives will be closely monitored throughout the rest of the year. Further actions are also being taken to minimise any future year cost implications.

In line with the Integration Scheme, the IJB is required to take corrective action or develop a Recovery Plan to deliver services within available resources. Full actions are detailed in section 2.4 within Appendix 7.

Budget Transfers/Virements

- 2.5 Requests for budget transfers, or virements, have been identified since the start of the financial year. As per the Council's Codes of Financial Practice, where the amount transferred from a budget is over £100,000 (either as a single transfer or the sum of transfers within a financial year) or where the transfer of any amount would affect existing Council policy the approval of the Cabinet is required. A schedule of the virements requested by Services above the £100,000 threshold is attached at Appendix 9 for Members' consideration and approval.

Housing Revenue Account

- 2.6 The Housing Revenue Account budgeted for a break-even position in 2015/16 with an underspend of £1.939m currently projected, which is an increase of £0.154m on period 4. This is summarised in the table below with further details provided in Appendix 10:

	Annual Budget £000's	Projection to 31 March 2016 £000's	Projected Variance for year (Fav)/Adv £000's	Projected Variance @ Period 4 (Fav)/Adv £000's	Movement £000's	Note
Employee Costs	4,483	4,364	(119)	(127)	8	
Property Costs	17,557	17,154	(403)	(919)	516	(i)
Supplies and Services	199	235	36	-	36	
Transport and Plant Costs	44	48	4	-	4	
Administration Costs	1,498	1,510	12	-	12	
Other Agencies and Bodies	1,611	1,536	(75)	(36)	(39)	
Transfer Payments	133	133	-	-	-	
Other Expenditure	679	487	(192)	-	(192)	(ii)
Capital Financing	19,768	18,551	(1,217)	(616)	(601)	(iii)
Gross Expenditure	45,972	44,018	(1,954)	(1,698)	(256)	
Income	(45,972)	(45,957)	15	(87)	102	(iv)
Net Expenditure	-	(1,939)	(1,939)	(1,785)	(154)	

2.7 Commentary on Significant Movements from the Forecast at Period 4

The HRA's overall financial forecast against period 4 has improved by £0.154m. A brief explanation of the significant movements from period 4 is outlined below.

(i) Property Costs - underspend of £0.403m, a reduction in underspend of £0.516m

This movement is mainly as a result of a programme of outstanding planned maintenance projects being identified for 2015/16 which will continue the strategy of adopting a planned approach to repairs.

(ii) Other Expenditure - underspend of £0.192m

Rent collection levels are currently higher than anticipated and is forecast to have a positive impact on arrears write off, which is now forecasting to underspend by £0.192m.

(iii) Capital Financing - underspend of £1.217m, an increase in underspend of £0.601m

Forecasts for financing charges have reduced by £0.601m based on the latest cash flow and interest rate projections. Significant work has also taken place on loan charging modelling which is ensuring that optimum borrowing decisions are being taken for the Council.

(iv) Income - overspend of £0.015m, a reduction in income forecast of £0.102m

This reduction in income is mainly as a result of demolition of houses earlier than anticipated.

3. Proposals

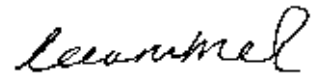
- 3.1 That the Cabinet agrees to (a) note the information and financial projections outlined in the report; (b) note the current financial projection for the Health and Social Care Partnership and seek assurance that corrective action will be taken to deliver services within available resources; and (c) approve the virements detailed in Appendix 9.

4. Implications

Financial:	General Services The net projection for the year as at 30 September 2015 is a surplus for the year of £4.224m. Housing Revenue Account The net projection for the year as at 30 September 2015 is a surplus for the year of £1.939m. The position for both the General Fund and Housing Revenue Account revenue budgets will continue to be monitored closely for the remainder of the financial year.
Human Resources:	None
Legal:	None
Equality:	None
Environmental & Sustainability:	None
Key Priorities:	This budget monitoring report directly supports the Council Plan 2015 to 2020 by "making the best use of all resources" and ensuring a "sound financial position".
Community Benefits:	None

5. Consultation

- 5.1 Executive Directors have been consulted as part of the budgetary control process and have approved the projected variances contained in this report.



LAURA FRIEL
Executive Director (Finance and Corporate Support)

Reference : None

For further information please contact Margaret Hogg, Senior Finance Manager (Financial Management) on 01294 32455.

Background Papers

Revenue Budget 15/16 - Budgetary Control Statement to 30 June 2015 -
Cabinet - 29 September 2015

CHIEF EXECUTIVE SERVICE
BUDGETARY CONTROL 2015/16

REPORT FOR THE SIX MONTHS TO 30 SEPTEMBER 2015

Objective Summary	Annual Budget	Final Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Legal	442	424	(18)	-4%	1
Policy, Performance & Community Planning	1,237	1,243	6	0%	2
Communications	462	468	6	1%	3
Committee & Member Services	1,551	1,556	5	0%	
Change Programme	723	715	(8)	-1%	
Civil Contingencies	87	101	14	16%	
Totals	4,502	4,507	5	0%	

Subjective Summary	Annual Budget	Final Outturn	Annual Variance Adverse or (Favourable)	% Variance
	£000	£000	£000	
Employee Costs	3,854	3,789	(65)	-2%
Property Costs	7	7	-	0%
Supplies and Services	123	133	10	8%
Transport and Plant Costs	16	16	-	0%
Administration Costs	849	880	31	4%
Other Agencies & Bodies	526	533	7	1%
Transfer Payments	-	-	-	-
Other Expenditure	2	2	-	0%
Capital Financing	-	-	-	-
Gross Expenditure	5,377	5,360	(17)	0%
Income	(875)	(853)	22	-3%
Net Expenditure	4,502	4,507	5	0%

CHIEF EXECUTIVE SERVICE
BUDGETARY CONTROL 2015/16

REPORT FOR THE SIX MONTHS TO 30 SEPTEMBER 2015

Budget £000	Outturn Variance £000	Variance as % of budget	Section
Note 1			Legal
			Movement - there is a reduction of £0.021m in the projected underspend from period 4 relating mainly to income, as detailed below.
1,021	(43)	4%	Employee Costs - underspend mainly due to vacant post within Legal to be used to cover overspend within Policy, Performance & Community Planning.
(684)	22	3%	Income - under-recovery expected based on prior year income levels and anticipated debtor account write-offs
3			Other minor variances
(18)			
Note 2			Policy, Performance & Community Planning
			Movement - there is a reduction of £0.036m in the projected overspend from period 4 due to the revised employee costs projection, as detailed below.
1,055	2	0%	Employee Costs - overspend mainly due to an unfunded post as well as the turnover target not being achieved. In addition, a delay in filling a vacancy as well as a secondment to E-Procurement have meant further underspends are projected this year.
4			Other minor variances
6			
Note 3			Communications
			Movement - there is an reduction of £0.017m in the projected overspend from period 4 across all headings due to awards costs being met by the Change Fund.
425	5	1%	Employee Costs - projected overspend due turnover target not fully achieved
1			Other minor variances
6			

FINANCE & CORPORATE SUPPORT
BUDGETARY CONTROL 2015/16

REPORT FOR THE SIX MONTHS TO 30 SEPTEMBER 2015

Objective Summary	Annual Budget	Projected Year End Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Directorate	135	140	5	4%	
Finance					
Central Recharges	(233)	(233)	-	0%	
Head of Finance	139	131	(8)	-6%	
Financial Management	2,005	2,007	2	0%	
Revenues & Benefits	3,341	2,847	(494)	-15%	1
Audit & Risk	476	474	(2)	0%	
Corporate Procurement	478	385	(93)	-19%	2
Customer, People & Corporate Support					
Central Recharges	(143)	(143)	-	0%	
Head of Service	103	105	2	2%	
Human Resources	1,745	1,751	6	0%	
ICT	2,283	2,283	-	0%	
Customer Services & Registration	1,579	1,628	49	3%	3
Business Support	1,741	1,740	(1)	0%	
Totals	13,649	13,115	(534)	-4%	

Subjective Summary	Annual Budget	Projected Year End Outturn	Annual Variance Adverse or (Favourable)	% Variance
	£000	£000	£000	
Employee Costs	12,948	12,760	(188)	-1%
Property Costs	1	1	-	0%
Supplies and Services	1,494	1,528	34	2%
Transport and Plant Costs	44	47	3	7%
Administration Costs	863	915	52	6%
Other Agencies & Bodies	1,553	1,621	68	4%
Transfer Payments	58,415	58,018	(397)	-1%
Other Expenditure	11	1	(10)	-91%
Capital Financing	-	12	12	-
Gross Expenditure	75,329	74,903	(426)	-1%
Income	(61,680)	(61,788)	(108)	0%
Net Expenditure	13,649	13,115	(534)	-4%

FINANCE & CORPORATE SUPPORT
BUDGETARY CONTROL 2015/16

REPORT FOR THE SIX MONTHS TO 30 SEPTEMBER 2015

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 1			Revenues and Benefits
			Movement - there is a reduction of £0.068m in the projected underspend since period 4, mainly due to the revised DHP funding calculation.
2,064	(93)	-5%	Employee Costs - projected underspend due to vacancies and maternity leave
447	38	9%	Admin Costs - Sheriff Officer Commission savings unachieved £0.029m, overspend expected within Postages £0.028m offset by underspend within Bank Charges and Welfare reform monies (£0.019m)
2,411	(362)	-15%	Transfer Payments - the projected underspend relates principally to funds set aside by the Council for Discretionary Housing Payments, which are now expected to be fully funded by the Scottish Government. This has been revised since period 4 based on anticipated funding for under-occupancy.
(50,835)	(77)	0%	Income - Welfare Reform funds of £0.105m set aside to address the benefit cap on temporary accommodation will not be required in the current financial year. Reduced by Benefit Admin subsidy shortfall.
(494)			
Note 2			Corporate Procurement
			Movement - there has been no material change since period 4
556	(39)	-7%	Employee Costs - projected underspend due to vacancies, maternity leave and long-term sickness absence
(186)	(56)	30%	Income - revenue contract savings are expected to over-recover this year in excess of the budgeted target
2			Other minor variances
(93)			
Note 3			Customer Services & Registration
			Movement - there has been no material change since period 4
1,627	12	1%	Employee Costs - projected overspend due to turnover target being not fully achievable
130	23	18%	Supplies & Services - the projected overspend is largely attributable to the overlap of software contracts in relation to the telephony upgrade.
271	(35)	-13%	Transfer Payments - There is a projected underspend of £0.035m in Footwear and Clothing grants based on levels of demand.
-	12	-	Capital Financing - In 2014/15 Cabinet approved £0.287m to upgrade the Contact Centre technology. The project now requires a further £0.012m to complete the upgrade and approval is therefore sought to transfer this amount from revenue to capital.
(532)	33	-6%	Income - various registration income lines are projected to under-recover based on lower uptake than anticipated.
4			Other minor variances
49			

EDUCATION AND YOUTH EMPLOYMENT
BUDGETARY CONTROL 2015/16

REPORT FOR THE SIX MONTHS TO 30 SEPTEMBER 2015

Objective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Early Years Education	11,170	11,030	(140)	-1%	1
Primary Education	34,876	35,013	137	0%	2
Secondary Education	47,020	46,634	(386)	-1%	3
Additional Support Needs	6,180	6,069	(111)	-2%	4
Education - Other	5,593	5,915	322	6%	5
	104,839	104,661	(178)		
Learning Academy Property Costs	-	150	150		6
Totals	104,839	104,811	(28)	0%	

Subjective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	82,014	82,343	329	0%
Property Costs	481	481	-	0%
Supplies and Services	15,691	15,481	(210)	-1%
Transport and Plant Costs	188	188	-	0%
Administration Costs	1,103	1,103	-	0%
Other Agencies & Bodies	7,302	7,260	(42)	-1%
Transfer Payments	580	580	-	0%
Other Expenditure	-	-	-	
Capital Financing	-	-	-	
Gross Expenditure	107,359	107,436	77	0%
Income	(2,520)	(2,625)	(105)	4%
Net Expenditure	104,839	104,811	(28)	0%

REPORT FOR THE SIX MONTHS TO 30 SEPTEMBER 2015

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 1			
			Early Years Education
			Movement - there is now an underspend of £140k which is mostly due to staff vacancies.
7,039	(70)	-1%	Salaries - anticipated underspend due to delays in staff recruitment.
1,533	(40)	-3%	Payments made to Private Partner Providers is expected to underspend due to the number of children being slightly less than expected.
	(30)		Other minor variances
	(140)		
Note 2			
			Primary Education
			Movement - the overspend has decreased by £40k as a result of minor variances.
4,631	200	4%	Employee Costs - overspend (£0.200m) is due to increased no of pupils with additional support needs to allow these pupils to remain within mainstream schools. This service is related to the expenditure in note 4. Additional expenditure at this stage can avoid incurring much larger amounts by the time the pupil is in receipt of specialist services. The service is currently engaged in an ongoing review of outreach and additional support needs support which is due for completion and reporting in January 2016.
1,396	(23)	-2%	PPP unitary charge expected underspend due to reduction in the RPI.
	(40)		Other minor variances
	137		
Note 3			
			Secondary Education
			Movement - the underspend has increased by £83k mainly as a result of minor variances.
11,311	(187)	-2%	PPP unitary charge expected underspend due to reduction in the RPI.
0	(100)		PPP expected insurance rebate.
(40)	(44)	110%	PPP contract deductions due to penalties.
	(55)		Other minor variances
	(386)		
Note 4			
			Additional Support Needs
			Movement - the underspend has reduced by £22k.
1,246	(152)	-12%	Pupils placed in external specialist residential schools currently less than anticipated.
	41		Other minor variances
	(111)		
Note 5			
			Education Other
			Movement - the overspend has increased by £171k mainly due to teachers cover costs.
0	135		Anticipated net cost of Teacher Refresh Scheme for 2015/16. This is made up of non-recurring pension costs of £0.155m, recurring pension costs of £0.017m and recurring savings of £0.037m. The full year effect of the recurring savings will be £0.060m.
882	100	11%	Anticipated overspend on the HQ teachers replacement cover costs.
0	55		An additional post in the Support for Leadership section that is currently unbudgeted.
	32		Other minor variances
	322		
Note 6			
			Learning Academy
0	150		Part of the Raising Attainment Challenge is the Learning Academy. It is proposed to contribute £150K from the projected underspend towards the one-off refurbishment costs of creating the Learning Academy.
	150		
	(28)		TOTAL

PLACE
BUDGETARY CONTROL 2015/16

REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

Objective Summary	Annual Budget	Projected Year End Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Directorate and Support	119	119	-	0%	
Physical Environment					
Property Management & Investment	2,228	2,172	(56)	-3%	1
Housing Assets & Investment	(1)	(1)	-	0%	
Property Running Costs	8,183	8,166	(17)	0%	
Property Maintenance	5,503	5,503	-	0%	
Roads	6,965	7,100	135	2%	2
Streetscene	5,040	5,052	12	0%	
Other Housing	6,460	5,630	(830)	-13%	3
Commercial Services					
Management and Admin	687	687	-	0%	
Building Services	(287)	(535)	(248)	86%	4
Internal Transport	8,664	8,721	57	1%	5
Waste Services	7,969	7,969	-	0%	6
Facilities Management	11,591	11,562	(29)	0%	7
Total	63,121	62,145	(976)	-2%	
Less Carry Forward		459	459		
Net Total	63,121	62,604	(517)	-1%	

Subjective Summary	Annual Budget	Projected Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	40,512	40,046	(466)	-1%
Property Costs	17,133	17,193	60	0%
Supplies and Services	11,330	11,567	237	2%
Transport and Plant Costs	11,018	11,048	30	0%
Administration Costs	2,848	2,907	59	2%
Other Agencies & Bodies	17,626	17,568	(58)	0%
Transfer Payments	1,445	1,280	(165)	-11%
Other Expenditure	507	507	-	0%
Capital Financing	130	130	-	
Gross Expenditure	102,549	102,246	(303)	0%
Income	(39,428)	(39,642)	(214)	1%
Net Expenditure	63,121	62,604	(517)	-1%

PLACE**BUDGETARY CONTROL 2015/16****REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

Budget £000	Projected Variance £000	Section
Note 1 Property Management & Investment		
		Movement - the projected underspend has reduced by £0.023m as a result of costs anticipated to be incurred in relation to a Strategic Property Assets review offset by increased employee cost underspends.
2,631	-73	Employee Costs - as a result of vacancies the service is projecting an underspend of £0.123m
	17	Other minor budget movements
(56)		
Note 2 Roads		
		Movement - the projected overspend has increased by £0.074m since P4 based on current workplans.
(143)	135	Income - there is a projected shortfall of £0.135m in relation to income previously received for Bus Shelter advertising due to the contract coming to an end in November 2014. This will partially be off-set by a miscellaneous expenditure budget associated with this income which is no longer required
	135	
Note 3 Other Housing		
		Movement - the overall projected underspend has increased by £0.021m since Period 4 largely due to a projected underspend in relation to rent arrear write-offs.
3,279	(65)	Employee Costs - There is a projected underspend of £0.065m due to vacant posts
1,348	25	Property Costs - There is a projected overspend of £0.025m mainly due to void rent loss within the homeless furnished units
2,643	(247)	Other Agencies & Bodies - There is a projected net underspend of £0.247m largely due to current projects committed to deliver affordable housing in 2015/16. This is partially offset by a £0.209m overspend due to the delayed implementation of new support contracts. A carry forward of £0.459m has been approved to support affordable housing projects in future years.
269	(67)	Other Expenditure - There is a projected underspend in Arrears Write Off of £0.067m. Collection levels are currently higher than anticipated and based on this there is less requirement for write-offs. A further write off will be carried out in March 2016.
2,330	(497)	Income - As part of Welfare reform it was anticipated that the Local Housing Allowance (LHA) would be implemented from 1 April and the Income budget was reduced to mitigate against its impact on rent collection levels. It is now not anticipated to come into effect this financial year and as a result there is a projected over-recovery of income of £0.486m.
	21	Other Minor Movements
(830)		

Budget £000	Projected Variance £000	Section
Note 4 Building Services		
		Movement - the projected underspend has increased by £0.079m since Period 4. This is largely due to lower projected employee costs and transport costs offset by a projected overspend in relation to property and admin costs.
8,166	(129)	Employee Costs - There is a projected underspend in staffing of £0.129m due to workforce planning.
4,215	(160)	Supplies and Services - There is a projected underspend of £0.160m mainly relating to materials cost. This is based on the work anticipated at Period 6 however this will change should the level or type of work change significantly in the forthcoming periods.
88	(88)	Other Expenditure - There is a projected underspend of £0.088m as a result of in-year efficiency savings realised through a review of the budget.
1,428	(162)	Transport & Plant - There is a projected underspend of £0.162m based on current usage to date.
771	59	Administration Costs - There is a projected overspend of £0.059m mainly due to increased training costs
(4,533)	875	Response Income - There is a projected under recovery of income of £0.875m. Continuing from last years trend there is a significant reduction in the number of jobs and average value per job. This is as a result of the continued strategy to adopt a planned approach to repairs to reduce the number of responsive repairs.
(1,368)	(505)	Planned Income - There is a projected over recovery of income £0.505 partly as a result of the change in response strategy whereby more jobs are being categorised as planned repairs and as a result of additional secured income for boundary walls
(2,983)	140	Void Income - There is a projected under-recovery in income of £0.140m due to due to a reduction in the number of void properties projected for the year.
(2,646)	(316)	Non Housing Income - There is a projected over recovery of income of £0.316m due to additional non housing works being secured.
	38	Other Minor Movements
	(248)	
Note 5 Internal Transport		
		Movement - there has been no significant movement since Period 4
2,099	(78)	Fuel Costs - There is a projected year end underspend on fuel which reflects the current lower cost of fuel
4,231	138	Taxi Costs - Officers have concluded an initial review of taxi costs and have confirmed that the projected overspend is largely due to an increase in demand. A budget pressure will therefore require to be submitted to meet this demand in 16/17. A further business process review and analysis of demand is to be carried out.
	(3)	Other Minor Movements
	57	

Budget £000	Projected Variance £000	Section
Note 6 Waste Services		
		Movement - the projected expenditure has reduced by £0.068m since Period 4. This is largely due to a projected underspend of £0.229m in relation to Landfill tax which is partially off-set by a project overspend of £0.074m in relation to waste processing payments and legal support and an increase in the projected shortfall on commercial refuse income £0.050m.
4,183	(33)	Employee Costs - An underspend of £0.033m is projected due to the implementation of a new staffing structure and reductions in overtime and casual staff.
4,818	(209)	Payments to other bodies - There is a projected underspend of £0.209m, within payments to other bodies, largely attributable to a projected £0.229m underspend in landfill tax due to reduced forecast tonnages over the coming year. There is also a projected underspend in Organic Waste Collection of £0.051m as a result of poor weather conditions over the spring and summer period leading to less garden waste tonnage collected. This is partially offset by a projected overspend in relation to payments to contractors of £0.074m.
(1,699)	188	Commercial Refuse Income - Projected under-recovery of income for Commercial Refuse £0.188m. Work is ongoing to identify areas of potential growth as part of a Commercial Waste review. Staffing resources have been re-aligned to place a greater emphasis on targeting increased commercial income.
(205)	(50)	Waste Gas Extraction Income - There is a projected over-recovery of income due to increased gas capture levels through completion of capping of cell four at Shewalton Landfill Site.
(128)	40	Sale of materials - There continues to be a projected £0.040m shortfall in relation to sale of materials received at Household Waste Recycling Centres including scrap, waste cardboard and paper. This is due to reduced tonnages and current market prices.
	64	Other Minor Movements
	0	
Note 7 Facilities Management		
		Movement - the projected expenditure has reduced by £0.082m since Period 4. This is largely due to a projected staff underspend of £0.133m.
9,918	(133)	Employee costs - There is a projected underspend across the service of £0.133m which is largely attributable to reduced overtime and vacancy management.
3,187	349	Supplies and Services - overspend of £0.207m in relation to food provisions largely due to increased uptake of school meals and increased levels of special catering which is offset by additional income. A virement is proposed on Appendix 9 to re-align Income and expenditure budgets. In addition there is also an overspend of £0.122m projected for costs in relation to the termination of Automated Public Convenience contracts.
(2,426)	(273)	Income - Additional income of £0.273m currently anticipated largely attributable to additional Special Catering and increased school meals uptake.
	28	Other Minor Movements
	(29)	

ECONOMY AND COMMUNITIES
BUDGETARY CONTROL 2015/16

REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
Objective Summary	£000	£000	£000		
Management	374	372	(2)	0%	
Economic Growth					
Planning & Protective Services	1,954	1,738	(216)	-11%	1
Economic Development	8,401	7,805	(596)	-7%	2
Connected Communities	11,568	11,553	(15)	0%	
Transfer to Capital (CFCR)		64	64		3
	22,297	21,532	(765)	-3%	

	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
Subjective Summary	£000	£000	£000	
Employee Costs	11,607	11,386	(221)	-2%
Property Costs	206	227	21	10%
Supplies and Services	1,102	1,117	15	1%
Transport and Plant Costs	164	162	(2)	-1%
Administration Costs	336	326	(10)	-3%
Other Agencies & Bodies	10,583	10,030	(553)	-5%
Transfer Payments	466	466	-	0%
Other Expenditure	2	2	-	0%
Capital Financing	-	-	-	
Gross Expenditure	24,466	23,716	(750)	-3%
Income	(2,169)	(2,184)	(15)	1%
Net Expenditure	22,297	21,532	(765)	-3%

ECONOMY AND COMMUNITIES
BUDGETARY CONTROL 2015/16

REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 1			Planning & Protective Services
			Movement - £0.092m increase in underspend from period 4 due to additional income
2,553	(156)	-6%	Employee Costs - underspends are a result of vacancies.
(1,382)	(54)	4%	Due to a change in Building regulations from 1st Oct a large number of applications have been received in advance of the deadline. This along with receipt of some applications for large one-off developments has enabled the income projections to be higher than budget.
	(6)		Other minor variances
(216)			
Note 2			Economic Development
			Movement - £0.652m reduction in projected expenditure from period 4 due to delays in grant awards.
6,419	(627)	-10%	Due to delays in ESF grant award notification there is a significant underspend in related expenditure for new projects including Case Management, Job Brokerage and Strive. An analysis of the ESF grant funding is being undertaken in order to ascertain whether this underspend will require to be earmarked for future match funding.
	31		Other minor variances
(596)			
Note 3			Transfer to Capital (CFCR)
64			The following transfers are requested for approval: £0.014m to cover the purchase of East Road Car Park from Irvine Common Good Fund. £0.050m to cover an additional allocation required for Eglinton Car Park to cover the Council's legal obligations.

OTHER CORPORATE ITEMS
BUDGETARY CONTROL 2015/16

REPORT FOR THE SIX MONTHS TO 30 SEPTEMBER 2015

Objective Summary	Annual Budget	Final Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Strathclyde Passenger Transport	2,409	2,407	(2)	0%	
SPT Concessionary Fares	283	283	-	0%	
Ayrshire Joint Valuation Board	808	808	-	0%	
Other Corporate Costs					
Pension Costs	1,822	1,822	-	0%	
Other Corporate Items					
Non-Distributed Costs	0	-	-	-	
Central Telephones	65	65	-	0%	
Other Corporate Items (incl Cash in Transit & External Audit Fees)	9,725	7,457	(2,268)	-23%	1
Funds to be Allocated (incl Termination Costs)				-	
	15,112	12,842	(2,270)	-15%	

OTHER CORPORATE ITEMS
BUDGETARY CONTROL 2015/16

REPORT FOR THE SIX MONTHS TO 30 SEPTEMBER 2015

Budget £000	Outturn Variance £000	Variance as % of budget	Section
Note 1			Other Corporate Items
9,387	-2,268	-24%	A review of corporate items has been undertaken and forecasts updated to reflect the latest information in relation to payroll and non payroll inflation. This has resulted in a forecasted underspend of £1.467m. This is partly off-set by the full year cost implications of the contractual agreement reached in relation to the Blue Bin Contract, providing a net saving of £0.827m. In addition, £0.500m set aside for the implementation of the Local Housing Allowance is not required in 2015/16. Monies allocated for the implementation of the Children and Young People Bill are not fully required this financial year, providing a further underspend of £0.941m; the majority of this will be required in 2016/17.

Integration Joint Board
5th November 2015
Agenda Item No. XXX

Subject:	Financial Management Report as at 30 September 2015
Purpose:	To provide an overview of the current financial position of the North Ayrshire Health and Social Care Partnership, as well as the projected outturn for 2015/16 as at Period 6 to 30 September 2015
Recommendation:	That the Board (a) notes the content of this report and (b) approves the actions being taken, as noted in paragraph 2.4, to bring the budget back into line.

1.	EXECUTIVE SUMMARY
1.1	This report provides an overview of the current financial position of the North Ayrshire Health and Social Care Partnership, as well as the projected outturn for 2015/16 as at Period 6 to 30 September 2015. This report reflects projected expenditure and income and has been prepared in conjunction with relevant budget holders.
1.2	The total approved budget for 2015/16 was £204.818m. This has been increased to £206.816m at period 6 to 30 September 2015. The budget has increased by £1.998m in total (£0.725m since the period 4 report). Budget movements are detailed in Section 3.2 of this report.
2.	CURRENT POSITION
2.1	Against the revised full-year budget of £206.816m there is a projected overspend of £2.441m.
2.2	<p><u>Summary of main movements since last report</u></p> <p>The overall position has improved slightly from a projected overspend of £2.523m at the end of July to a projected overspend of £2.441m at the end of September 2015, a decreased overspend of £0.082m. The main movements since the last report are detailed below.</p>
2.2.1	<p><u>Level One – Core – (total projected overspend of £0.054m, the projected overspend has reduced by £0.171m since period 4)</u></p> <p>Older People, increased underspend from period 4 of £0.073m, mainly due to staff turnover savings within older people daycare staffing. Posts which were previously expected to be filled in September have now been revised to November start dates and a reduction of overtime projections within community alarm staff, partially offset by community packages previously provided by an external provider within</p>

	Physical Disabilities now provided by the in house Care at Home service.
2.2.2	Physical disabilities – reduction in the projected overspend of £0.171m due to: <ul style="list-style-type: none"> • community packages previously provided by an external provider £67k now brought in house and transferred to the in house Care at Home service, • estimated costs of specific packages reviewed and reduced by £59k, • lower than anticipated community (£23k) and residential (£13k) package admissions • £17k underspend due to vacant post not previously projected.
2.2.3	Addiction services have an increased underspend from period 4 of £0.031m, mainly due to vacant posts that will not be filled this financial year.
2.2.4	Community Nursing has a decreased overspend of £0.048m due to a decrease in expenditure on supplementary staffing and a reduction in care package costs.
2.2.5	The above have been partially offset by projected increased overspends totalling £0.152m in Learning Disabilities, Mental Health Community Teams, General Medical Services.
2.2.6	<p><u>Level Three – Lead Partnership Services (total projected overspend £0.844m, the projected overspend has reduced by £0.147m since Period 4)</u></p> <p>The lead mental health services overspend projection has been reduced by £0.189m from the period 4 due to an anticipated reduction in supplementary staffing in adult inpatients and a reduction in staffing in elderly mental health inpatient services.</p> <p>Training Health Visitors is now showing an anticipated overspend of £0.072m due to a delay in trainees completing their qualification. A review is underway to bring the budget back into balance.</p>
2.2.7	<p><u>Level Four – Children’s Services (total projected overspend £1.209m, the projected overspend has increased by £0.207m since Period 4)</u></p> <p>An increase in the projected overspend from Period 4 of £0.207m within Children Services mainly due to one new remand placement, one new residential school placement and extended end dates to existing residential school placements.</p>
2.2.8	<p><u>Direct Overheads and Support Services – (total projected underspend £0.094m, the projected overspend has decreased by £0.014m since Period 4)</u></p> <p>A projected underspend of £0.164m within the Council support services due to slippage in recruitment and review of projected costs within Money Matters team is offset by a projected overspend of £0.178m within the NHS support services resulting from a shortfall in funding for the NHS share of partnership management costs. A funding bid for £100k of this is being made for 2016/17, however the remainder relates to the Partnerships share of the costs of Clinical Leadership which the Health Board has indicated it will not fund. The Partnership will have to identify alternative savings to fund this going forward.</p>
2.3	<p><u>Detailed Actual vs Budget Analysis to 30th September 2015</u></p> <p>The summary in Appendix 1 reflects the approved budgets and projected outturns across the Partnership, Appendix 1a details the main variances across all Partnership services, Appendices 2 and 3 detail the main variances across budgeted services delivered by North Ayrshire Council and the Health Board respectively.</p>

<p>2.4</p>	<p><u>Corrective Actions</u></p> <p>The following actions are being undertaken to address projected overspends:</p> <ul style="list-style-type: none"> • Review of individual care packages across Learning Disabilities, Mental Health and Physical Disabilities to ensure packages meet service user needs and do not create increased dependency and demand. Specific staff have been tasked with reviewing the packages on a rolling basis, starting with the highest cost packages for each area. Monthly reports on progress will go to Heads of Service and the Chief Finance Officer to ensure the review process is being actively delivered. • For the Lead Services Mental Health overspend a business case has been developed and put to the Health Board CMT for consideration to agree an interim funding solution to allow the new hospital to come on stream and deliver the anticipated budget realignment over the next three years. The Health Board is considering the proposal which would see additional in year funding being agreed for the 3 year period. • All budgets are being reviewed to identify any scope for reducing in year spend to allow virement to overspent budgets. This includes delaying the filling of some vacancies to generate greater turnover savings. • A funding bid has been submitted for £100k to the NHS for the balance of the NHS share of Partnership Management costs • A full charging review is being carried out. This review is expected to identify new income streams and maximise the revenue from existing streams as part of the overall efficiencies work. It is key to ensure transparent and equitable charging policies are in place across all Partnership services and it is planned to introduce the new arrangements from April 2016.
<p>2.5</p>	<p><u>Change Programme</u></p> <p>The Partnership was allocated £2.941m for 2015/16 from the Integrated Care Fund and £0.867m for Delayed Discharge. Spend against both of these programmes is closely monitored by the Senior Management Team and the Change Programme Board.</p> <p>Both funds are expected to outturn within budget for 2015/16. Consideration is being given to the use of the contingency budgets and any project slippage to ensure the funds are fully utilised within the year. Appendix 4 provides a summary of current projected spend on each fund.</p>
<p>3.</p>	<p>BUDGET REVIEW</p>
<p>3.1</p>	<p>In year Savings Delivery</p>
<p>3.1.1</p>	<p>All agreed Council and Health efficiency savings for 2015/16 have already been removed from the Partnership budget. This section provides an update on progress for delivering those savings.</p> <p>The Council elements of the service had been targeted with delivering £2.619m of efficiency savings in 2015/16. To date as at period 6 £0.936m (36%) has been delivered.</p> <p>The agreed Health efficiency for 2015/16 was the planned closure of beds at Cumbrae Lodge. This took place in June 2015 as planned but the saving had been estimated for the full year. The impact of this for 2015/16 was a £60k shortfall in savings delivery which has been fully funded from delayed spend on the element of the Cumbrae Lodge savings which were retained by the Partnership.</p>

	A full list of the 2015/16 savings which have already been removed from the 2015/16 budgets is detailed at Appendix 5.
3.2	Budget Movements
3.2.1	<p>In total the budget has increased by £1.998m (a further £0.725m since the period 4 report). Significant budget movements include:</p> <p>Level One Core budgets have been increased by £0.854m:</p> <ul style="list-style-type: none"> • £1.5m increase in the prescribing budget as a result of new funding from the Scottish Government, • £0.3m decrease in the resource transfer budget for funding that has now been allocated to NHS services (dementia nurses and Arran see below) • £0.63m decrease in the council budgets due to delayed confirmation of the national pay award. Once the award is confirmed the uplift will be applied to the budget. • Additional funding of £0.291m received from the Scottish Government for the low pay agreement in nursing homes. <p>Non District General Hospital Budgets have reduced by £0.287m due to CRES for Cumbrae Lodge erroneously being deducted from mental health instead of Ayrshire Central in the original budget (see below). The Arran budget has increased for the intermediate care service now funded from resource transfer.</p> <p>Lead Partnership Services Budgets have increased by £1.74m due to the inclusion of budgets for Keepwell, trainee health visitors and dementia nurses and an adjustment due to CRES for Cumbrae Lodge erroneously being deducted from mental health instead of Ayrshire Central in the original budget (see above). The inclusion of additional funding for psychiatry for junior doctor posts and discretionary points, CAMHs funding and the transfer of a post from public health to specialist addiction services.</p> <p>Children's Services budgets have reduced by £0.313m due to the council pay award not having been confirmed yet. Once the award is confirmed the uplift will be applied to the budget. This has been partially offset by additional funding for Child Protection £0.038m offset.</p>
4.	LEAD PARTNERSHIP AND SET ASIDE BUDGETS
4.1	The Integration Scheme creates various Lead Partnership roles across the three Integration Joint Boards. Within the Integration Scheme, as with all delegated budgets, the intention is that services should be delivered within budget. Should that not be possible a recovery plan requires to be developed and approved by all the Joint Integration Boards. Failure to reach agreement will require interim additional contributions in proportion to service usage pending final agreement of the recovery plan.
4.2	<p>It is important to understand the financial position of the budgets being managed by other Partnerships under these Lead Partnership arrangements:</p> <p>East Ayrshire HSCP</p> <p>The Primary Care budgets are projected to underspend by £0.3m. There is a pressure on the out of hours medical services where new models of care are being tested at an initial higher cost. There are underspends within Community Dental Services largely from vacant posts and in addition there is an over-recovery of discount on dispensing costs.</p>

	<p>South Ayrshire HSCP</p> <p>The Allied Health Professionals (AHP) Service is projected to overspend by £0.3m after having identified corrective action in 2015/16. The main sources of this overspend are:</p> <ul style="list-style-type: none"> • Reduction in funding being received from Local Authorities for community Speech and Language Therapy posts with the staff not yet redeployed. • Meeting an increased demand for MSK services. • Delays in meeting efficiency savings coupled with staff being higher on the incremental scale than the level funded. <p>The corrective action being taken mainly relates to minimising costs in respect of staffing applying strict rigour when posts become vacant including consideration of potential skill mix opportunities.</p> <p>North Ayrshire HSCP</p> <p>As is highlighted earlier in the report (para 2.6), Specialist Mental Health Services are projecting an overspend of £0.8m. Outturn spend is projected to be slightly lower than the 2014/15 outturn. The overspend in both years is due to the continuing levels of nursing cover required to manage complex patients. Consideration of how this can be managed is ongoing.</p> <p>Workforce plans have been reviewed with utilisation of the national workforce tool which has validated the existing gap in nursing wte to facilitate enhanced observations. A proposal for fixed term staffing has been submitted to the Health Board for consideration to reduce some of the overspend in year. Further review of work force will be undertaken in alignment with opening of new hospital (2016/2017), new service models and new ways of working will be implemented together with delivery of a 3 year change programme.</p> <p>There is agreement that the risks of overspends which cannot be recovered will be met by NHS Ayrshire & Arran in 2015/16. This allows an opportunity to develop frameworks to support these arrangements.</p>
4.3	<p>The Integration Scheme establishes that in year pressures in respect of Set Aside budgets will be managed in year by the Health Board, with any recurring over or underspend being considered as part of the annual budget setting process.</p> <p>The Acute Services with NHS Ayrshire & Arran are in a significant overspend with particular issues around the costs of covering a high level of medical vacancies and the increasing needs of patients requiring nursing support above that funded. These pressures are being scrutinised and options developed to minimise costs.</p>
5.	Implications
	<p>Financial</p> <p>The net projection for the year as at 30 September 2015 is an overspend of £2.441m.</p>
	<p>Human Resources</p> <p>There are no human resource implications.</p>
	<p>Legal</p> <p>There are no legal implications.</p>
	<p>Equality</p> <p>There are no equality implications.</p>

	<p>Environmental & sustainability</p> <p>There are no environmental & sustainability implications.</p>
6.	CONSULTATIONS
6.1	<p>This report has been produced in consultation with relevant budget holders, the Partnership Senior Management Team and the Director of Finance for NHS Ayrshire and Arran and the Executive Director Finance and Corporate Support for North Ayrshire Council.</p>
7.	CONCLUSION
7.1	<p>The projected overspend for 2015/16 is £2.597m. The main areas of overspend are Children's Services, Lead Mental Health services and Learning Disabilities, partially offset by anticipated underspends on Older People's Services.</p> <p>It is recommended that the Health and Social Care Partnership note the content of this report, and approve the actions being taken to bring the budget into line, as noted in paragraph 2.4.</p> <p>Further work is ongoing with the Health Board and Council to resolve outstanding baseline budget pressures.</p>

For more information please contact Fiona Neilson, Senior Finance Manager on 01292-513301 or Lesley Aird, Chief Finance Officer on 01294 324560

Partnership Budget Objective Summary	2015/16 Budget			Aligned	
	Aligned			Aligned	
	Budget	Outturn	Over/ (Under) Spend Variance	Over/ (Under) Spend Variance at P4	Movement in projected budget variance from P4
	£'000	£'000	£'000	£'000	£'000
Level One Core					
Learning Disabilities	15,716	16,237	521	456	66
Older people	42,416	41,530	(886)	(813)	(73)
Physical Disabilities	4,142	4,200	58	229	(171)
Mental Health Community Teams	5,255	5,557	302	250	52
Addiction	2,359	2,286	(72)	(41)	(31)
Community Nursing	3,646	3,683	37	85	(48)
Prescribing	29,099	29,099	0	0	0
General Medical Services	16,750	16,855	105	93	12
Resource Transfer, Change Fund, Criminal Justice	2,445	2,434	(11)	(33)	22
Total Level One	121,828	121,881	54	225	(171)
Level Two - Non District General Hospitals					
Ayrshire Central Continuing Care	3,919	4,273	354	348	6
Arran War Memorial Hospital	1,613	1,676	62	40	23
Lady Margaret Hospital	564	576	12	25	(14)
Total Level Two	6,096	6,525	428	414	15
Level Three - Lead Partnership Services					
Mental Health Services	44,410	45,221	811	1,000	(189)
Family Nurse partnership	476	476	0	0	0
Keepwell	470	444	(26)	0	(26)
Training Health Visitors	587	658	72	0	72
Other General Services	55	42	(13)	(10)	(3)
Total Level Three	45,998	46,841	844	990	(147)
Level Four - Children's Services					
Community Paediatrics	508	503	(6)	35	(40)
C&F Social Work Services	23,543	24,708	1,165	967	198
Health Visiting	1,861	1,910	50	0	50
Total Level Four	25,912	27,121	1,209	1,002	207
Direct Overheads & Support Services	6,983	6,888	(94)	(108)	14
Partnership Total	206,816	209,257	2,441	2,523	(82)

Subjective Report as at 31st September 2015

Partnership Budget Subjective Summary	2015/16 Budget		
	Aligned		
	Budget	Outturn	Variance
	£'000	£'000	£'000
Employee Costs	93,584	94,388	804
Property Costs	497	465	(32)
Supplies and Services	7,633	8,010	377
Prescribing Costs	29,099	29,099	0
Primary Medical Services	16,750	16,855	105
Transport and Plant	580	588	8
Admin Costs	3,178	3,134	(44)
Other Agencies & Bodies	63,292	65,360	2,068
Transfer Payments	11,203	11,273	70
Other Expenditure	103	133	30
Capital Expenditure	0	0	0
Income	(19,103)	(19,892)	(789)
Partnership Total	206,816	209,413	2,597

Indicative Health & Social Care Partnership Budgets: North					Appendix 1a	
Objective Report as at 30th September 2015						
Partnership Budget Objective Summary	2015/16 Budget			Notes		
	Aligned				Aligned	
	Budget	Outturn	Over/ (Under) Spend Variance		Over/ (Under) Spend Variance at P4	Movement in projected budget variance from P4
	£'000	£'000	£'000		£'000	£'000
Level One Core						
Learning Disabilities	15,716	16,237	521	Community packages are projecting an overspend of £859k based on a projection of 230 placement numbers to the end of the year, a net increase of 8 placements is anticipated for the remainder of the year. The service is currently reviewing and validating all packages. There is a slight overspend on Residential packages £62k and voluntary organisations £22k which is offset by a reduction in direct payment packages £41k over recovery on income £190k and reduction in respite provision £60k and employee costs £88k.	456	66
Older people	42,416	41,530	(886)	Care Homes/Care at Home Residential and nursing care placements are projecting an underspend of £621k, due to lower than anticipated occupancy levels at the start of the year and discharge numbers being higher than anticipated at this stage in the year. It is anticipated that early release of £200k of savings to 2016/17 from 2017/18 approved. The reduction in Care Home costs has created additional pressures within Care at Home. Both budgets continue to be monitored carefully. Employees are £100k underspend, due to high level of vacancies within day care services, previous projections anticipated posts would be filled by Septemennr, this has now been revised to November. Income Income is expected to over recovery by £451k, mainly due to income received from charging orders for residential placements.	(813)	(73)
Physical Disabilities	4,142	4,200	58	Overspends are projected in Residential placements, £229k, and Community packages, £11k, offset with an underspend in Direct payments of £228k based on a total number of 151 physical disabilities packages at the end of the year, an anticipated net decrease of 4 placements for the remainder of the year. There is a £50k anticipated overspend related to the Cordia lift maintenance contract. The above overspends are partially offset by projected underspends in Direct Payments £205k.	229	(171)
Mental Health Community Teams	5,255	5,557	302	Current placement numbers indicate that Residential packages will underspend by £116k, Community packages will overspend by £444k, these have increased significantly from the start of the year, with 16 new placements. Direct payments are also projecting an overspend of £73k. Overspends are offset with projected underspends in employee costs £20k and Voluntary organisations £37k Vacancies are in the process of being filled.	250	52

Partnership Budget Objective Summary	2015/16 Budget			Notes		
	Aligned				Aligned	
	Budget	Outturn	Over/ (Under) Spend Variance		Over/ (Under) Spend Variance at P4	Movement in projected budget variance from P4
	£'000	£'000	£'000		£'000	£'000
Addiction	2,359	2,286	(72)	The projected overspend within Addictions include property costs for Townhead £14k, this used to be occupied by Social Services, investigation is ongoing to who is responsible for these costs, other slight overspends include staff mileage and supplies and services based on current spending patterns. Addiction Services are projected to underspend by £91k. This arises from a number of vacancies at the start of the year which are assumed will become filled as the year progresses.	(41)	(31)
Community Nursing	3,646	3,683	37	Community Nursing is projected to overspend by £37k. This arises from District Nurse staff in post being above the funded establishment and increased costs in the provision of packages of care. The recently appointed Senior Manager - Locality Services is currently reviewing the staffing levels in each locality to understand how unfunded posts have been appointed to and to clarify workforce requirements going forward. At the same time, the needs of those who require complex adult care packages will be reviewed during this year to determine the level of support required and the most efficient and effective manner of securing this.	85	(48)
Prescribing	29,099	29,099	0		0	0
General Medical Services	16,750	16,855	105	Increased spend on national enhanced services (DMARs and ICUD fittings) and local enhanced services (patient safety, H-Pylori and ring pessary services)	93	12
Resource Transfer, Change Fund, Criminal Justice	2,445	2,434	(11)	Favourable variance within Changing Children's Services Fund in relation to staff turnover	(33)	22
Total Level One	121,828	121,881	54		225	(171)

Partnership Budget Objective Summary	2015/16 Budget			Notes		
	Aligned				Aligned	
	Budget	Outturn	Over/ (Under) Spend Variance		Over/ (Under) Spend Variance at P4	Movement in projected budget variance from P4
	£'000	£'000	£'000		£'000	£'000
Level Two - Non District General Hospitals						
Ayrshire Central Continuing Care	3,919	4,273	354	<p>The frail elderly wards at Ayrshire Central Hospital continue to exceed budget. The projected overspend for 2015/16 is £354k which is higher than in 2014/15.</p> <p>There continue to be issues with high occupancy, patients being more frail and high staff sickness levels across a number of wards. The promoting attendance policy has been applied rigorously in Pavilion 3 and staff have been supported in clarifying their roles and enhancing their skills and competencies. This is having a positive impact and while managers continue to deal with a small number of outstanding issues on an individual basis, it is necessary to utilise Bank and occasionally Agency staff to sustain a safe level of service. At the same time, the Pavilion 3 budget is under a historic pressure relating to former staff members who are being supported in finding alternative opportunities.</p> <p>While the management of sickness absence for Pavilion 6 continues to be undertaken by the South Ayrshire Health and Social Care Partnership on a short-term basis to enable the flexible use of staffing within Biggart Hospital, the Senior Manager - Long-Term Care and their Service Manager will become more active within the unit to prepare staff for the return to the Ayrshire Central site. This will involve a significant Organisational Development input and it is anticipated that this will have a positive impact on the current pressures. In the meantime, Pavilion 6 continues to deliver a reduced level of service with only 26 of the 30 bed capacity being made available to support patient care.</p>	348	6
Arran War Memorial Hospital	1,613	1,676	62		40	23
Lady Margaret Hospital	564	576	12		25	(14)
Total Level Two	6,096	6,525	428		414	15

Partnership Budget Objective Summary	2015/16 Budget			Notes		
	Aligned				Aligned	
	Budget	Outturn	Over/ (Under) Spend Variance		Over/ (Under) Spend Variance at P4	Movement in projected budget variance from P4
	£'000	£'000	£'000		£'000	£'000
Level Three - Lead Partnership Services						
Mental Health Services	44,410	45,221	811	Lead partnership mental health services are projected to overspend by £811k in 2015/16. The overspend is incurred in the adult in-patient wards due to staff in post exceeding establishment as a result of high levels of constant observation and high sickness absence. Permission has been given recruit temporarily a nuner of staffing non-recurringly which should help reduce the reliance and bank staffing and the level of overspend.It is anticipated that once services move to the new location of Woodland View in April 2016 the level of overspend will reduce as it is expected that the therapeutic and functional design of the wards in the new hospital will have an anticipated impact on the progress of patient recovery and support clinical/therapeutic interventions which may in turn result in a reduction in the frequency and longevity of enhanced observations post admission. Other actions to mitigate the overspend include: Review of work force requirements and re- implementation of the national nursing workforce tool post 6 months service transfer to new hospital to ensure workforce skill mix is adjusted to reflect design impact of new service Review and embed new ways of working within the new hospital to ensure/maximise service efficiency and release staff capacity Optimise workforce attendance with review of staff absence & well being recovery plans to ensure targets are reached Request to Scottish Government for funding to support transition to the new hospital.	1,000	(189)
Family Nurse partnership	476	476	0		0	0
Keepwell	470	444	(26)		0	(26)
Training Health Visitors	587	658	72	The delay in trainees starting on the HV course from 2014-15 and delays in others completing their qualification has put pressure on the 2015-16 budget. Steps are being taken to bring the budget back into balance.	0	72
Other General Services	55	42	(13)		(10)	(3)
Total Level Three	45,998	46,841	844		990	(147)

Partnership Budget Objective Summary	2015/16 Budget			Notes	Aligned	
	Aligned				Over/ (Under) Spend Variance at P4	Movement in projected budget variance from P4
	Budget	Outturn	Over/ (Under) Spend Variance			
Level Four - Children's Services						
Community Paediatrics	508	503	(6)	Fuding for a child protection post previously funded by another authoirty has been provided.	35	(40)
C&F Social Work Services	23,543	24,708	1,165	<p>Children with Disabilities (£1.07m projected overspend) This is the most significant area of overspend due to 4 new residential packages, 3 which started during 14/15 and 1 which started in 15/16 and one existing package. The overspend relating to these 5 packages is £658k, residential respite is projecting an overspend of £71k based on current levels of activity. Further overspends are also projected within Community packages, £69k and Direct Payments £282k.</p> <p>Residential Schools including Secure accommodation and Community Supports (£0.150m projected underspend) Residential schools and community supports are projected to underspend by £155k due to placements being lower than budgeted and for a shorter time period. Secure accommodation is projecting an adverse variance of £5k due to one remand placement within the month at a cost of £86k to the end of the year.</p> <p>Fostering, Adoption and Kinship (£0.281m projected overspend) Overall Fostering is projected to overspend by £228k due to a delay in moving placements from external to internal carers in the first three months of the year, this has now been addressed and placements have been moved There is a projected overspend of £145k in relation to adoption placement fees and assessment costs which are higher than budgeted based on current demand. The above overspends have been partially offset by an anticipated underspend £92k on Kinship due to placements being lower than budgeted.</p> <p>Other Expenditure (£0.038m projected underspend) Agency costs of £80k have been incurred for assessment purposes within the fieldwork teams. Family Support Network budget overspend by £39k and Standby Service projecting an overspend of £21k based on prior years outturn. offset with anticipated underspends in Throughcare and Care Leavers due to lower than anticipated demand £116k and staff training £62k projected overspend.</p>	967	198
Health Visiting	1,861	1,910	50	There is currently an imbalance in the health visiting budget across the 3 HSCPs. An exercise is underway to redress this imbalance and it is assumed for the purposes of the projection that funding will be transferred to the North HSCP from another partnership.	0	50
Total Level Four	25,912	27,121	1,209		1,002	207
Direct Overheads & Support Services	6,983	6,888	(94)	Employee costs underspending by £98k, over recoveries of income from Universities for Practice Teachers £54k, anticipated underspend within Money Matters team £35k and minor underspends within postages, supplies and services. There is an imbalance between the funding provided for partnership managment and the actual cost of providing the service.	(108)	14
Partnership Total	206,816	209,257	2,441		2,523	(82)

Indicative Health & Social Care Partnership Budgets: North - Council Funded Budgets							Appendix 2	
Objective Report as at 30th September 2015								
Council Services Objective Summary	2015/16 Budget			Notes				
	Council				Council			
			Over/ (Under) Spend Variance		Over/ (Under) Spend Variance at P4	Movement in projected budget variance from P4		
	Budget	Outturn						
	£'000	£'000	£'000		£'000	£'000		
Level One Core								
Learning Disabilities	15,215	15,788	573	Community packages are projecting an overspend of £859k based on a projection of 230 placement numbers to the end of the year, a net increase of 8 placements is anticipated for the remainder of the year. The service is currently reviewing and validating all packages. There is a slight overspend on Residential packages £62k and voluntary organisations £22k which is offset by a reduction in direct payment packages £41k over recovery on income £190k and reduction in respite provision £60k and employee costs £88k.	501	72		
Older people	42,416	41,530	(886)	Care Homes/Care at Home Residential and nursing care placements are projecting an underspend of £621k, due to lower than anticipated occupancy levels at the start of the year and discharge numbers being higher than anticipated at this stage in the year. It is anticipated that early release of £200k of savings to 2016/17 from 2017/18 approved. The reduction in Care Home costs has created additional pressures within Care at Home. Both budgets continue to be monitored carefully. Employees are £100k underspend, due to high level of vacancies within day care services, previous projections anticipated posts would be filled by September, this has now been revised to November. Income Income is expected to over recovery by £451k, mainly due to income received from charging orders for residential placements.	(813)	(73)		
Physical Disabilities	4,142	4,200	58	Overspends are projected in Residential placements, £229k, and Community packages, £11k, offset with an underspend in Direct payments of £228k based on a total number of 151 physical disabilities packages at the end of the year, an anticipated net decrease of 4 placements for the remainder of the year. There is a £50k anticipated overspend related to the Cordia lift maintenance contract. The above overspends are partially offset by projected underspends in Direct Payments £205k.	229	(171)		
Mental Health Community Teams	3,028	3,375	347	Current placement numbers indicate that Residential packages will underspend by £116k, Community packages will overspend by £444k, these have increased significantly from the start of the year, with 16 new placements. Direct payments are also projecting an overspend of £73k. Overspends are offset with projected underspends in employee costs £20k and Voluntary organisations £37k	268	79		
Addiction	1,302	1,319	17	The projected overspend within Addictions include property costs for Townhead £14k, this used to be occupied by Social Services, investigation is ongoing to who is responsible for these costs, other slight overspends include staff mileage and supplies and services based on current spending patterns.	50	(33)		
Community Nursing		0	0		0	0		
Prescribing		0	0		0	0		
General Medical Services		0	0		0	0		
Resource Transfer, Change Fund, Criminal Justice	(12,137)	(12,148)	(11)	Favourable variance within Changing Children's Services Fund in relation to staff turnover	(33)	22		
Total Level One	53,966	54,064	98		202	(104)		

Council Services Objective Summary	2015/16 Budget			Notes	Council	
	Council				Over/ (Under) Spend Variance at P4	Movement in projected budget variance from P4
	Budget	Outturn	Over/ (Under) Spend Variance			
	£'000	£'000	£'000		£'000	£'000
Level Four - Children's Services						
Community Paediatrics						0
C&F Social Work Services	23,543	24,708	1,165	<p>Children with Disabilities (£1.07m projected overspend)</p> <p>This is the most significant area of overspend due to 4 new residential packages, 3 which started during 14/15 and 1 which started in 15/16 and one existing package. The overspend relating to these 5 packages is £658k, residential respite is projecting an overspend of £71k based on current levels of activity.</p> <p>Further overspends are also projected within Community packages, £69k and Direct Payments £282k.</p> <p>Residential Schools including Secure accommodation and Community Supports (£0.150m projected underspend)</p> <p>Residential schools and community supports are projected to underspend by £155k due to placements being lower than budgeted and for a shorter time period.</p> <p>Secure accommodation is projecting an adverse variance of £5k due to one remand placement within the month at a cost of £86k to the end of the year.</p> <p>Fostering, Adoption and Kinship (£0.281m projected overspend)</p> <p>Overall Fostering is projected to overspend by £228k due to a delay in moving placements from external to internal carers in the first three months of the year, this has now been addressed and placements have been moved</p> <p>There is a projected overspend of £145k in relation to adoption placement fees and assessment costs which are higher than budgeted based on current demand.</p> <p>The above overspends have been partially offset by an anticipated underspend £92k on Kinship due to placements being lower than budgeted.</p> <p>Other Expenditure (£0.038m projected underspend)</p> <p>Agency costs of £80k have been incurred for assessment purposes within the fieldwork teams. Family Support Network budget overspend by £39k and Standby Service projecting an overspend of £21k based on prior years outturn.</p> <p>offset with anticipated underspends in Throughcare and Care Leavers due to lower than anticipated demand £116k and staff training £62k projected overspend.</p>	967	198
Health Visiting						0
Total Level Four	23,543	24,708	1,165		967	198
Direct Overheads & Support Services	6,059	5,810	(249)	Employee costs underspending by £98k, over recoveries of income from Universities for Practice Teachers £54k, anticipated underspend within Money Matters team £35k and minor underspends within postages, supplies and services.	(85)	(164)
Partnership Total	83,567	84,581	1,014		1,084	(70)

Indicative Health & Social Care Partnership Budgets: North - Health Funded Budgets						Appendix 3
Objective Report as at 30th September 2015						
Health Services Objective Summary	2015/16 Budget			Notes		
	Health				Health	
			Over/ (Under) Spend Variance		Over/ (Under) Spend Variance at P4	Movement in projected budget variance from P4
	Budget £'000	Outturn £'000	£'000			
Level One Core						
Learning Disabilities	501	449	(52)		(45)	(6)
Older people	0	0	0		0	0
Physical Disabilities	0	0	0		0	0
Mental Health Community Teams	2,228	2,183	(45)	Vacancies are in the process of being filled.	(18)	(27)
Addiction	1,057	968	(89)	Addiction Services are projected to underspend by £91k. This arises from a number of vacancies at the start of the year which are assumed will become filled as the year progresses.	(91)	2
Community Nursing	3,646	3,683	37	Community Nursing is projected to overspend by £37k. This arises from District Nurse staff in post being above the funded establishment and increased costs in the provision of packages of care. The recently appointed Senior Manager - Locality Services is currently reviewing the staffing levels in each locality to understand how unfunded posts have been appointed to and to clarify workforce requirements going forward. At the same time, the needs of those who require complex adult care packages will be reviewed during this year to determine the level of support required and the most efficient and effective manner of securing this.	85	(48)
Prescribing	29,099	29,099	0		0	0
General Medical Services	16,750	16,855	105	Increased spend on national enhanced services (DMARs and ICUD fittings) and local enhanced services (patient safety, H-Pylori and ring pessary services)	93	12
Resource Transfer, Change Fund, Criminal Justice	14,581	14,581	0		0	0
Total Level One	67,862	67,818	(44)		23	(67)
Level Two - Non District General Hospitals						
Ayrshire Central Continuing Care	3,919	4,273	354	The frail elderly wards at Ayrshire Central Hospital continue to exceed budget. The projected overspend for 2015/16 is £354k which is higher than in 2014/15. There continue to be issues with high occupancy, patients being more frail and high staff sickness levels across a number of wards. The promoting attendance policy has been applied rigorously in Pavilion 3 and staff have been supported in clarifying their roles and enhancing their skills and competencies. This is having a positive impact and while managers continue to deal with a small number of outstanding issues on an individual basis, it is necessary to utilise Bank and occasionally Agency staff to sustain a safe level of service. At the same time, the Pavilion 3 budget is under a historic pressure relating to former staff members who are being supported in finding alternative opportunities. While the management of sickness absence for Pavilion 6 continues to be undertaken by the South Ayrshire Health and Social Care Partnership on a short-term basis to enable the flexible use of staffing within Biggart Hospital, the Senior Manager - Long-Term Care and their Service Manager will become more active within the unit to prepare staff for the return to the Ayrshire Central site. This will involve a significant Organisational Development input and it is anticipated that this will have a positive impact on the current pressures. In the meantime, Pavilion 6 continues to deliver a reduced level of service with only 26 of the 30 bed capacity being made available to support patient care.	348	6
Arran War Memorial Hospital	1,613	1,676	62		40	23
Lady Margaret Hospital	564	576	12		25	(14)
Total Level Two	6,096	6,525	428		414	15

Health Services Objective Summary	2015/16 Budget			Notes	Health	
	Health				Over/ (Under) Spend Variance at P4 £'000	Movement in projected budget variance from P4 £'000
	Budget	Outturn	Over/ (Under) Spend Variance			
	£'000	£'000	£'000			
Level Three - Lead Partnership Services						
Mental Health Services	44,410	45,221	811	Lead partnership mental health services are projected to overspend by £811k in 2015/16. The overspend is incurred in the adult in-patient wards due to staff in post exceeding establishment as a result of high levels of constant observation and high sickness absence. Permission has been given recruit temporarily a number of staffing non-recurringly which should help reduce the reliance on bank staffing and the level of overspend. It is anticipated that once services move to the new location of Woodland View in April 2016 the level of overspend will reduce as it is expected that the therapeutic and functional design of the wards in the new hospital will have an anticipated impact on the progress of patient recovery and support clinical/therapeutic interventions which may in turn result in a reduction in the frequency and longevity of enhanced observations post admission. Other actions to mitigate the overspend include: Review of work force requirements and re-implementation of the national nursing workforce tool post 6 months service transfer to new hospital to ensure workforce skill mix is adjusted to reflect design impact of new service Review and embed new ways of working within the new hospital to ensure/maximise service efficiency and release staff capacity Optimise workforce attendance with review of staff absence & well being recovery plans to ensure targets are reached	1,000	(189)
Family Nurse partnership	476	476	0		0	0
Keepwell	470	444	(26)		0	(26)
Training Health Visitors	587	658	72	The delay in trainees starting on the HV course from 2014-15 and delays in others completing their qualification has put pressure on the 2015-16 budget. Steps are being taken to bring the budget back into balance.	0	72
Other General Services	55	42	(13)		(10)	(3)
Total Level Three	45,998	46,841	844		990	(147)
Level Four - Children's Services						
Community Paediatrics	508	503	(6)	Funding for a child protection post previously funded by another authority has been provided.	35	(40)
C&F Social Work Services	0	0	0		0	0
Health Visiting	1,861	1,910	50	There is currently an imbalance in the health visiting budget across the 3 HSCPs. An exercise is underway to redress this imbalance and it is assumed for the purposes of the projection that funding will be transferred to the North HSCP from another partnership.	0	50
Total Level Four	2,369	2,413	44		35	9
Direct Overheads & Support Services	924	1,079	155	There is an imbalance between the funding provided for partnership management and the actual cost of providing the service.	(23)	178
Partnership Total	123,249	124,676	1,427		1,439	(12)

Integrated Care Fund

	Allocation	Total Projected Spend	NAC Projected Variance	NHS Projected Variance	Arran CVS Projected Variance	Total Projected Variance
Ideas and Innovation	£1,041,788	£948,371	-£16,315	-£77,102	£0	-£93,417
RCOP	£993,487	£1,154,650	£91,930	£69,233	£0	£161,163
Change Team	£802,448	£608,116	-£167,623	-£26,709	£0	-£194,332
Contingency	£103,836	£0				-£103,836
TOTAL	£2,941,559	£2,711,137	-£92,008	-£34,578	£0	-£230,422

Delayed Discharge Allocation

	Allocation	Total Projected Spend	Total Projected Variance
Rehab and Reablement	£228,616	£176,348	-£52,268
Aids and Adaptations	£19,250	£6,417	-£12,833
Care at Home	£603,179	£191,060	-£412,119
Community Equipment		£93,000	£93,000
Contingency	£15,956	£0	-£15,956
TOTAL	£867,000	£466,824	-£400,176

Note : negative variance represents an underspend

HSCP 2015/16 Savings Tracker - Please note: the following savings have already been removed from the 2015/16 Partnership Budgets

Appendix 5

Budget Savings	Senior Manager	Reference	2015/16 £	Released at Month 6	Slippage at Month 6	Projected Full Year Slippage	BRAG Status	Comment
Health and Social Care Partnership								
Staff turnover baseline budget saving based on historic trends	ALL	SP-HSC-23	298,000		298,000		Green	
Mental Health Care Package baseline budget adjustment based on historic underspends	Dale Mellor	SP-HSC-24	200,000	112,000	88,000	-	Amber	£130k identified at present to be achieved through one high cost community package moving to residential and temp reductions in other packages.
Increase the administrative charge for Criminal Justice Service to 8%	David MacRitchie	SP-HSC-15	112,000	112,000	-	-	Green	Admin charge allocated at year end to Section 27 Grant. Charge increased at end of FY14/15 to bring in line with 8% overhead allocation
Reduction through early intervention in the demand for foster care and alternative family placements	Elizabeth Stewart	SP-HSC-08	83,200	-	83,200		Amber	Work ongoing at present with a number of placements, outcomes not known at present. Risk full saving is not achieved
Children with Disabilities - improved procurement for provision of community support services.	Elizabeth Stewart	SP-HSC-09	25,000	25,000	-		Blue	Achieved through reduction of budget for community supports provided by supported carers
Realignment of foster care services from external to in-house carer provision	Elizabeth Stewart	SP-HSC-11	91,520		91,520		Amber	Slippage due to placements not moved until July, previously anticipated to be before April 15, in order to achieve full year savings
Efficiency savings which will accrue through the implementation of the CM2000 system.	Helen McArthur	SP-SS-13-18	200,000	-	200,000		Red	Issue in achievement of efficiencies with CM2000. 2 Framework Providers have ceased providing services for NAC. 3 Framework providers using CM2000, one of which could potentially increase compliance levels to achieve savings. Another non-framework provider to implement CM2000 this could potentially make efficiency savings. Potentially £80k could be achieved this year if implemented in August 15 as planned.
The full implementation of CM2000 will enable the management of more efficient services, delivering a 15% saving, in line with other local authorities	Helen McArthur	SP-HSC-04	200,000	-	200,000		Red	As Above
Review information systems team	Janine Hunt	SP-SS-13-09	30,092	30,092	-		Green	Post given up in C & F to fund trainer post within carefirst team
Review of Partnership support functions	Janine Hunt	SP-HSC-03	50,000	17,000	33,000		Green	Saving to date achieved through grade 10 post no. 309809 replaced with Grade 7 (0.6FTE) post no. 311712, balance expected to be achieved this year through vacancies still to be identified

Budget Savings	Senior Manager	Reference	2015/16 £	Released at Month 6	Projected Full Year Slippage	BRAG Status	Comment
Health and Social Care Partnership							
Review of block contracted services - including George Steven Centre	John McCaig	SP-SS-13-29	14,846	-	14,846	Red	Saving will not be achieved, review of Block Contract was achieved in 2013/14. NAC utilising more places than block contract, therefore additional costs are being incurred
Rationalisation of Local Area Coordinator posts	John McCaig	SP-SS-13-35	45,875	45,875	-	Blue	Savings achieved prior year
Redesign of Council LD Day Services	John McCaig	SP-SS-13-31	122,900	122,900	-	Blue	Savings achieved prior year
Review of high cost care packages	John McCaig	SP-SS-13-42	100,000	2,000		Amber	Plans required to be put in place to identify packages for review
Review of complex packages of care for individuals with a Learning Disability	John McCaig	SP-HSC-07	50,000	50,000		Amber	Plans required to be put in place to identify packages for review
Additional income from charges. The actual income received is greater than the amount budgeted and the budget is being amended to reflect the actual position	John McCaig - Charging Policy	SP-SS-13-04	41,000	41,000		Blue	Increase in charge for Dirrans Head Injuries Unit has been implemented with East Ayrshire Council resulting in achieving income savings
Increase in Income Budget. Revision of base budget to reflect inflation increases and improvements to the charging process to ensure charges are implemented according to the policy.	John McCaig - Charging Policy	SP-HSC-13	100,000	100,000		Blue	Income to date projecting an over recovery
Review Assessment and Care Management staff within Older People	Mary Francey	SP-SS-11-29	100,668	67,000		Green	£67k achieved through restructure Nov 13, balance to be achieved.
Review of purchased service contracts - including supported living	Mary Francey	SP-SS-13-38	108,000	77,000		Amber	Plans to be put in place to achieve savings
Older People - Review of support offered to individuals through admission to Hospital and the planning of discharges back to community settings to improve the quality of support and ensure greater continuity.	Mary Francey	SP-HSC-10	40,000	-		Green	Post to be identified
Transport Savings - introduction of a central transport hub, taking over responsibility for the management and utilisation of all journey provision, will enable a 10% saving across the Council's fleet	n/a	SP-SS-13-05	6,000	6,000	-	Blue	
Rationalisation of the Family Support services across North Ayrshire linked to the Dartington research work	Stephen Brown	SP-HSC-22	50,000	50,000		Blue	Reduction of Family Network service from Quarriers
Cumbræ Lodge	Isabel Marr	NHS	550,000	275,000	-	Amber	Beds didn't close until June
Total for Health and Social Care Partnership			2,619,101	1,132,867	14,846	-	-

MISCELLANEOUS ITEMS
BUDGETARY CONTROL 2015/16

REPORT FOR THE FOUR MONTHS ENDED 30 SEPTEMBER 2015

Objective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Financing Charges	19,381	19,381	-	0%	1
Aggregate External Finance	(276,985)	(276,985)	-	0%	
Council Tax	(46,116)	(47,324)	(1,208)	3%	2
Use of Change Fund	(590)	(590)	-	0%	
Use of Earmarked Funds	(2,267)	(2,267)	-	0%	
Totals	(306,577)	(307,785)	(1,208)	0%	

Note 1 Financing Charges

Financing charges are forecasting an underspend of £3.056m based on the latest cash flow and interest rate projections. An underspend of £2.377m was identified as part of the revenue budget for 2015/16 with the intention of utilising this underspend to create a Loans Fund Reserve. It is proposed to transfer the full value to the Loans Fund Reserve.

Note 2 Council Tax

Income from Council Tax is forecasting to over recover by £1.208m. This is mainly due to the value of council tax reductions (£0.849m) being less than the budget provided cash collected for older debt (£0.199m) which had previously been written off.

Carried Forward Funds to 2016-17	
	£000
Affordable Housing	459
Records Store	129
Totals	588

Budget Management - 30 September 2015

Virement/Budget Adjustment Requests

	Perm (P) / Temp(T)	2015/16	
		Virement £m	Directorate Total £m
1) Budget Virements			
Place			
Additional work from Planning to Roads (Planning have received SPT grant for bus stop, footway, carriageway strengthening and drainage works) - increase income budget	T	-0.140	
Additional work from Planning to Roads (Planning have received SPT grant for bus stop, footway, carriageway strengthening and drainage works) - increase expenditure budget	T	0.140	
Increase income recharge budget in Roads due to additional work from Housing and PMI.	T	-0.170	
Increase expenditure budget in Roads due to additional work from Housing and PMI.	T	0.170	
			0.000
Economy and Communities			
Youth Employment Scotland Grant - Phase 2 2015-16 £177,242	T	-0.177	
Increase expenditure in Modern Apprentice Allowances, Support into Employment and Youth Council Work Experience budgets	T	0.177	
			0.000

HOUSING REVENUE ACCOUNT
BUDGETARY CONTROL 2015/16

REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

Objective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	4,483	4,364	(119)	-3%
Property Costs:				
Responsive Repairs	4,483	4,207	(276)	-6%
Void Repairs	2,963	2,823	(140)	-5%
Planned & Cyclical maintenance	4,664	4,666	2	0%
Estate Based Projects	711	711	0	0%
Roads & Lighting Maintenance	179	179	0	0%
Aids & adaptations	1,776	1,776	0	0%
Other property costs	2,781	2,792	11	0%
Supplies and Services	199	235	36	18%
Transport and Plant Costs	44	48	4	9%
Administration Costs	1,498	1,510	12	1%
Other Agencies & Bodies	1,611	1,536	(75)	-5%
Transfer Payments	133	133		0%
Other Expenditure	679	487	(192)	-28%
Capital Financing	19,768	18,551	(1,217)	-6%
Gross Expenditure	45,972	44,018	(1,954)	-4%
Income				
Council House Rents	(44,887)	(44,740)	147	0%
Other Rents	(326)	(326)		0%
Recharges	(759)	(891)	(132)	17%
Net Expenditure	0	(1,939)	(1,939)	

HRA
BUDGETARY CONTROL 2014/15

REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 1			Employee Costs
			Movement - There are no significant changes since Period 4
4483	(119)	-3%	There is a projected underspend on employee costs of £0.119m due to effective vacancy management.
	(119)		
Note 2			Property Costs
			Movement - There is an decrease in underspend of £0.516m largely as a result of a programme of outstanding planned maintenance projects being identified for 2015/16 which will continue the strategy of adopting a planned approach to repairs.
17,557	(403)	-2%	There is a projected underspend on property costs of £0.403m. This is mainly as a result of a projected underspend in responsive repairs of £0.276m and £0.140m in void repairs. Continuing from last years trend there is a significant reduction in the number of jobs and average value per job in response repairs. This is as a result of the continued strategy to adopt a planned approach to repairs to reduce the number of responsive repairs. The underspend in void repairs is due to a reduction in the number of void properties projected for the year.
	(403)		
Note 3			Capital Financing
			Movement - The projected underspend on loan charges has increased by £0.595m this is largely due to planned borrowing which was previously assumed to be from 1st January is now delayed until 1st March 2016.
19,768	(1,217)	-6%	There is a projected underspend in loan charges of £1.217m due to the availability and continued use of internal funds instead of new borrowing
	(1,217)		
Note 4			Other Agencies and Bodies
			Movement - There is an increase in underspend of £0.039m since Period 4 due to reduced advisor costs for the Local Housing Strategy
1,611	(75)	-5%	There is a projected underspend of £0.075m due to underspend in advisors of £0.040m and payment to other bodies underspend of £0.035m. The expected spend on advisors for Local Housing Strategy is less than anticipated and within payment to other bodies the payment to Cunningham Housing Association is no longer required.
	(75)		
Note 5			Other Expenditure
			Movement - Since Period 4 there is now a projected underspend on Arrears Write off of £0.192m based on higher than anticipated collection levels.
679	(192)	-28%	There is a projected underspend in Arrears Write Off of £0.192m. Collection levels are currently higher than anticipated and based on this there is less requirement for write-offs. A further write off will be carried out in March 2016.

Budget £000	Projected Variance £000	Variance as % of budget	Section
	(192)		
Note 6			Council House Rents
			Movement - There is a decrease in income expected from Council House rents of £0.102m due to earlier demolition of houses than projected at Period 4.
(44,887)	147	0%	There is an under-recovery of income of £0.147 largely due to the demolition of houses as a result of the acceleration of new house building projects.
	147		
Note 7			Other Rents
			Movement - There is no change from Period 4
(759)	(132)	17%	There is an over recovery of income mainly in relation to recharges as a result of unbudgeted income for insurance recoveries relating to storm damage.
	(132)		
Note 8			Other
1,115	52	5%	Other Minor Movements
	52		
(1,939)			TOTAL

Budget £000	Projected Variance £000	Variance as % of budget	Section			
HRA projected reserves and balances	B/fwd from 2014/15	Period 6 Revenue	Use of Earmarked sums	Earmarking of in year surplus	Funding of Capital Projects	Estimated Bal at 31/03/16
	£m	£m	£m		£m	£m
Council House Building Fund	4.266	-	0.000		0.000	4.266
Welfare Reform	3.000	-	0.000		0.000	3.000
Contingency Balance	0.400	-	0.000		0.000	0.400
Estate Based Projects	0.040		(0.040)	0.000	0.000	0.000
Sheltered Housing Unit Works	0.150		(0.150)	0.000	0.000	0.000
Major Refurbishment Works	1.300			0.000		1.300
Software Upgrades	0.020		(0.020)			0.000
Uncommitted Balance	1.887	1.939	0.000	0.000	0.000	3.826
	11.063	1.939	(0.210)	0.000	0.000	12.792

NORTH AYRSHIRE COUNCIL

Agenda Item 8

24 November 2015

Cabinet

Title: **Capital Monitoring to 30 September 2015**

Purpose: To advise the Cabinet of progress in delivering the Capital Investment Programme as at 30 September 2015.

Recommendation: Agree to (a) approve the revisions to budgets outlined at Sections 2.1 and 2.8 of the report; (b) note (i) the actual General Services and HRA expenditure and revised budgets to 30 September 2015; and (ii) the forecast of expenditure to 31 March 2016 and (c) approve the acceptance of £140,000 from Sustrans for access travel improvements.

1. Executive Summary

- 1.1 The General Services and Housing Revenue Account (HRA) capital budgets were approved at a special meeting of the Council on 9 December 2014. The General Services capital programme approval covered a firm plan for period from 1 April 2015 to 31 March 2019 and an indicative plan for the years from 2019/20 to 2022/23. The HRA capital budget was approved for 2015/16 only.
- 1.2 This report identifies the current programme for 2015/16, taking account of adjustments made to budgets since the meeting outlined at 1.1. The report advises of actual expenditure to 30 September 2015 and forecast expenditure to 31 March 2016.
- 1.3 At Period 6 the General Fund is forecasting a projected outturn of £58.510m against a budget of £59.956m and HRA is forecasting a projected outturn of £23.064m against a budget of £24.379m.

2. Background

- 2.1 The table below outlines the movements in the 2015/16 General Services budget since the report to Cabinet on 31 July 2015 :-

	2015/16 £m
Budget approved as at 31 July 2015	62.926
a) Alterations to phasing of projects:-	
2015/16 to 2016/17	(3.066)
2016/17 to 2015/16	0.100
b) Updating of Funding	(0.004)
Budget as at 30 September 2015	59.956

2.2 (a) **Alterations to the Phasing of Projects**

The following projects are still expected to deliver within current time lines, with the slippage reflecting a re-profiling of payment to fit with contractors programme:

- £0.440m Irvine Leisure Centre
- £2.492m Garnock Campus

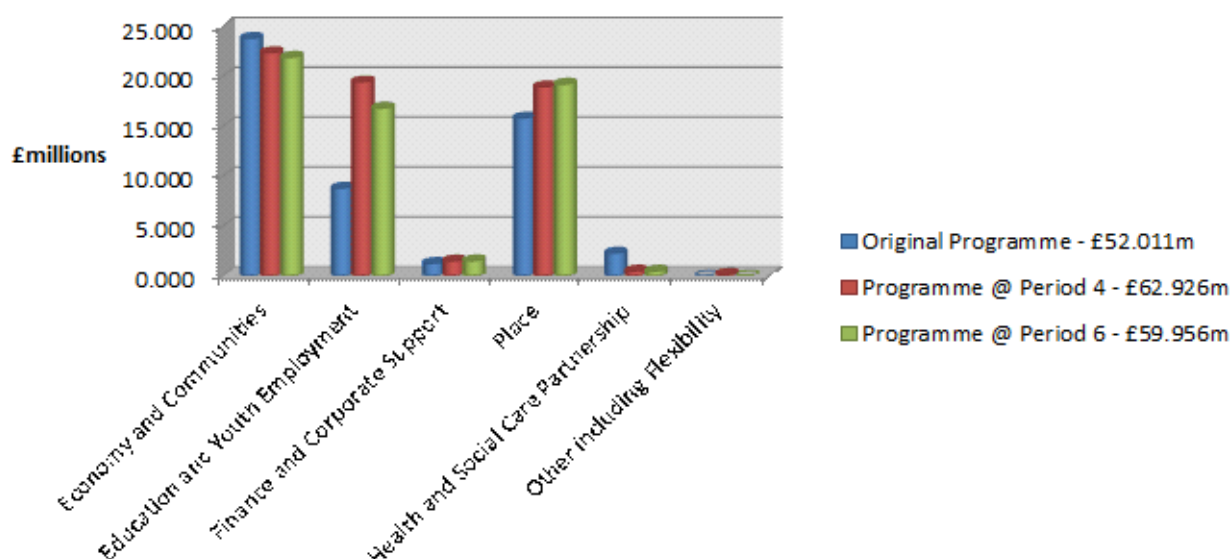
This is off-set by the lighting programme which has been accelerated from 2016/17.

(b) **Updating of Funding**

The SPT funding has been reduced by £0.220m for Hawkhill Roundabout and Arran Bridges Signage to reflect the element of work which will now be completed directly by SPT. Finance and Corporate Support has increased its contribution to the Customer Contact Centre Technology (£12,000) project to reflect updated forecasted costs and Economy and Communities has made a contribution from its Revenue Budget to the Irvine Leisure Centre project (£14,000) and Eglinton Car Park (£50,000).

Sustrans have awarded Economy and Communities an additional £0.140m for access travel improvements. Cabinet is asked to approve the acceptance of this funding to enable works to progress this financial year.

2.3 The graph below illustrates the movement in each programme on a service basis compared to the original programme approved.



2.4 Capital Expenditure to 30 September 2015

Actual expenditure to 30 September 2015 (Period 6) amounted to £21.881m or 36% (compared to anticipated expenditure of £22.837m or 38%) of the revised annual budget for 2015/16 of £59.956m. Details of actual spend by project against the revised budget for 2015/16 can be found in Appendix 1, alongside anticipated spend to 31 March 2016.

The projections are summarised by service in the table below:

	Revised Budget 2015/16 £000's	Projected Expenditure / Income to 31 March 2016 £000's	Projected Variance Over / (Under) £000's	True Over / (Under) Spend £000's	Net Carry Forward to 2016/17 £000's
Service					
Expenditure					
Economy and Communities	21,910	20,598	(1,312)		(1,312)
Education and Youth Employment	16,823	16,825	2	(1)	3
Finance and Corporate Support	1,517	1,517	-	-	-
Place	19,213	19,169	(44)	(44)	-
Health and Social Care Partnership	491	401	(90)	9	(99)
Other including Flexibility	2	-	(2)	(2)	-
Total Expenditure	59,956	58,510	(1,446)	(38)	(1,408)
Income					
General Capital Grant	(15,634)	(15,634)	-	-	-
Specific Capital Grant	(207)	(207)	-	-	-
Use of Reserve Funds	(3,847)	(3,986)	(139)	-	(139)
Capital Funded from Current Revenue	(1,108)	(1,108)	-	-	-
Capital Receipts	(2,214)	(2,214)	-	-	-
Other Grants & Contributions	(5,453)	(5,453)	-	-	-
Prudential Borrowing	(31,493)	(29,908)	1,585	(38)	(1,269)
Total Income	(59,956)	(58,510)	1,446	(38)	(1,408)

- 2.5 An underspend of £1.446m is projected within the programme of which £1.408m is required to be carried forward to 2016/17. A true underspend of £0.038m is currently forecast within the programme. These movements result in a revised capital programme at 30 September of £58.548m for 2015/16.
- 2.6 Information on the progress of all projects and explanations for the carry forwards can be found in Appendix 1. The main area of slippage is within Economy and Communities and relates mainly to slippage within Irvine Leisure Centre due to re-phasing of elements between financial years. This has no impact on the overall programme for this project.

Housing Revenue Account

- 2.7 There has been no movement in 2015/16 Housing Revenue Account capital budget since the since the report to Cabinet on 31 July 2015.

Capital Expenditure

- 2.8 Actual expenditure to 30 September 2015 (Period 6) amounted to £7.944m or 33% (compared to anticipated expenditure of £11.496m or 47%) of the revised annual budget of £24.379m. Current projections are forecasting an underspend of £1.315m at 31 March 2016 and are shown in the table.

	Revised Budget 2015/16 £000's	Projected Expenditure / Income to 31 March 2016 £000's	Projected Variance Over / (Under) £000's	True Over / (Under) Spend £000's	Net Carry Forward to 2016/17 £000's
<u>Service</u>					
Expenditure					
Housing Revenue Account	24,379	23,064	(1,315)	(1,315)	-
Total Expenditure	24,379	23,064	(1,315)	(1,315)	-
<u>Income</u>					
Sale of Council Houses	(1,371)	(1,871)	(500)	(500)	-
Sale of Assets	-	(21)	(21)	(21)	-
CFCR	(10,505)	(10,505)	-	-	-
Capital Grants	(1,706)	(1,706)	-	-	-
Contribution from House Build Fund	(777)	(446)	331	331	-
Other Capital Income - House Building	-	-	-	-	-
Affordable Housing Contribution	(150)	(150)	-	-	-
Prudential Borrowing	(9,870)	(8,365)	1,505	1,505	-
Total Income	(24,379)	(23,064)	1,315	1,315	-

- 2.9 A true underspend of £1.315m has been forecast as a result of savings in the tender prices achieved across the new build, central heating and regeneration programmes. It is requested that the projected underspend be carried forward to future years to support the Council's House Building programme. Proposals for specific house building projects will continue to be presented to Cabinet as these are developed.

3. Proposals

- 3.1 It is proposed that:-

In General Services -

The Cabinet is invited to (a) approve the further revisions to budgets outlined at Section 2.1 and Appendix 1; and (b) note (i) the actual expenditure and revised budget to 30 September and (ii) the forecast of expenditure to 31 March 2016; and (c) approve the acceptance of £140,000 from Sustrans for access travel improvements.

In the H.R.A. -

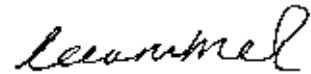
The Cabinet is invited to (a) approve the further revisions to the budget outlined at Section 2.8; (b) note the actual expenditure and budget to 30 September 2015 and (ii) the forecast of expenditure to 31 March 2016.

4. Implications

Financial:	The financial implications are as outlined in the report. Expenditure will continue to be closely monitored to ensure early action is taken regarding any projected underspends or overspends.
Human Resources:	None
Legal:	None
Equality:	None
Environmental & Sustainability:	None
Key Priorities:	A delay in completion of projects could affect the delivery of services and have implications for revenue budgets and service planning. It should be noted that slippage reported within this report does not impact on the completion of capital contracts but simply impacts on timing of payments.
Community Benefits:	None

5. Consultation

- 5.1 Consultations have taken place with all services in respect of their projects.



LAURA FRIEL
Executive Director (Finance and Corporate Support)

Reference : None

For further information please contact Margaret Hogg, Senior Manager (Financial Management) on 01294 324551.

Background Papers

Capital Monitoring 30 September 2015 - Cabinet - 29 September 2015

North Ayrshire Council
Capital Statement
Year Ended 31st March 2016

Project Description	Total Revised Budget 2015/16	Year to Date Budget 2015/16	Actual Expenditure to 30 September 2015	Year to Date Variance 2015/16	Projected Expenditure to 31st March 2016	Projected Over/ (Under) Spend for 2015/16	True Over/ (Under) Spend	Carry Forward to 2016/17
	£	£	£	£	£	£	£	£
EXPENDITURE								
Economy & Communities								
Regeneration	5,717,821	1,635,338	2,906,253	1,270,915	5,343,377	(374,444)	0	(374,444)
Strategic Planning & Infrastructure	3,764,361	1,370,270	615,998	(754,272)	3,764,361	0	0	0
Sport & Activity	11,532,340	3,598,014	3,558,783	(39,231)	10,594,997	(937,343)	0	(937,343)
Information & Culture	895,261	107,679	112,618	4,939	895,261	0	0	0
SUB TOTAL	21,909,783	6,711,301	7,193,652	482,351	20,597,996	(1,311,787)	0	(1,311,787)
Education & Youth Employment								
Nursery Education	818,312	247,654	245,858	(1,796)	815,538	(2,774)	0	(2,774)
Primary Schools	472,899	259,110	95,183	(163,927)	471,356	(1,543)	(902)	(641)
Secondary Schools	15,521,587	5,712,014	6,405,172	693,158	15,527,937	6,350	0	6,350
Special Education	10,000	5,000	0	(5,000)	10,000	0	0	0
SUB TOTAL	16,822,798	6,223,778	6,746,214	522,436	16,824,831	2,033	(902)	2,935
Finance & Corporate Support								
Financial Services	150,357	69,086	92,905	23,819	150,357	0	0	0
Information Technology	741,001	237,433	228,398	(9,035)	741,001	0	0	0
Council IT Strategy	625,746	340,913	210,230	(130,683)	625,746	0	0	0
SUB TOTAL	1,517,104	647,432	531,533	(115,899)	1,517,104	0	0	0
Health & Social Care								
Management & Support	214,000	214,000	2,663	(211,337)	115,000	(99,000)	0	(99,000)
Older People	244,938	90,615	(28,884)	(119,499)	244,938	0	0	0
Physical or Sensory Disabled	32,225	28,383	4,969	(23,414)	40,809	8,584	8,584	0
SUB TOTAL	491,163	332,998	(21,252)	(354,250)	400,747	(90,416)	8,584	(99,000)
Place								
Roads	6,238,754	3,140,569	2,566,973	(573,596)	6,238,754	0	0	0
Office Accommodation	1,895,408	935,558	741,879	(193,679)	1,895,408	0	0	0
Other Property	2,626,432	1,160,029	1,159,383	(646)	2,582,535	(43,897)	(43,897)	0
Housing Non HRA	722,049	305,954	273,637	(32,317)	722,049	0	0	0
Streetscene	1,988,466	166,615	151,382	(15,233)	1,988,466	0	0	0
Transport	1,999,746	1,033,359	632,147	(401,212)	1,999,746	0	0	0
Waste Services	1,468,223	1,150,517	889,501	(261,016)	1,468,223	0	0	0
Building Services	40,000	20,000	15,623	(4,377)	40,000	0	0	0
Renewable Energy	1,934,285	1,009,116	1,000,225	(8,891)	1,934,285	0	0	0
Cleaning Client	300,000	0	0	0	300,000	0	0	0
SUB TOTAL	19,213,363	8,921,717	7,430,750	(1,490,967)	19,169,466	(43,897)	(43,897)	0
Other								
Other	1,769	0	0	0	0	(1,769)	(1,769)	0
SUB TOTAL	1,769	0	0	0	0	(1,769)	(1,769)	0
Total Project Expenditure	59,955,980	22,837,226	21,880,897	(956,329)	58,510,144	(1,445,836)	(37,984)	(1,407,852)
Total Project Income	(59,955,980)	(9,132,545)	(9,132,545)	0	(58,510,144)	1,445,836	37,984	1,407,852
Total Net Expenditure	0	13,704,681	12,748,352	(956,329)	0	0	0	0

North Ayrshire Council
Capital Programme Funding

Funding Description	Approved Budget	Carry Forward from 2014/15	Additional Funds Awarded 2015/16	Approved Revisions to Programme	Total Revised Budget 2015/16	Actual as at 30 September 2015	Projected Income to 31st March 2016
	£	£		£	£	£	£
CAPITAL BORROWING							
Prudential Borrowing	29,218,955	6,355,714		(4,082,096)	31,492,573		29,907,875
SUB TOTAL	29,218,955	6,355,714	0	(4,082,096)	31,492,573	0	29,907,875
SCOTTISH GOVERNMENT FUNDING							
Specific Capital Grants							
Cycling / Walking /Safer Streets	207,000				207,000		207,000
Capital Grants							
General Capital Grant	15,984,000		(350,000)		15,634,000	7,816,734	15,634,000
SUB TOTAL	16,191,000	0	(350,000)	0	15,841,000	7,816,734	15,841,000
OTHER INCOME TO PROGRAMME							
Use of Funds							
Capital Fund							
General		(897,000)		897,000	0		0
Garnock Academy	1,000,000				1,000,000		1,000,000
Largs Campus				20,103	20,103		158,965
Saltcoats Town Hall	538,000				538,000		538,000
Brodick Harbour Development	1,200,000				1,200,000		1,200,000
Change & Service Redesign Fund							
Capacity Planning (Storage)		4,955			4,955		4,955
Wireless Access in Schools	220,214				220,214		220,214
Managed WAN Services	302,501	83,854		(50,000)	336,355		336,355
IPT Telephony	80,955				80,955		80,955
Local Area Network	176,584				176,584		176,584
Streetscene Scheduling		1,279			1,279		1,279
Cunninghame House - Time Clock System		55,000			55,000		55,000
Care First Development / CM2000		172,238		(87,238)	85,000		85,000
Home Care System		142,406		(13,406)	129,000		129,000
CFCR							
General CFCR			350,000		350,000		350,000
Defibrillators		150,126			150,126		150,126
Customer Contact Centre		134,209		(1,231)	132,978		132,978
Building Services IT System				40,000	40,000		40,000
Irvine Leisure Centre	240,000			14,000	254,000		254,000
Stevenston Library Hub				130,589	130,589		130,589
Eglinton Park Car Park				50,000	50,000		50,000
Records Unit Replacement					0		
Grants & Contributions							
SFT Funding Garnock Campus & Largs Campus							
SPT Funding - Roads		835,812			835,812		835,812
Historic Scotland - Saltcoats Town Hall		125,000			125,000		125,000
Restoration Grant - Saltcoats Town Hall		95,027			95,027	95,027	95,027
Big Coastal Communities Grant - Tourism Infrastructure			99,160		99,160	11,737	99,160
Highlands & Islands - Millport Field Centre		763,255			763,255	384,152	763,255
Millport Pier							
SPT Funding - Plugged In Places		151,000			151,000		151,000
Access Paths - Sustrans	660,000	560,224	1,203,000		2,423,224	344,500	2,423,224
SPT Funding - A841 Brodick to Lochranza			700,000		700,000		700,000
SPT Funding -Hawkhill Roundabout			100,000		100,000		100,000
SPT Funding - Arran Bridges Signage			30,000		30,000		30,000
SPT Funding - Irvine Town Centre Bus			50,000		50,000		50,000
SPT Funding -Bus Corridor Improvements			50,000		50,000		50,000
SPT Funding - Bus Route UTC			30,000		30,000		30,000
Irvine Leisure Centre - AV Funding (application to be made)	125,000			(125,000)	0		0
West Kilbride CA - Gym extension					0	12,398	0
Capital Receipts	2,057,791	157,000	0	0	2,214,791	467,996	2,214,791
Sale of Land	2,017,791	157,000			2,174,791	113,801	2,174,791
Sale of Vehicles	40,000				40,000	55,467	40,000
Insurance Recovery					0	11,395	0
Montgomerie Park Masterplan					0	287,333	0
SUB TOTAL	6,601,045	2,534,385	2,612,160	874,817	12,622,407	1,315,811	12,761,269
TOTAL CAPITAL PROGRAMME FUNDING	52,011,000	8,890,099	2,262,160	(3,207,279)	59,955,980	9,132,545	58,510,144

CAPITAL MONITORING 2015/16
Year Ended 31st March 2016

ECONOMY & COMMUNITIES

Project Description	Lead Officer	Project Stage	Main Contractor	COMPLETION DATE			CURRENT YEAR 2015/16 EXPENDITURE															Comments
				Original Target	Revised Forecast	Difference (SPI)	Prior Years' Cumulative Expenditure	Approved Budget	Carry Forward From 2014/15	Additional Funds Awarded 2015/16	Approved Revisions To Programme	Total Revised Budget 2015/16	Year to Date Budget 2015/16	Actual Expenditure to 30 September 2015	Year to Date Variance 2015/16	Projected Expenditure to 31 March 2016	Projected Over/ (Under) Spend for 15/16	True Over/(Under) Spend	Carry Forward to 2016/17			
ECONOMIC GROWTH																						
Regeneration																						
TOURISM INFRASTRUCTURE	A Laurenson	Contractor	North West Marine	30-Sep-15	31-Mar-16	26	194,758	20,000	(839)	99,160		118,321	19,161	2,105	(17,057)	118,321	0		0			
IRVINE ENTERPRISE AREA	A Laurenson	Construction	Robertson	31-Dec-15	31-Dec-15	0	52,433	2,960,000	287,567		(1,397,567)	1,850,000	700,000	1,975,556	1,275,556	1,975,556	125,556		125,556	Project acceleration and payments to IBRC in lieu of receipt of grant from ERDF. Report going to Cabinet 27 October.		
TOWN CENTRE REGENERATION	A Laurenson	Various	Various	31-Mar-16	31-Mar-16	0	587,028	1,129,000	(78,385)		(50,615)	1,000,000	0	27,415	27,415	400,000	(600,000)		(600,000)	Budget requires to be carried forward due to lower contribution to Irvine High Street public realm, given need to revise initial design option and revised timing of Largs Masterplan due to design works.		
MILLPORT FIELD CENTRE	C Bradford	Complete	Portakabin	27-May-15	15-Jun-15	3	1,839,802		1,161,021			1,161,021	916,177	901,177	(15,000)	1,161,021	0		0			
BRODICK HARBOUR DEVELOPMENT	A Laurenson	Tender	tbc	31-Mar-17	31-Jul-17	17		1,200,000				1,200,000	0	0	0	1,200,000	0		0			
MONTGOMERIE PARK MASTERPLAN	A Laurenson	Further Design	GD Lodge	31-Mar-17	31-Mar-17	0	22,201	50,000	(1,521)			48,479	0	0	0	48,479	0		0			
PENNYBURN ROUNDABOUT	D Hammond					0						0	0	0	0	0	0		0			
IRVINE BAY REGEN CO ASSETS	A Laurenson	In development	n/a	31-Dec-15	31-Dec-15	0		1,500,000			(1,160,000)	340,000	0	0	0	440,000	100,000		100,000	Realignment of initial profile.		
MILLPORT PIER	A Laurenson	In development	tbc	31-Mar-17	31-Dec-18	91		500,000			(500,000)	0	0	0	0	0	0		0			
Total Regeneration							3,462,469	7,359,000	1,367,843	99,160	(3,108,182)	5,717,821	1,635,338	2,906,253	1,270,915	5,343,377	(374,444)	0	(374,444)			
Strategic Planning & Infrastructure															0							
CYCLING/WALKING/SAFER STREETS						0	83,796	207,000			(207,000)	0	0	0	0	0	0		0			
PLUGGED IN PLACES (PIP)	D Lodge	Commenced	Various	31-Mar-16	31-Mar-16	0	51,659		99,341			99,341	99,341	92,287	(7,054)	99,341	0		0			
ACCESS PATH NETWORK PROGRAMME	L Kirk	Various	Various	31-Mar-16	31-Mar-16	0	2,484,407	660,000	560,224	1,203,000	207,000	2,630,224	804,929	522,155	(282,774)	2,630,224	0			0 All projects are progressing on target with a projected full expenditure. A number of invoices have been delayed however the spend profile will be reprofiled to accommodate this.		
CAR PARK STRATEGY	D Hilditch	Commenced	NAC	01-Mar-18	01-Mar-18	0		360,000	(35,097)		(250,107)	74,796	46,000	41	(45,959)	74,796	0		0			
A841 BRODICK TO LOCHRANZA	D Lodge	Starting Nov.	NAC	31-Mar-16	31-Mar-16	0				700,000		700,000	350,000	0	(350,000)	700,000	0		0	Work to start in November. Budget to be reprofiled but will still spend in 1516		
HAWKHILL ROUNDABOUT	D Lodge	Under discussion	NAC	31-Mar-16	31-Mar-16	0				100,000		100,000	5,000	1,515	(3,485)	100,000	0		0	Design Consultatnt to be appointed. Budget to be reprofiled but will still spend in 1516		
ARRAN BRIDGES SIGNAGE	D Lodge	Not Started	NAC	31-Mar-16	31-Mar-16	0				30,000		30,000	20,000	0	(20,000)	30,000	0		0	Changes made to requirements. Nudget to be reprofiled		
IRVINE TOWN CENTRE BUS	D Lodge	Under discussion	Various	31-Mar-16	31-Mar-16	0				50,000		50,000	0	0	0	50,000	0		0	Reconsultation currently underway.		
BUS CORRIDOR IMPROVEMENTS	D Lodge	Projects agreed	SPT	31-Mar-16	31-Mar-16	0				50,000		50,000	15,000	0	(15,000)	50,000	0		0	Budget to be reprofiled but will still spend in 1516		
BUS ROUTE UTC	D Lodge	Issued	NAC	31-Mar-16	31-Mar-16	0				30,000		30,000	30,000	0	(30,000)	30,000	0		0	Currently with Consultant . Budget to be reprofiled but will still spend in 1516		
Total Strategic Planning & Infrasturture							2,666,685	1,227,000	640,480	2,163,000	(266,119)	3,764,361	1,370,270	615,998	(754,272)	3,764,361	0	0	0			
CONNECTED COMMUNITIES																						
Sports & Activity																						
LARGS SPORTS DEVELOPMENT	A Sutton			31-Mar-15	31-Mar-15	0	227,751	56,000	16,249			72,249	0	0	0	72,249	0		0			
IRVINE LEISURE CENTRE	D Watts	Construction	Barr Construction / McLaughlin &	15-Aug-14	23-Sep-16	110	2,988,244	14,640,000	806,467		(3,986,376)	11,460,091	3,598,014	3,558,783	(39,231)	10,522,748	(937,343)		(937,343)	Specific expensive elements will not spend this year but does not affect the overall programme.		
MAGNUM CENTRE DEMOLITION												0	0	0	0	0	0		0			
Total Sports & Activity							3,750,940	14,696,000	822,716	0	(3,986,376)	11,532,340	3,598,014	3,558,783	(39,231)	10,594,997	(937,343)	0	(937,343)			
Information & Culture																						
COMMUNITY DEVELOPMENT FUND	Budget Holding Code Only					0		300,000	177,473		(140,000)	337,473	0	0	0	337,473	0		0			
CASTLES & HISTORIC MONUMENTS	Budget Holding Code Only					0		223,000	(49,841)		(21,061)	152,098	0	0	0	152,098	0		0			
WEST KILBRIDE CC GYMNASIUM				Complete	Complete		668,465					0	0	(7,365)	(7,365)	0	0		0			
ARDROSSAN CASTLE	D Mackay	Complete	Fleming Masonry	31-Jul-15	04-Sep-15	5	94,038		42,120		21,061	63,181	45,000	53,471	8,471	63,181	0		0			
KERELAW CASTLE	D Mackay	Complete	Fleming Masonry	31-Mar-14	12-Dec-14	37	84,987					0	0	(3,768)	(3,768)	0	0		0			
STEVENSTON LIBRARY HUB	B Ingram	Complete	NAC Building	19-Jun-15	19-Jun-15	0	8,080		(8,080)		130,589	122,509	62,179	69,781	7,602	122,509	0		0			
EGLINTON PARK CAR PARK WORKS						0					220,000	220,000	500	500	0	220,000	0		0			
Total Information & Cultural							2,312,151	523,000	161,672	0	210,589	895,261	107,679	112,618	4,939	895,261	0	0	0			
Total Economy & Communities							12,192,246	23,805,000	2,992,711	2,262,160	(7,150,088)	21,909,783	6,711,301	7,193,652	482,351	20,597,996	(1,311,787)	0	(1,311,787)			

CAPITAL MONITORING 2015/16
Year Ended 31st March 2016

EDUCATION & YOUTH EMPLOYMENT

Project Description	Lead Officer	Project Stage	Main Contractor	COMPLETION DATE			CURRENT YEAR 2015/16 EXPENDITURE									Comments
				Original Target	Revised Forecast	Difference (SPI)	Total Revised Budget 2015/16	Year to Date Budget 2015/16	Actual Expenditure to 30 September 2015	Year to Date Variance 2015/16	Projected Expenditure to 31 March 2016	Projected Over/(Under) Spend for 15/16	True Over/(Under) Spend	Carry Forward to 2016/17		
Nursery Education																
ARDEER PS NURSERY ADAPTS	C Andrew	DLP	James Whyte	15/08/2014	14/08/2014	(0)	8,000	160	193	33	8,000	0			0	
CALEDONIA PS NURSERY ADAPTS	C Andrew	Complete	James Whyte	15/08/2014	19/01/2015	22	31,795	31,795	31,795	(0)	31,795	0			0	
ST BRIDGETS PS NURSERY ADAPTS	C Andrew	Complete	Westgale	15/08/2014	19/01/2015	22	198	0	198	198	198	0			0	
HAYOCKS PS NURSERY ADAPTS	I Wilson	Construction	NAC Building	14/07/2015	31/01/2016	29	225,310	24,452	25,823	1,371	225,310	0			0	
GLENCAIRN PS NURSERY ADAPTS	I Wilson	Complete	J Frew Ltd	23/06/2015	14/08/2015	7	92,385	85,272	85,821	549	89,611	(2,774)			(2,774)	
LOUDOUN-MONTG'Y PS NURSY ADAP		Design	tbc	tbc	tbc		9,758	0	0	0	9,758	0			0	
ST JOHN OGILVIE PS NURSY ADAP	I Wilson	Construction	Ashleigh (Scotland)	30/10/2015	30/10/2015	0	234,170	73,496	74,034	538	234,170	0			0	
EARLY LEARNING & CHILDCARE	Budget Holding Code Only					0	0	0	0	0	0	0			0	
PENNYBURN PS NURSERY ADAPTS	B Ingram	Complete	WI&A Gilbert	14/08/2015	14/08/2015	0	16,000	16,000	13,504	(2,496)	16,000	0			0	
DYKESMAINS PS NURSERY ADAPTS	I Wilson	Design	tbc	27/11/2015	27/11/2015	0	80,795	16,479	14,346	(2,133)	80,795	0			0	
WEST KILBRIDE PS NURSERY ADAP							25,000	0	144	144	25,000	0			0	
WHITLEES COMM CTRE NURSERY ADAPTS	I Wilson	Design	tbc				94,901	0	0	0	94,901	0			0	
Total Nursery Education							818,312	247,654	245,858	(1,796)	815,538	(2,774)	0		(2,774)	
Primary Schools																
WOODLANDS PS EXTENSION	A Martin	Complete	Morgan Sindall	30/04/2013	06/05/2013	1	0	0	142	142	142	142	142		0	Project complete. No further expendiutre expected.
CORRIE PS ANNEXE - STRUCTURAL	D Watts	Complete	J Thomson	17/10/2014	19/12/2014	9	0	0	(14,285)	(14,285)	0	0			0	
ST LUKES PS-EXTENSION PHASE 2	R Connell	Complete	Ashleigh	24/04/2015	15/05/2015	3	216,604	200,311	200,311	(0)	214,919	(1,685)	(1,044)		(641)	£641 required in 16/17 for consultant fee. Below accrual threshold.
FREE SCHOOL MEALS P1 - P3	Budget Holding Code Only					0	49,871	0	0	0	49,871	0			0	
LOUDOUN-MONTG'Y PS KITCHN WRKS	K Clark	Complete	James Scott	12/12/2014	20/12/2014	1	0	0	(376)	(376)	0	0			0	
SKELMORLIE PS KITCHEN WORKS	K Clark	Complete	James Scott	12/12/2014	09/02/2015	8	0	0	(786)	(786)	0	0			0	
ST LUKE'S PS KITCHEN WORKS	K Clark	Complete	James Scott	12/12/2014	30/01/2015	7	3,745	3,700	3,745	45	3,745	0			0	
WEST KILBRIDE PS KITCHEN WORKS	B Ingram	Complete	D McLaughlin /	20/03/2015	17/04/2015	4	40,129	34,495	34,496	1	40,129	0			0	
ELDERBANK PS	A Martin	Complete	Morgan Sindall	07/04/2014	30/06/2014	12	162,550	20,604	(128,063)	(148,667)	162,550	0			0	External works to be carried out. Full spend anticipated.
CASTLEPARK PS	A Martin	Complete	Morgan Sindall	Complete	Complete		0	0		0		0			0	
Total Primary Education							472,899	259,110	95,183	(163,927)	471,356	(1,543)	(902)		(641)	
Secondary Schools																Invoice received higher than profiled this period.
GARNOCK CAMPUS	L Cree	Construction	Hub - Kier	30/08/2015	23/12/2016	69	14,882,397	5,655,811	6,196,859	541,048	14,882,397	0			0	
IRVINE ROYAL/COLLEGE ADAPTS	A Martin	Construction	NAC Building Services	31/03/2016	31/03/2016	0	619,087	79,178	49,348	(29,830)	486,575	(132,512)			(132,512)	Next Phase of works being scoped to commence 16/17
LARGS ACADEMY	Y Holland	Stage One Approval	Hub - Morrison Construction	tbc	tbc		20,103	(22,975)	158,965	181,940	158,965	138,862			138,862	Profiling still to be confirmed. Awaiting cashflow statement.
Total Secondary Education							15,521,587	5,712,014	6,405,172	693,158	15,527,937	6,350	0		6,350	
Special Education																
STANECastle SCH REMEDIAL WORKS	M McIntosh	Rolling programme	Various	31/03/2016	31/03/2016	0	10,000	5,000	0	(5,000)	10,000	0			0	
Total Special Education							10,000	5,000	0	(5,000)	10,000	0	0		0	
Total Education & Skills							16,822,798	6,223,778	6,746,214	522,436	16,824,831	2,033	(902)		2,935	

CAPITAL MONITORING 2015/16
Year Ended 31st March 2016

FINANCE & CORPORATE SUPPORT

Project Description	Lead Officer	Project Stage	Main Contractor	COMPLETION DATE			CURRENT YEAR 2015/16 EXPENDITURE								Comments
				Original Target	Revised Forecast	Difference (SPI)	Total Revised Budget 2015/16	Year to Date Budget 2015/16	Actual Expenditure to 30 September 2015	Year to Date Variance 2015/16	Projected Expenditure to 31 March 2016	Projected Over/(Under) Spend for 15/16	True Over/(Under) Spend	Carry Forward to 2016/17	
Financial Services						0	0	0	0	0	0	0		0	
FINANCIAL SYSTEMS						0	0	0	0	0	0	0		0	
E PROCUREMENT						0	0	0	0	0	0	0		0	
E-FORM SYSTEM	E Gunn-Stewart	Implementation		31-Mar-16	31-Mar-16	0	0	0	0	0	0	0		0	
DEFIBRILLATORS	A Hale	Ongoing	Laerdal	31-Mar-16	31-Mar-16	0	150,357	69,086	92,905	23,819	150,357	0		0	
Total Financial Services							150,357	69,086	92,905	23,819	150,357	0	0	0	
Information Technology															
PC REPLACEMENT/VIRTUAL DESKTOP	L Morley	On-going	Various	31-Mar-16	31-Mar-16	0	174,073	10,602	4,364	(6,238)	174,073	0		0	Work is currently being carried out to determine the overall costs and revenue implications for desktop solutions. Work is also being carried out by consultants in the method of access and desktop services that may require to be implemented for the HSCP, which is a significant proportion of the Council's desktop estate. We will be in a better position in period 7 to clarify the investment and solution proposed, which may lead to a reprofiling of this budget line.
MICROSOFT OFFICE UPGRADE	I Chisholm	On-going	Various	31-Mar-16	31-Mar-16	0	45,089	41,860	41,860	0	45,089	0		0	
WINDOWS SERVER MIGRATION	I Chisholm	On-going	Various	31-Mar-16	31-Mar-16	0	9,752	2,752	2,752	(0)	9,752	0		0	
CUSTOMER CONTACT CENTRE	E Gunn-Stewart	On-going	Various	31-Mar-16	31-Mar-16	0	132,978	121,209	131,441	10,232	132,978	0	0	0	
NEW COUNCIL ICT STRATEGY	A. Blakely	On-going	Various	31-Mar-16	31-Mar-16	0	8,388	0	5,236	5,236	8,388	0		0	
DATA RATIONALISATION & STORAGE	A. Blakely	On-going	Various	31-Mar-16	31-Mar-16	0	84,955	0	18,606	18,606	84,955	0		0	
PSN COMPLIANCE	A. Blakely	On-going	Various	31-Mar-16	31-Mar-16	0	185,766	61,010	24,140	(36,870)	185,766	0		0	IT Health check underway and compliance to be met by
AGILE WORKING	I Chisholm	On-going	Various	31-Mar-16	31-Mar-16	0	100,000	0	0	0	100,000	0		0	
Total Information Technology							741,001	237,433	228,398	(9,035)	741,001	0	0	0	
Council IT Strategy															
WIRELESS ACCESS IN SCHOOLS	A Blakely	On-going	Various	31-Mar-16	31-Mar-16	0	258,251	142,391	177,444	35,053	258,251	0		0	
MANAGED WAN SERVICES	A Blakely	On-going	Various	31-Mar-16	31-Mar-16	0	298,358	175,920	15,096	(160,824)	298,358	0	0	0	YTD variance due to delay in invoices from Capita. Now processed. Excess Construction Costs removed as a saving in Period 5. These are now expected to be higher
IP TELEPHONY (IPT)	A Blakely	On-going	Various	31-Mar-16	31-Mar-16	0	69,137	22,602	17,689	(4,913)	69,137	0		0	
Total IT Strategy							625,746	340,913	210,230	(130,683)	625,746	0	0	0	
Total Finance & Corporate Support							1,517,104	647,432	531,533	(115,899)	1,517,104	0	0	0	

CAPITAL MONITORING 2015/16
Year Ended 31st March 2016

HEALTH & SOCIAL CARE

Project Description	Lead Officer	Project Stage	Main Contractor	COMPLETION DATE			CURRENT YEAR 2015/16 EXPENDITURE										Comments
				Original Target	Revised Forecast	Difference (SPI)	Total Revised Budget 2015/16	Year to Date Budget 2015/16	Actual Expenditure to 30 September 2015	Year to Date Variance 2015/16	Projected Expenditure to 31 March 2016	Projected Over/ (Under) Spend for 15/16	True Over/(Under) Spend	Carry Forward to 2016/17			
Management & Support																	
CAREFIRST IT DEVELOPMENT	W Kyle	Implementation	OLM	31-Mar-15	21-Dec-15	38	85,000	85,000	2,663	(82,337)	85,000	0		0	4 week delay due to access issues with data migration		
HOME CARE SYSTEM	M Halpin	Implementation	CM2000	31-Mar-11	tbc		129,000	129,000	0	(129,000)	30,000	(99,000)	0	(99,000)	New scope of works to be developed		
Total Management & Support							214,000	214,000	2,663	(211,337)	115,000	(99,000)	0	(99,000)			
Older People																	
MONTROSE HSE REDESIGN FACILIT	D Watts	DLP	Kier Construction (Hub)	18-Oct-14	03-Oct-14	(2)	10,396	2,177	(66,872)	(69,049)	10,396	0		0	Final account due shortly. Full spend anticipated.		
LARGS OLDER PEOPLE RES CTRE	L Ryan	DLP	Ashleigh	25-Mar-15	24-Apr-15	4	57,895	42,498	39,716	(2,782)	57,895	0		0			
CURRIE COURT CONVERSION	A Diamond	Complete	Frank Haslam	18-Oct-13	10-Jan-14	12	0	0	(47,668)	(47,668)	0	0		0	Final account due shortly. Full spend anticipated.		
LD DAY CENTRES	A Martin	Design	-	tbc	tbc		176,647	45,940	45,940	(0)	176,647	0		0			
Total Older People							244,938	90,615	(28,884)	(119,499)	244,938	0	0	0			
Physical or Sensory																	
DIRRANS REHABILITATION CENTR	A Martin	DLP	Ashleigh	18-Jul-14	05-Dec-14	20	32,225	28,383	4,969	(23,414)	40,809	8,584	8,584	0	Further remedial works discovered which had not been allowed for.		
Total Physical or Sensory							32,225	28,383	4,969	(23,414)	40,809	8,584	8,584	0			
Total Health & Social Care							491,163	332,998	(21,252)	(354,250)	400,747	(90,416)	8,584	(99,000)			

CAPITAL MONITORING 2015/16
Year Ended 31st March 2016

PLACE

Project Description	Lead Officer	Project Stage	Main Contractor	COMPLETION DATE			CURRENT YEAR 2015/16 EXPENDITURE										Comments
				Original Target	Revised Forecast	Difference (SPI)	Total Revised Budget 2015/16	Year to Date Budget 2015/16	Actual Expenditure to 30 September 2015	Year to Date Variance 2015/16	Projected Expenditure to 31 March 2016	Projected Over/ (Under) Spend for 15/16	True Over/(Under) Spend	Carry Forward to 2016/17			
PHYSICAL ENVIRONMENT																	
Roads																	
ROADS IMPROVE/RECONSTRUCTION	C Dempster	Multiple Projects	Internal & External	31-Mar-16	31-Mar-16	0	2,145,939	1,245,506	1,286,924	41,418	2,145,939	0			0	Works programme fully underway and on target to fully spend budget.	
PENNYBURN ROUNDABOUT						0		0	0	0					0		
B714 UPGRADE	C Forsyth	Design	External	31-Mar-21	31-Mar-21	0	50,000	4,019	17,861	13,842	50,000	0			0	Procurement process currently underway to proceed with option 7.	
LIGHTING	G.Wilson	Multiple Projects	Internal & External	31-Mar-16	31-Mar-16	0	1,124,901	372,657	303,030	(69,627)	1,124,901	0			0	Works programme fully underway and on target to fully spend budget. Budget to be reprofiled.	
STREET LIGHTING MAINLAND	G.Wilson	On-Going	Internal	31-Mar-17	31-Mar-17	0	1,537,138	775,548	545,634	(229,914)	1,537,138	0			0	Works programme fully underway and on target to fully spend budget. Budget to be reprofiled.	
GARNOCK VALLEY FLOOD PREV	C Forsyth	Design	AECOM	31-Mar-15	31-Mar-18	157	319,964	43,775	53,746	9,971	319,964	0			0	Project received cabinet approval and is currently being processed through formal notification to Scottish Government.	
BANNOCH BURN KILW'G FLOOD WORK	P. Rowley	Design	Not Confirmed	31-Mar-16	31-Mar-16	0	225,000	639	17,850	17,211	225,000	0			0	Following submission of detailed design to SEPA we have been advised that the project requires a CAR licence (Controlled Activity Regulations Licence), which will move the start date of this project to early 2016.	
SPT FUNDED PROJECTS - ROADS	C Dempster	On-site	Internal	31-Mar-16	31-Mar-16	0	835,812	698,425	341,929	(356,496)	835,812	0			0	Work complete awaiting agreement of final measure.	
TIMBER TRANSPORT FUNDING	C Dempster	Complete	Internal	31-Mar-14	31-Aug-14	22	0	0	0	0	0	0			0		
BRIDGES INFRASTRUCTURE PROG						0	0	0	0	0	0	0			0		
Total Roads							6,238,754	3,140,569	2,566,973	(573,596)	6,238,754	0	0		0		
Office Accommodation																	
BRIDGEGATE HOUSE REFURB	L Cree	Complete	Graham	23-Sep-13	18-Mar-14	25	125,546	52,869	(147,319)	(200,188)	125,546	0			0	Remedial works still in progress. Will spend 1516	
TRINITY CHURCH REFURBISHMENT	L Cree	Complete	Fleming Masonry	24-Jun-13	29-Nov-13	23	0	0	0	0	0	0			0		
BRIDGEGATE PUBLIC REALM	L Cree	Complete	Land Engineering	08-Jul-13	29-Nov-13	21	0	0	0	0	0	0			0		
CUNNINGHAME HOUSE PHASE 1	D Watts	Complete	J Frew Ltd	28-Mar-14	12-Dec-14	37	9,709	15,420	(10,491)	(25,911)	9,709	0			0		
CUNNINGHAME HOUSE PHASE 2	D Watts	Complete	J Frew Ltd	19-Sep-14	01-May-15	32	305,833	264,222	290,137	25,915	305,833	0			0		
CUNNINGHAME HOUSE PHASE 3-4	R Connell	Construction	J Frew Ltd	03-Jun-16	03-Jun-16	0	1,451,918	603,047	607,151	4,104	1,451,918	0			0		
PROPERTY LIFECYCLE INVESTMENT						0	0	0	0	0	0	0			0		
RECORDS UNIT REPLACEMENT							2,402	0	2,402	2,402	2,402	0			0		
Total Office Accommodation							1,895,408	935,558	741,879	(193,679)	1,895,408	0	0		0		
Other Property																	
CORP ASSET MANAGEMENT SYSTEM	A Ross					0	58,842	24,000	9,746	(14,254)	58,842	0			0		
SALTCOATS TOWN HALL	I Wilson	Construction	Taylor & Fraser	01-Nov-14	24-Dec-15	60	2,567,590	1,136,029	1,149,637	13,608	2,523,693	(43,897)	(43,897)		0	£0.104m approved by Cabinet September 2015. £0.060m now only required	
Total Property							2,626,432	1,160,029	1,159,383	(646)	2,582,535	(43,897)	(43,897)		0		
Housing Non HRA																	
IMPROVEMENT GRANTS	T Fitzsimmons	n/a	n/a	31-Mar-16	31-Mar-16	0	640,994	268,576	192,582	(75,994)	640,994	0			0		
CARE & REPAIR	T Fitzsimmons	n/a	n/a	31-Mar-16	31-Mar-16	0	81,055	37,378	81,055	43,677	81,055	0			0		
CCTV GENERAL						0	0	0	0	0	0	0			0		
Total Housing Non HRA							722,049	305,954	273,637	(32,317)	722,049	0	0		0		
Streetscene																	
STREETSCENE SCHEDULING SYSTEM	W. Turpie	Implementation	Whitespace	31-Mar-13	30-Nov-13	35	0	0	0	0	0	0			0		
NEW STEVENSTON CEMETERY	A Martin	Complete	R J McLeod	31-Mar-13	01-Aug-13	18	0	0	(15,400)	(15,400)	0	0			0		
SKELMORLIE CEMETERY WALL	A Martin	Construction	Caley	31-Mar-16	31-Mar-16	0	131,914	16,843	16,843	0	131,914	0			0		
CEMETERY WALLS &INFRASTRUCTURE	Budget Holding Code Only					0	67,730	0	0	0	67,730	0			0		
CEMETERIES - EXTENSIONS	Budget Holding Code Only					0	1,578,887	0	0	0	1,578,887	0			0		
ARDROSSAN CEMETERY WORKS	R Connel	Construction	Murdoch	31-Mar-15	31-Jul-15	17	130,801	130,801	130,801	(0)	130,801	0			0		
BRODICK OLD CEMETERY WORKS		Complete	O'Neill & Goldie	31-Oct-14	31-Oct-14	0	2,148	0	0	0	2,148	0			0		
KILMORY CEMETERY WORKS		Complete	O'Neill & Goldie	31-Oct-14	31-Oct-14	0	2,148	0	0	0	2,148	0			0		

CAPITAL MONITORING 2015/16
Year Ended 31st March 2016

PLACE

Project Description	Lead Officer	Project Stage	Main Contractor	COMPLETION DATE			CURRENT YEAR 2015/16 EXPENDITURE									Comments
				Original Target	Revised Forecast	Difference (SPI)	Total Revised Budget 2015/16	Year to Date Budget 2015/16	Actual Expenditure to 30 September 2015	Year to Date Variance 2015/16	Projected Expenditure to 31 March 2016	Projected Over/(Under) Spend for 15/16	True Over/(Under) Spend	Carry Forward to 2016/17		
ST BRIDE'S CEMETERY WORKS	N/A J Mills R Connel	Complete	O'Neill & Goldie	31-Oct-14	31-Oct-14	0	2,151	0	0	0	2,151	0		0		
DREGHORN CEMETERY WORKS		Complete	Various	N/A	N/A		1,540	1,540	1,540	0	1,540	0		0		
OLD BARONY CEMETERY WORKS		Construction	O'Neill & Goldie	27-Feb-15	31-Mar-16	57	58,209	4,494	4,660	166	58,209	0		0		
HIGH KIRK CEMETERY WORKS		Construction	Jas Anderson	31-Oct-14	24-Apr-15	25	12,938	12,937	12,938	1	12,938	0		0		
Total Streetscene							1,988,466	166,615	151,382	(15,233)	1,988,466	0	0	0		
COMMERCIAL SERVICES																
Cleaning Client																
CASHLESS CATERING SYSTEM	K Campbell			31-Mar-16	31-Mar-16	0	300,000	0	0	0	300,000	0		0	Procurement clarifications now being completed and contract award is due end of October. Spend will be on target for 31 March 2016	
Total Cleaning Client							300,000	0	0	0	300,000	0	0	0		
Transport																
VEHICLES	G.Mitchell	On-going	Various	31-Mar-16	31-Mar-16	0	1,999,746	1,033,359	632,147	(401,212)	1,999,746	0		0	Variance due to delay in anticipated vehicle deliveries. Full spend 1516. Budget to be reprofiled.	
Total Transport							1,999,746	1,033,359	632,147	(401,212)	1,999,746	0	0	0		
Waste Services																
SHEWALTON LANDFILL	D.Mackay	Ongoing	Various	31-Mar-16	31-Mar-16	0	1,455,726	1,145,517	887,550	(257,967)	1,455,726	0		0	The landfill site capping and construction works of cells 5a, 5b and 5c have now been completed and the contractor is off site. The final payment certificate due for the works is approx £281k. An interim certificate was released for £30k in September, the remaining balance of approximately £251K which will be processed once the final figures have been agreed between our engineering advisers Grontmij and the contractor. A new wheel wash facility (£105k) is being specified and procured via PMI. The new temporary bulking station at Area 2 has commenced construction and is being managed via PMI (£185k) with completion programmed for Nov/Dec 2015.	
ICT WASTE MANAGEMENT SYS	D.Mackay	Commissioning	Whitespace	31-Mar-13	31-Mar-16	157	10,546	5,000	0	(5,000)	10,546	0		0	There are still some outstanding issues around system functionality identified during user acceptance testing which has delayed the ability to sign-off the payment of final monies due to the software supplier. Payment will not be made until the functionality issues are fully resolved by the supplier.	
PADDOCKHOLM DEPOT	B Ingram	Complete	Jas Anderson	31-Mar-14	06-May-14	5	1,951	0	1,951	1,951	1,951	0		0		
Total Waste Services							1,468,223	1,150,517	889,501	(261,016)	1,468,223	0	0	0		
Building Services																
BUILDING SERVICES IT SYSTEM	L Mitchell	Phase 2 go live	ROCC	31-Jan-14	31-Mar-16	113	40,000	20,000	15,623	(4,377)	40,000	0	0	0		
Total Building Services							40,000	20,000	15,623	(4,377)	40,000	0	0	0		
Renewable Energy																
RENEWABLE ENERGY PROGRAMME	Budget Holding Code only			30-Sep-16	30-Sep-16	0	0	0	0.00	0	0	0		0		
BIOMASS RETROFIT PROGRAMME	S Taylor	Construction	HW Energy	30-Sep-16	31-Mar-16	(26)	1,553,993	706,352	697,460.61	(8,891)	1,553,993	0		0		
SOLAR PV RETROFIT PROGRAMME	S Taylor	Construction	Emtec Energy	30-Sep-16	31-Mar-16	(26)	380,292	302,764	302,764.03	0	380,292	0		0		
Total Renewable Energy							1,934,285	1,009,116	1,000,225	(8,891)	1,934,285	0	0	0		
Total Place							19,213,363	8,921,717	7,430,750	(1,490,967)	19,169,466	(43,897)	(43,897)	0		

CAPITAL MONITORING 2015/16
Year Ended 31st March 2016

Other Budgets

CURRENT YEAR 2015/16 EXPENDITURE											
Project Description	Approved Budget	Carry Forward From 2014/15	Additional Funds Awarded 2015/16	Approved Revisions To Programme	Total Revised Budget 2015/16	Year to Date Budget 2015/16	Carry Forward to 2016/17	Year to Date Variance 2015/16	Projected Expenditure to 31 March 2016	Over/ (Under) Spend for 15/16	Comments
FLEXIBILITY BUDGET				1,769	1,769	0		0	0	(1,769)	
PROCUREMENT TEAM					0	0		0	0	0	
Total Other Budgets	0	0	0	1,769	1,769	0	0	0	0	(1,769)	

\\FSPUBLIC\Accountancy\1 Corporate Team\Capital General Fund\Cap\Capital Monitoring 2015-16\HRA\Period 6\Appendix 2 - Housing Revenue Account Period 6
28/10/2015

NORTH AYRSHIRE COUNCIL

Agenda Item 9

24 November 2015

Cabinet

Title: **Independent Review of the Scottish Planning System**

Purpose: To respond to the consultation on the Independent Review of the Scottish Planning System and the 'Call for Evidence'.

Recommendation: Agree to this report being submitted to the Independent Panel as the Council's response to the 'Call for Evidence' consultation.

1. Executive Summary

- 1.1 In September 2015, Mr. Alex Neil Cabinet Secretary for Social Justice, Communities & Pensioners' Rights announced an independent review to consider the scope of a further round of planning reform in Scotland. The Minister appointed an independent panel chaired by Crawford Beveridge, currently Chair of the Scottish Government's Council of Economic Advisers, Petra Biberbach of Planning Aid for Scotland, and John Hamilton of the Scottish Builders Federation to undertake this review. The panel has recently issued a 'Call for Evidence' inviting views and ideas on further reforms. This report recommends the key areas of interest to North Ayrshire for response .

2. Background

- 2.1 In 2005, the Scottish Ministers undertook a detailed review of Scotland's planning system, which led to a substantial package of planning reforms, enacted by the 2006 Planning Act. Underlying these reforms was a commitment to make planning more efficient and inclusive.
- 2.2 The 2008 global financial crisis continues to have a profound impact on Scotland's house-building sector. While there are positive signs of recovery, house building activity remains well below pre-2008 levels. There is demand to support increased delivery of high quality homes and sustainable and inclusive growth.

- 2.3 In September 2015, the Scottish Government published the 'Programme for Government 2015-2016' setting out key actions and legislation that it intends to take forward over the coming year to deliver its ambition of a more successful country. One of the actions is a commitment by the Scottish Government to undertake a fresh review of the planning system. This review aims to achieve a quicker, more accessible and efficient planning process to build investor and community confidence in the system.
- 2.4 Further details on the remit of the review, and how it is to be taken forward, were announced on 20 October 2015. The review will consider ideas for further targeted improvements to the planning system around six key themes, including:
- Development Plans
 - Housing Delivery
 - Planning for Infrastructure
 - Streamlining Development Management
 - Leadership, Resources and Skills
 - Community Engagement.
- 2.5 The panel has set an ambitious timetable for the review, its findings are expected in Spring 2016. Thereafter, Scottish Ministers will respond to the findings with a programme for future planning reforms.
- 2.6 As part of the review, the panel is undertaking a 'Call for Evidence' consultation. This consultation is looking for input from all those with an interest in the Scottish planning system to offer their thoughts, views and advice on further improvements around the six key themes. The deadline for comments is 1 December 2015.

3. Proposals

- 3.1 The panel has offered a series of questions (see Appendix 1) to help prompt discussion. Based on an initial review of these questions, from a North Ayrshire Council perspective, Officers recommend that the Council's response encompasses the following key points. It should be noted that none of the Officers' proposals would conflict with any current Council policy, and in some instances reflect previously expressed support for CoSLA position on Planning. In the interests of clarity, the response has been limited to 3 key points on each of the headings:

3.2 Development Plans

- 3.2.1 Development Plans are key components of the planning system, coordinating future growth and ancillary infrastructure. They provide a consistent basis for the determination of planning applications, giving certainty for communities and developers about where development should happen.
- 3.2.2 Retain the Plan-led system - the 2006 Act has resulted in significant improvements to development planning with the vast majority of Scotland, including North Ayrshire, now having up-to-date plan coverage, providing accountability, certainty for the key principle of investment decisions and transparency of decisions. Retention of a development plan system is, therefore, recommended. However, there continues to be criticism of the length of time taken to complete the process. Further reform to streamline the process is supported including the removal of the requirement to produce a Main Issues Report (MIR), prior to the Proposed Plan, and the requirement for planning authorities to consult on the whole 'Proposed Plan' again after making 'significant' modifications.
- 3.2.3 Local Democracy - Planning authorities are not permitted to depart from the Reporter's recommendations. The binding nature of recommendations, particularly where housing sites have been removed or added is increasingly seen to be undermining local control and buy-in over the plan's final content.
- 3.2.2 Departures from the Development Plan - the procedure for Pre-determination Hearings, under s38A of the Act should only occur in cases where a determination does not accord with the Development Plan. There should be no need for a hearing where a refusal accords with the Local Development Plan (LDP).

3.3 Housing Delivery

- 3.3.1 Planning has a vital role in ensuring there is a continued supply of housing land to meet present and future needs. There are opportunities to achieve improved delivery within the planning system:
- 3.3.2 Agreement of Housing Supply - there is a need to have a 'Housing Needs and Demands Assessment' (HNDA) to inform planning for housing. Once agreed as robust and credible by the Scottish Government, the housing requirement should not be the subject of future debate through the LDP process and allocation of residential sites.

3.3.3 Agreement of Housing Demand - the approach to agreement between the developer and the Council that housing can be delivered is currently assessed by independent examination of the LDP and the allocation of sites through the Reporter's recommendation. The evidence of stalled sites within less buoyant market areas, indicates that there needs to be a 'Processing Agreement' approach to ensure that commitments by the industry are met in the lifetime of the Plan.

3.3.4 Streamline Call For Sites - the approach to the call for sites should be standardised and identified as a statutory element of the process. This would minimise resources for both the Council and developers in terms of submissions and responses - providing clarity on expectations and the assessment process of sites. By streamlining, this approach should have a positive impact on the action programme and allow key requirements to be identified at the earliest possible stage.

3.4 Planning for Infrastructure

3.4.1 Developer Contributions - developer contributions can be seen as a barrier to development. Within North Ayrshire, only contributions for the provision of open space and affordable housing are required. There is a concern about added strain on public finances to provide ancillary facilities such as schools and transportation. A more level playing field could be provided by a national infrastructure levy.

3.4.2 Legal Agreements - provision of standard templates and conditions for legal agreements.

3.4.3 Delivery of Infrastructure - support the Scottish Government's recently published research "Planning for Infrastructure Research Project: Final Report", which recommends mechanisms to deliver infrastructure through the planning system, including the potential for an infrastructure levy, subject to local discretion.

3.5 Streamlining Development Management - North Ayrshire Council offers a high level of performance on the determination of applications, consistently leading the national performance indicators. The following would assist both the Council and applicants to deliver a more efficient service.

3.5.1 Single Application Form - a combined consenting process for planning applications, advertisement consents and listed building consents. In some instances, three separate applications are required for the same development.

3.5.2 Legal Agreements - a statutory period for completion of legal agreements would avoid delays in concluding legal agreements. In addition S75 obligations have been routinely misused where conditions would suffice.

3.5.3. Validation Standards - standardised and comprehensive validation requirements, and requiring all supplementary plans including advert fees, coal reports & supporting studies etc. to be submitted before determination begins would cut down on delays, and resources.

3.6 Improved leadership, resources and skills

3.6.1 Leadership - the panel should consider the findings of the Commission on Strengthening Local Democracy, particularly the need to integrate and not centralise the local planning process. Opportunities for further linkages between land-use and community planning should also be explored.

3.6.2 Resources - the panel should explore solutions to address the shortfall in resources identified through the 'Costing the Planning Service' exercise.

3.6.3 Skills - the panel should recommend reinstatement of the Scottish Government's 'Planning Development Programme' grant, administered through the Improvement Service, to improve knowledge and skills and to support delivery of high quality homes and sustainable and inclusive growth.

3.7 Community Engagement

3.7.1 Locality Approach - there should be greater emphasis or requirement for CPP partners to engage in the planning process, in terms of consultation and contribution at various stages of the plan preparation process and Development Management decisions. It is hoped that the shift towards a Locality approach will provide this opportunity and allow improvements in both engagement and participation in the planning system.

3.7.2 Pre-Application Consultation - Improvements also need to be made to the Pre-application Consultation (PAC) process. There is no compulsion on the applicant to incorporate any changes recommended by the public during consultation, which is a key weakness in this early engagement, highlighted in subsequent objections to applications within North Ayrshire.

The applicant requires to produce a PAC report to detail public comments and respond to them, but there is no requirement to implement any changes arising from pre-application. This may undermine the value of the whole process from the public's perspective, as it can be seen as tokenism.

- 3.7.3 Publicity - the use of press adverts is not a very effective medium to communicate with target audiences and adds additional costs to the applicant and to the Council. The Council's costs are not fully recovered. Further development of ePlanning and social media should be employed.

4. Implications

Financial:	None.
Human Resources:	None.
Legal:	None.
Equality:	None.
Environmental & Sustainability:	None
Key Priorities:	"Protecting and enhancing the environment for future generations."
Community Benefits:	None

5. Consultation

- 5.1 The responses to the Consultation have been the subject of discussion with the Chair of the Planning Committee, who offers his support for the responses.



KAREN YEOMANS
Executive Director (Economy and Communities)

Reference :

For further information please contact Jim Miller, Senior Planning Services Manager on 01294 324319

Background Papers

None

REVIEW QUESTIONS

The following questions aim to prompt thinking and discussion during the review.

1. Development planning

The aspirations for development planning reflected in the 2006 Act have proved difficult to meet in practice. The time is right to hear views on whether a different, more radical and fit-for-purpose system of plans might work better. It is also an opportunity to have an open and honest debate about their value within the system, and to constructively challenge long-held assumptions about their role.

- Do we need development plans?
- Is the current system of development plans fit for purpose or do we need to simplify or redesign it?
- Should the primacy of the development plan be retained as a fundamental principle of the Scottish planning system?
- Should we have a multi-tiered approach to development planning?
- How can relationships between tiers of plans work better?
- Could a different approach to development plans be quicker and more effective?
- Can development plans provide greater certainty for communities and investors?
- Can we improve development plan examinations?
- Can development plans be more flexible?
- How can we ensure development plans have a stronger focus on delivery and quality of place?

2. Housing delivery

Planning has an important role to play in facilitating housing delivery. Whilst there have been overall improvements in performance, planning decision times for major housing applications remain lengthy, particularly where a legal agreement is used. Although planning is not the only factor, house completion rates are still low across the country. There are signs that the situation is improving, but there remains much to be done to meet the housing needs of current and future generations. Planning for housing is often viewed as too complex, inconsistent, caught up in debating numbers and detached from the needs of developers and communities. In some places there is insufficient land available, whilst in others the land supply does not match development aspirations.

- How can planning improve the quality and scale of housing delivery?
- Are there continuing barriers to housing delivery from the planning system?
- How can planning ensure that the land needed is identified quickly and effectively?
- Should there be a Housing Needs and Demands Assessment to inform the approach to planning for housing?
- Should housing numbers be defined centrally rather than locally?
- What measures are needed to expose the scale and quality of land available for housing?

- How can housing land requirements be more actively, consistently and effectively audited / monitored?
- Are there other planning mechanisms which can be used to get housing sites moving?
- Should there be a different process for housing applications?
- What innovative approaches can be used to secure the delivery of more high quality homes on the ground?

3. Planning for infrastructure

Recently published research on infrastructure has shown that planning is not realising its potential to identify, co-ordinate and deliver infrastructure required to enable development. There has been considerable debate about the extent to which new approaches to infrastructure planning and investment could be deployed to unlock development land. Ideas vary from targeted interventions (for example to improve Section 75 timescales) to more fundamental changes such as more powers for land assembly.

- How can we better equip planning to scope out, co-ordinate and deliver infrastructure?
- How can planning be more active in delivering infrastructure – what models might work best?
- Should we look at mechanisms to capture increased land value to support infrastructure and place-making priorities?
- Should we retain Section 75 planning obligations and if so how can we improve them to reduce timescales and better support infrastructure delivery?
- If we abolish Section 75, what needs to be put in its place?
- Should we establish an infrastructure levy or similar area based approach to secure collective contributions?
- Is there scope for dedicated infrastructure funding (or improved links to existing funding sources) to support planning delivery?
- How can infrastructure investment be better aligned to support housing delivery?

4. Development management

Since previous modernisation, there has been improvement in the performance of the development management system as a whole. However, there is scope to consider whether more radical interventions could further improve the efficiency of the process. The review is exploring how planning can be empowered to enable development, including by identifying where unnecessary procedure is acting as a drain on limited resources. We have significantly increased permitted development rights but the time is right to consider whether this, or other streamlining mechanisms, can be taken further.

- What are the barriers to timely decision making within the development management service and how can they be overcome?
- Which aspects of the development management process need to change?
- Should we extend permitted development rights further? If so, what for?
- Is there scope to strengthen development plans to streamline decision making?
- Should authorities share development management expertise?
- How well is the development hierarchy working? Can / should it be taken further?

- Should opportunities for repeat planning applications (i.e. for substantially the same development on the same site) be limited?
- Are there issues with planning enforcement that need to be addressed?
- Should we revisit notification and call-in arrangements?
- Should Historic Environment Scotland policies and procedures for listing buildings be reviewed and listed building consents be speeded up?
- Is there a need to change the role of key agencies in development management?

5. Leadership, Resourcing and Skills

Resourcing the planning system will remain a challenge for the foreseeable future, given public sector spending constraints. There have been ongoing debates about planning fees and calls for a move towards full cost recovery. At the same time, there remain challenges around performance and concerns about skills and resources within planning authorities. This is a useful time to take stock on whether there is a lack of specific types of expertise, as well as the skills we will need in the future. The corporate profile of planning within local authorities is also a key consideration.

- Are planners equipped to provide strong and skilled leadership within planning authorities?
- Should planning fees be increased to better resource the planning system?
- Should we make provision for better resourcing of the pre-application stages, particularly for larger projects?
- What is the role of the penalty clause in the Regulatory Reform Act?
- What skills and resources are currently lacking?
- What skills will be in most demand in the future?
- Is there a case for more shared services or exchange of expertise?
- Is there a need for more training of elected members?
- Can planning authorities be better equipped to actively enable development?
- How might local government support planning delivery across service areas?
- How can spatial planning be better integrated with Community Planning and corporate priorities?
- What are the long term prospects for the planning profession in Scotland?

6. Community engagement

The modernised planning system was designed to frontload engagement in the process. There has been growing evidence of innovation and good practice in engagement in planning, but the approach to this varies in practice. The public's perception of planning remains mixed, with its regulatory role often being a focus, and involvement is often reactive. There is scope to explore new ideas, to move the debate on planning onto more positive ground, where planning is seen as an enabler, a place delivery agent, an innovator and a leader of positive change. Engagement through active citizenship with young people is a key opportunity.

- Are the provisions for front loaded engagement in development plans working?

- How can we build on existing models of engagement (such as participatory design including 'charrettes') to encourage active participation in planning?
- Do we need to change the system to ensure everyone has a fair hearing in plan and decision making?
- Does mediation have a role to play in resolving conflict in the system?
- Should the statutory role of community councils be extended – for example to development planning?
- How can development plans be more explicitly linked with community planning?
- How can we involve more young people in planning?
- Is it possible to improve public perceptions of the planning system?

NORTH AYRSHIRE COUNCIL

Agenda Item 10

24 November 2015

Cabinet

Title:	Review of North Ayrshire Councils Modern Apprenticeship Programme
Purpose:	To report the key recommendations made following a review of the Council's Modern Apprenticeship Programme.
Recommendation:	To approve a 3 year plan to create 250 Modern Apprenticeships within the Council and to increase the pay rate in line with the national minimum wage.

1. Executive Summary

- 1.1 The Council has made a significant commitment to supporting young people through its delivery of an extensive Modern Apprenticeship Programme, providing skills development and work experience in a range of sectors across the Council. This report sets out proposals that will secure the programme's future as an important part of the Council's workforce planning and economic development strategy. The report seeks to build on that success by presenting proposals that strengthen and consolidate the programme as part of our future workforce planning whilst continuing to fulfill our social and economic objectives.

2. Background

- 2.1 Following 3 years of considerable growth in the scale of the Council's Modern Apprenticeship Programme, a review of the programme has been carried out to ensure its continued effectiveness. A small cross departmental working group was formed, to look at various aspects of the programme, consider current practice with other authorities and assess the key issues which required to be addressed.
- 2.2 Over the previous 3 years (2012-2015), 253 Modern Apprentices to the Council were recruited. The programme has been developed and grown in response to high levels of youth unemployment. Although levels of youth unemployment have fallen the challenge still remains that there continues to be a need to provide opportunities for training, skills development and work for local young people.

- 2.3 As well as its in-house Modern Apprenticeship programme, the Council provides the private sector with support to create Modern Apprenticeship opportunities in local businesses.
- 2.4 In addition, the Council will invest significant resources to support unemployed residents over the next 4-5 years, with a package of Council and EU funding totalling £5.1m. The Council will align the opportunities created through its Modern Apprenticeship programmes with the wider employability and education support to ensure a joined up approach and an effective progression route for those most in need of support to get into work or training.

3. Proposals

- 3.1 A series of recommendations about operational improvements to the programme are proposed:-
- Developing a new Modern Apprenticeship marketing campaign to promote the opportunities available to more young people;
 - Developing a recruitment process that provides a more holistic assessment and pre-employment training;
 - Diversifying and increasing the range of apprenticeships on offer with a focus on careers where the Council has an ageing workforce or emerging skills gaps; and
 - A different approach to supporting the young people when they are employed with the Council and providing 3 months intensive support near the completion of the apprenticeship.
- 3.2 The working group also looked at the rates of pay received by Modern Apprentices and recommend that the Council should, if possible, resource an increase in the salary being paid, to fall in line with the national minimum wage for the age group. This would represent a move away from paying the national minimum wage for apprentices. Up until 1st October 2015 the wage rate for Apprentices was £2.73 per hour from 1st October, this increased to £3.30 per hour (as a statutory requirement). A move to align apprenticeships rates of pay with the minimum wage would result in a further salary increase for the majority of apprenticeships from £3.30 per hour to £3.87 per hour.

The recommended proposal is to pay the national minimum wage group for age group (£3.87 for under 18's) and manage the intake of new starts within the existing budgets. It is proposed that this wage increase would be effective from 30 November 2015.

Projections show that the programme should be able to recruit circa 85 new starts each year under this model.

3.3 The Council is asked to consider a three year commitment in terms of overall funding and in-take consistent with the target for the previous 3 years. This will result in North Ayrshire Council providing one of the proportionately largest Council Modern Apprentice programmes in Scotland.

3.4 It is recommended that this proposal is approved for the following reasons:-

- It would provide the salary increase recommended by the working group; and
- It would allow for a greater focus on the quality and sustainability of the programme. Over a three year period, a minimum of 250 Modern Apprentices opportunities would be created by the Council.

4. Implications

Financial:	The proposal is assessed on a number of financial assumptions including levels of recruitment, age of the apprentice, sustainment of the period of the apprenticeship and the length of the apprenticeship. Based on these assumptions it is affordable from existing budgets. The Service will continually monitor the take up and financial impact. The Modern Apprentice wage costs are wholly funded from core Council budgets and are not eligible for EU funds.
Human Resources:	The review has recommended that the apprenticeship programme is aligned with the Councils workforce plan and to work with Directorates to agree how this can best be achieved.
Legal:	There are no legal implications.
Equality:	In diversifying the range of opportunities within the council and developing a new marketing campaign, there is a clear objective to recruit more from disadvantaged groups.
Environmental & Sustainability:	There are no implications.
Key Priorities:	The recommendations fit with the Council's priorities to growing our economy, increase employment and regenerate towns and ensure people have the right skills for learning, life and work.
Community Benefits:	There are no implications.

5. Consultation

- 5.1 The working group consisted of representatives from Finance, Human Resources, Education and Youth Employment and Economic Growth. Economic Growth also recently surveyed current council apprentices for their views on the programme.



KAREN YEOMANS
Executive Director (Economy and Communities)

Reference : GR/AB

For further information please contact Greig Robson, Senior Manager, Employability & Skills on 01294 324591.

Background Papers

None

NORTH AYRSHIRE COUNCIL

Agenda Item 11

24 November 2015

Cabinet

Title: **Maintenance of Town Clocks in Non-Council Premises**

Purpose: The purpose of the report is to seek approval to cease maintaining clocks where the Council has no legal responsibility to do so.

Recommendation: Agree (a) that the Council ceases to maintain clocks that are not within Council owned or operated properties, given that it has no legal obligation to do so; and (b) that prior to the cessation of maintenance:

- the outstanding repairs to the clock at St Columba's Church, Largs are completed to return it to good working order. The clock repairs are dependent on the completion of fabric repairs to the clock tower which must first be undertaken by the church;
- a funding contribution of £500 is made toward the final service and repair of the Barony clock, West Kilbride; and
- arrangements are made for the clocks at the High Kirk Church, Stevenston and St Margaret's Church, Dalry to be serviced.

1. Executive Summary

- 1.1 The Council has historically undertaken some maintenance of four clocks in non-Council owned buildings, although there are no legal obligations or formal agreements in place.
- 1.2 Maintenance of the clocks has placed a financial burden on the Council. Discussions with two of the four clock owners has therefore taken place to enable this burden to be mitigated, while retaining the clocks in working order for the benefit of local communities.

- 1.3 Approval of the recommendations contained within this report will result in the Council ceasing to maintain four clocks that are not in Council ownership. Subject to Cabinet approval, the Executive Director (Place) will formally write to the owners of the four clocks to advise that the Council is no longer in a position to assist with undertaking any future maintenance and repairs to the clocks and bell tower fabric. The letter will also confirm that the hand-over arrangements will ensure the clocks are in working order.

2. Background

- 2.1 The Council has historically provided maintenance support to four clocks in the following non-Council owned buildings:
- High Kirk Church, Stevenston;
 - Former Barony Church, West Kilbride;
 - St Columba's Church, Largs; and
 - St Margaret's Parish Churchyard, Dalry.
- 2.2 Since 1996 the Council has spent £26,000 on the maintenance of the four clocks.
- 2.3 In 2013 the Council was advised that the clock in the former Barony Church, West Kilbride was no longer operating. During a survey commissioned by the Council, it was noted that the building owners had removed the access to the clock tower. However, despite access limitations a number of required repairs were identified. As a result the Council entered into discussions with the community group operating the building, who accepted that the upkeep of the clock and the fabric of the bell tower are their responsibility.
- 2.4 The Council has recently been in discussions with the Church of Scotland in relation to an ongoing maintenance issue at St Columba's Church, Largs. The clock is currently not in operation. Whilst the Council is able to assist with the immediate repair issue, it is recognised that the clock is of an age and design that will require refurbishment or replacement over the short to medium term. St Columba's Church has also contacted the Council in respect of fabric repairs required to the bell tower and is requesting financial assistance from the Council. The Council has no responsibility to finance or undertake such repairs.
- 2.5 No discussions have yet taken place with the owners regarding the clocks in High Kirk Church, Stevenston and St Margaret's Churchyard, Dalry. These are currently in full operation and, should Cabinet approve the proposals within this report, will be serviced prior to hand-over to ensure they are in good working order.

3. Proposals

3.1 It is proposed that:

1. The Council ceases to maintain clocks that are not within Council owned or operated properties, given that it has no legal obligation to do so; and
2. Prior to the cessation of maintenance:
 - the outstanding repairs to the clock at St Columba's Church, Largs are completed to return the clock to working order. The clock repairs are dependent on the completion of fabric repairs to the clock tower which must first be undertaken by the church;
 - a funding contribution of £500 is made toward the final service and repair of the Barony clock, West Kilbride; and
 - arrangements are made for the clocks at the High Kirk Church, Stevenston and St Margaret's Church, Dalry to be serviced.

4. Implications

Financial:	The costs associated with maintaining these four clocks are met via the Council's property maintenance budget (PMB). This proposal will assist with reducing the budget pressure on the PMB and enable funding to be prioritised towards maintaining assets owned by the Council.
Human Resources:	There are no human resource implications arising from this report.
Legal:	In terms of Section 28 of the Local Government (Scotland) Act 1982, councils may provide, maintain, illuminate or remove a clock for public purposes, however there is no legal obligation upon the Council to do so.
Equality:	There are no known equality implications arising from this report.
Environmental & Sustainability:	There are no known environmental implications arising from this report.
Key Priorities:	None.
Community Benefits:	None.

5. Consultation

- 5.1 Internal consultation has taken place with Legal Services in relation to the Council's legal liability to maintain these four clocks.

A handwritten signature in black ink, appearing to be 'CH', written over a horizontal line.

CRAIG HATTON
Executive Director (Place)

Reference : YB/DM

For further information please contact Laurence Cree, Senior Manager
(Property Management & Investment) on 01294 225083

Background Papers

None

NORTH AYRSHIRE COUNCIL

Agenda Item 12

24 November 2015

Cabinet

Title: **Review of Roads**

Purpose: To inform Cabinet of the outcomes of the review of the Roads service and to seek agreement to the actions arising.

Recommendation: That Cabinet note the improvements within the Roads to date and agrees to the implementation of the proposals set out at Section 3 of the report.

1. Executive Summary

- 1.1 Following the decision of Cabinet in 2013 to develop an in-house roads improvement model a series of service improvements have realised performance improvements and agreed annual revenue savings in excess of £1million.
- 1.2 A review of the service has been undertaken to identify further improvements to the service and address a number drivers for change.
- 1.3 The purpose of this report is to seek approval to implement a number of strategic changes to the service.

2. Background

- 2.1 In 2013 a business case was developed by the three Ayrshire Councils to create a shared Roads service. The business case set out revenue efficiencies anticipated during the first 10 years of operation. North Ayrshire's proportion of these annual revenue efficiencies was £540,000 (a total saving of £1.633 million) by the end of year 5, equating to 6.5% of the revenue budget at that time, along with an anticipated saving to the capital budget of £193,000.

At that time it was considered that the level of anticipated savings were below that likely to be required to contribute to the overall Council efficiencies required over that period and that greater efficiencies could be realised by delivering internal improvement within the existing service.

2.2 Since this time a number of actions, examples of which are shown below, have been undertaken to both improve service delivery and performance along with the agreement of annual revenue budget efficiencies amounting to £1.198 million (a total saving of £3.978 million) by the end of the same 5 year period. Furthermore the service has been shortlisted for a number of UK wide awards demonstrating its standing amongst like service providers.

- Alignment of strategic transportation functions with the Planning and Economic Development service areas recognising the role this plays in the delivery of the Councils key priority to improve the local economy.
- Closer working of the remaining roads functions with the Streetscene service to provide a more co-ordinated approach to the management of public space.
- The development of a draft 5 year investment plan and improved consultation with stakeholders in respect of road maintenance on Arran.
- The implementation of a new internal service delivery model for street lighting maintenance and a programme to replace street lights with low energy units.
- The implementation of lifecycle modelling software to inform treatment types to maximise the value of investment.
- The purchase of new equipment enabling the use of new techniques to improve the quality of road repairs.
- The continued evolution of asset management principles to enable targeted investment.
- The securing of external works to deliver additional income streams.
- Securing of grant funding to deliver road infrastructure improvements.

2.3 These actions have realised improvements in the Road Condition Index, the principal national performance measure, as shown in the table below.

	2009-11	2010-12	2011-13	2012-14	2013-15
North Ayrshire	43.7	43.8	42.7	40.8	39.1
Scottish Average	36.5	36.4	36.2	36.7	37.0
Gap to Scottish Average	+7.2	+7.4	+6.5	+4.1	+2.1
Overall Ranking	23rd	26th	25th	21st	20th

2.4 Despite these improvements there are a number of drivers for change that the service needs to address and respond to:-

- Road Condition – Whilst the service has improved the condition of its roads as measured against the national performance measure and closed the gap to the Scottish average the overall ranking remains in the 3rd quartile. Modelling has identified that an additional £31 million is required over the next 10 years to achieve the current upper quartile performance level.
- Satisfaction – The 2013 Household survey identified that only 24% of those surveyed were satisfied with roads and footpaths, this is the lowest performance of all the operational services provided by the Council. However it should be noted that across the UK the average satisfaction level is only 33.5% Consultation undertaken as part of the review as identified responsive maintenance (e.g. pot-holes), winter maintenance and communication as the most listed concerns.
- Neighbourhood Planning – The Council in conjunction with the CPP has agreed 6 locality areas to support the delivery of services and targeting of resources that address local needs.
- Asset Management – This was a key improvement, across all assets owned and operated by the Council, identified by the BV2 review in 2010. Whilst the Council has made significant improvements in this area it is central to the delivery of asset based services, its importance is further emphasised during a period of financial constraint.
- Public Sector Finance – It is clear that the current austerity measures will result in further reductions to the budgets available to the Council. UK Government anticipates that a national budget surplus will not be achieved until 2020/21.
- Workforce Profile – The service has an ageing workforce, it is therefore necessary to ensure appropriate succession planning is in place to provide the skills required to deliver the service in the future.

2.5 A detailed review of the service has identified a number of strategic issues for consideration and improvement:-

Asset Management

2.6 Asset management is central to the delivery of an effective roads service. Successfully utilised it provides a planned and strategic approach to investment over the longer term that enables the most effective use of resources available. The current Asset Management Plan (AMP) and supporting lifecycle investment plans has realised an improvement in performance against the national Road Condition Index performance measure against a backdrop of reductions in the available budget.

2.7 Despite the initial success of the current plan it requires further development to recognise the objectives and priorities within the recently approved Local Transport Strategy; including:-

- Strategic links to Glasgow
- Accessibility and awareness of the Irvine Enterprise Area
- Connections to key business areas/access to jobs
- Tourism through connectivity to coastline and islands
- Travel mode integration

2.8 These strategic transportation priorities will in turn inform a hierarchy within the road network that does not necessarily align with historical road classifications, and drives investment decisions and service standards. The current plan has developed an initial hierarchy based on the previous plan as follows:-

Road Classification	Length	Road Hierarchy	Length
A	101	Strategic	40
B	155	Main Distributor	118
C	206	Secondary Distributor	113
Unclassified	572	Link/Access	763

2.9 Whilst this approach is considered best practice it should be noted that the national performance indicator utilises historic road classification and therefore there is a risk that performance against the indicator may fall over time.

2.10 The AMP utilises a matrix that considers road condition identified through assessment, the road hierarchy discussed above, Council priorities and complaints/enquiries to determine investment priority. Each of these criteria is weighted as shown in the table below. The current matrix is heavily weighted to road condition which can lead to low priority roads being repaired over key strategic routes. It is proposed that this weighting be re-balanced as shown below to reflect the importance of the road hierarchy in targeting investment.

Factor	Current Weighting	Proposed Weighting
Road Condition	64	50
Road Hierarchy	20	34
Council Priorities	10	10
Complaints/Enquiries	6	6

- 2.11 Whilst investment priorities are continually developed they are only formalised on an annual basis. During the period of the review software has been purchased that enables modelling to be undertaken to develop programmes and treatment types over the longer term, 3 to 5 years. A draft 5 year investment plan has been developed for Arran to assist in discussions with the local community.
- 2.12 The development of a long term investment programme provides a number of benefits including:-
- A more strategic approach that reduces the requirement to re-visit areas on a frequent basis through effective planning of works to address longer stretches of road thereby reducing overall cost and minimising disruption;
 - Improved procurement and partnership working with suppliers and contractors leading to lower costs;
 - Through appropriate promotion enables greater clarity with, and input from local communities in respect of future maintenance programmes thus reducing complaints and adverse publicity.
- 2.13 In order to monitor the effectiveness of the asset managed approach it will be necessary to further develop an outcome based performance management framework that is suitably publicised enabling public scrutiny.
- 2.14 Whilst the road maintenance asset management plan is fairly well developed and only requires the developments set out above plans for other assets, with the exception of lighting, require further development utilising similar principles.
- 2.15 The lighting AMP is very well developed supported by long term investment within the capital plan and an advanced programme of installing low energy units. However lighting assets for non-roads units are less well developed and in the case of those funded by the HRA managed outwith the Roads Service. It is therefore proposed that all lighting assets be managed by the Roads Service and managed through a single asset plan.

Responsive Maintenance

- 2.16 Whilst effective asset management seeks to maximise planned maintenance works a need still exists for reactive maintenance. Responsive or unplanned maintenance to address defects is principally driven by service enquiries or complaints and inspection regimes. It is by its nature more expensive and often only has a short lifespan, studies undertaken nationally have identified that in the majority of cases repairs undertaken within 24 hours require a further repair within 3 months.

- 2.17 The need to revisit responsive repairs is a source of complaints and dissatisfaction amongst residents and widely claimed to be an ineffective use of resources.
- 2.18 In conjunction with a number of Councils in the South West of Scotland a revised Roads Maintenance Service Standard has been developed that extends the response times to address defects. The revised standard, whilst ensuring the Councils legal obligations are maintained, supports a shift from a historical 'find and fix' approach to one where extended planning times enable a sustainable or 'right first time' repair that can be deployed more efficiently with work schedules. The revised response times are set down in the table below and the standard attached at Appendix 1.

Safety Defect		Time to Repair	
Category	Nature	Current	Proposed
1	Urgent	2 hours	4 hours
2	Medium Risk	48 hours	7 days
3	Low Risk	30 days	30 days
4	Very Low Risk	Monitor	Monitor

- 2.19 In order to support the effective implementation of the standard and to minimise administration time thereby maximising time to devise an appropriate repair solution a lean review is underway of the current process along with the integration of the Councils corporate LAGAN customer enquiry system and the Roads service WDM ICT management system.
- 2.20 The success of the revised approach will be monitored through the further development of the services performance management framework. Appropriate performance management information will be publicised to enable greater public scrutiny of the approach.

Service Delivery

- 2.21 The service undertakes a wide range of tasks ranging from a simple pot-hole repair through to major structural reconstruction. Approximately 60% of works required by the service are undertaken by the internal service operation with the remainder undertaken by external contractors. The review has identified that the decision to undertake works in-house is principally based on capacity, with rates benchmarked against a procurement framework to demonstrate value for money, rather than a strategic approach that focuses on key business requirements, competencies and equipment.

- 2.22 The current approach requires on average the procurement of over 200 contracts with a total value of approximately £2 million annually to undertake works. This approach does not secure the economies of scale available through larger scale or packaged procurement and requires considerable amounts of administrative and supervision time. Furthermore the need to minimise traffic disruption and maximise the use of hired equipment during large projects results in significant levels of overtime.
- 2.23 A more strategic approach to job allocation whereby large projects and specialist works are undertaken by contractors and responsive and cyclical maintenance is undertaken by the internal service provides a number of benefits:-
- Reduced costs through the economies of scale available by procuring larger value contracts.
 - Reduced administrative and supervision costs of procuring and managing a large number of small value contracts.
 - Reduced overtime incurred through longer working to reduce traffic disruption and maximise the value of hired equipment.
 - Improved focus, principally in respect of time and flexibility, on responsive and emergency issues that arise or are reported by the public.
 - Development of core skills and competencies amongst the workforce by undertaking a smaller range of tasks.
 - Ability to purchase, rather than hire, specialist equipment required to undertake a smaller range of tasks thereby improving responsiveness.
 - Allows greater opportunities to integrate with Streetscene operatives to meet peaks and troughs in demand.
- 2.24 The nature of the requirements of the service dictates that overtime forms a key part of service delivery. Whilst the amount of overtime incurred has reduced by approximately 40% since 10/11 - £523k to 14/15 - £306k the service continues to incur large amounts in three principal areas:-
- i. Winter Maintenance and Weather Emergencies
 - ii. Delivery of major projects
 - iii. Responding to Road Traffic Accidents
- 2.25 The strategic approach to maintenance whereby the internal service focuses on responsive and cyclical maintenance will realise a natural reduction in overtime expenditure in respect of major projects.

2.26 There are a number of options for further consideration and development in consultation with Trade Unions:-

- Seasonal working hours – this type of model is currently in place within elements of the Streetscene service where the working week consists of 42 hours in the summer and 30 in the winter to meet the demand requirements of the growing season. Within Roads a reverse arrangement would be required to meet the higher seasonal demand associated with winter maintenance.
- Shift working – this arrangement is also in place in elements of Streetscene for those areas that require 7 day working. This requirement is a characteristic of winter maintenance requirements. However in order to be successfully deployed there would be a requirement to train more operatives to the LGV driving standard.
- Annualised contracts – this arrangement is similar to the seasonal working hours model but provides greater flexibility to meet peaks and troughs in demand by requiring a minimum number of hours to be worked over a 12 month period.
- Integration with the Streetscene service – this model is currently operated to provide additional capacity to meet winter demands however overtime payments are still required. Further integration with Streetscene will allow greater flexibility to meet demands as the pool of employees would be increased. To achieve maximum benefit there would be a need to also introduce flexible working patterns. There is a further opportunity to create additional full time posts, within a flexible working pattern, that meets the increased summer demands of Streetscene and winter demands of the Roads service.
- Seasonal Contracts – this model utilises additional employees recruited on a seasonal (winter) basis to provide additional capacity. However there is a risk that service knowledge and continuity which are essential elements in delivering the winter service would not be maintained.

2.27 Whilst closer working with the Streetscene has through greater co-ordination realised some service improvements in the planning and delivery of maintenance works there are a number of additional opportunities.

2.28 Whilst there are a number of skills that are specific to each service there are also a number of common areas where skills are complimentary and interchangeable. These common areas, supported by additional training can provide flexibility to meet peaks and troughs in workload and also through an integrated planning approach enable a holistic approach and remove elements of duplication.

Such integration can realise efficiencies but also increase consistency, capacity and resilience in responding to enquiries and service delivery, some examples of where this could be successfully deployed are provided below:-

Winter Maintenance and Weather Emergencies

- LGV road sweeping and gulley emptying
- Road closures
- Fleet utilisation
- Procurement of works and contract management
- Asset Management
- Safety and Performance Inspections including:-
 - Highway Inspections
 - Traffic Management assessments and orders
 - Lighting Inspections
 - Street Cleanliness Surveys
 - Water Course and Drainage Inspections
 - Asset Inspections

In order to maximise the efficiency of integration it is proposed that a series of lean reviews be undertaken.

- 2.29 Streetscene is principally delivered through four operational areas - Arran, North Coast and Garnock Valley, Three Towns and Kilwinning, and Irvine. The Roads service is currently delivered across the area with operations based at the Goldcraigs depot in Kilwinning.
- 2.30 The Neighbourhood Planning model agreed by the Council and the Community Planning provides 6 locality areas. Whilst the capacity of both the Roads and Streetscene services is such that 6 completely aligned operational areas cannot be achieved the boundaries of the 4 area Streetscene model can be refined to align more closely with these boundaries. Many aspects of the Roads service can then be delivered through the refined Streetscene areas.
- 2.31 In addition to the integration benefits discussed earlier in the report the move to a locality based approach provides an opportunity to develop a greater knowledge of local issues, ownership and an improved response to local issues and the building of relationships. These characteristics will assist in improving satisfaction levels amongst local communities.
- 2.32 Furthermore by working more closely with local communities there is an opportunity to develop community self-help schemes to support the response to issues such as winter and weather emergencies, identification of defects, maintenance of assets etc.

Procurement of Works

- 2.33 As previously set down the service does not have the capacity or capability to undertake the full range of roads maintenance works and, in line with the majority of Council's, utilises external contractors where necessary. These works are procured externally through the Minor Maintenance Works Framework Contract, collaboration between five Councils.
- 2.34 The Framework Contract has delivered a number of benefits principally through reduced administration and the opportunity to quickly benchmark market costs with those of the internal service and between external providers however there are a number of areas where the framework does not provide the most efficient procurement model:-
- There are over 40 contractors within the framework, whilst this can improve competition on a case by case basis, no commitment can be provided to the amount of work a contractor is likely to receive. Consequently economies of scale through packaging of contracts or bulk purchasing are lost.
 - In a large number of instances the contractor selected is, due to a variety of reasons, not ranked top of the framework. Accordingly any financial benefit is diminished.
 - The timing of works may lead to a lack of contractor availability significantly restricting competition and therefore influencing price
 - There are a large number (775 over 3 years) of small value works contracts issued which reduces any efficiency in procurement, administration and economies of scale.
- 2.35 Given the annual value of the works procured it is considered that better value can be secured through the procurement of a single or very small number of partner contracts. The benefits of this approach include:-
- A long term exclusive contract including works commitments will result in a highly competitive exercise as providers seek to secure a pipeline of work. Furthermore the effective and early planning of works will enable a partner to align their resources to provide greater cost efficiency.
 - The development of a long term partnership will enable greater investment and innovation that could realise more efficient approaches and economies of scale in respect of both maintenance and planning. These approaches could, in turn, be utilised by the internal delivery service.

- The use of a single supplier provides the opportunity to exert greater influence over supply chains, through increased buying power, to secure innovative product development and economies of scale
- Efficiencies in procurement administration and contract management.
- Opportunities for the Councils workforce to learn new skills through partnership working/secondments etc.

Procurement of Professional Services

- 2.36 As with works the range and specialist nature of services required dictates that external support is required in a number of areas, a current example being the development of the Upper Garnock Valley Flood Prevention Scheme. Again services are procured through a collaborative Framework Contract. The average expenditure over the last three years is £0.5m of which 60% has been undertaken by one supplier.
- 2.37 Similar to the works analysis there are a number of benefits provided by procuring a single partner supplier, including:--
- A commitment to future work will realise procurement efficiencies
 - Reduced administration in procuring services
 - Quick and efficient access to specialist skills and knowledge and latest thinking to issues.
 - Opportunity to embed staff in either organisation to develop skills and abilities

Systems and ICT

- 2.38 The service currently utilises a combination of paper, excel/access databases and a number of service specific and corporate ICT systems including mobile working applications. The access to and use of information is essential to informed management decisions and the allocation of resources. The current systems do not fully provide this ability and can lead to uninformed and therefore inefficient decision making.

2.39 The review has identified a number of system improvements including:-

- The integration of existing systems to prevent the need to double handle data and to provide consistent and readily accessible data.
- Purchase of additional modules principally within the WDM system to replace paper based systems.
- Development of an enterprise asset management system that enables a holistic view of assets.
- Develop links to provide live information through to the Council's website to inform residents and other interested parties of works, weather emergencies etc.

Satisfaction

2.40 As previously set down within the report the 2013 Household Survey identified that only 24% of those surveyed were satisfied with roads and footpaths, this is the lowest performance of all the operational services provided by the Council. Satisfaction levels ranged from 4% for Arran through to 55% for Irvine. This is despite Arran receiving the highest level of investment by area in the period leading to the survey and on a continuing basis. This trend is continued on the mainland where the North Coast area had the second highest level of investment and recorded the second lowest level of satisfaction. This demonstrates that the level of investment provided by the Council does not influence levels of satisfaction.

2.41 Furthermore during the period of the review the service has been shortlisted as finalists in a number of national awards demonstrating that as a technical service it performs well in comparison with similar services across the UK.

2.42 It is reasonable to assume that perception of the services provided and the approach taken by the Council is the principal area of development required to improve satisfaction levels.

2.43 As part of the review an analysis of satisfaction levels across the UK has identified a high of 50.4% and a low of 17.7% with an average of 33.5%. In order to better understand why satisfaction levels are below the UK average the Council has participated in the National Highways and Transportation Survey, a MORi poll. This review has identified a number of actions to improve satisfaction however the detailed survey will enable effective benchmarking and further identification of best practice particularly in communicating service rational, priorities and outcomes to residents.

- 2.44 The review has identified a number of actions that will improve communication and consultation with local communities through the development of long term investment plans, locality based working, development of publicly available performance frameworks and the use, where possible, to provide live information on works and maintenance on the Council's website. This can be further supported by the development of a customer charter that sets down service standards and is backed up by regular performance reporting.

Staffing Structures

- 2.45 The new delivery model will require a revised staffing model. This will be developed through a Scheme of Delegation in consultation with Trade Unions.
- 2.46 The current age and skills profile of the service requires that consideration be given to successions planning. It is proposed that some of the efficiencies realised through implementation of the review be utilised to develop a number of apprentice/trainee positions supported by an appropriate qualification based development programme.

3. Proposals

- 3.1 That a review of the road hierarchy be undertaken that supports the objectives and priorities of the latest Local Transport Strategy.
- 3.2 That a revised weighting be applied to the investment matrix to ensure maintenance works reflect the strategic importance of the roads hierarchy.
- 3.3 That long term, 3 to 5 year, investment plans be developed for road maintenance.
- 3.4 That all lighting assets for which the Council is responsible for be managed directly by the Roads Service.
- 3.5 That the revised Roads Maintenance Service Standard attached at Appendix 1 be agreed.
- 3.6 That a strategic approach be adopted to works undertaken by the in-house operational service principally focusing on the delivery of responsive and cyclical maintenance including winter and weather emergencies.

- 3.7 That where appropriate services, principally asset management, inspections and operations, be integrated within the Streetscene service delivery model and that a series of lean reviews be undertaken to support integration.
- 3.8 That a review of working patterns be undertaken in consultation with trade unions to reduce overtime within the service.
- 3.9 That the Streetscene and Roads integrated delivery model be delivered through four areas co-terminus with the boundaries of the six locality planning areas.
- 3.10 That procurement exercises be undertaken to secure partners for a works contract and professional services contract. Where possible contracts will include local supply chains to secure materials. It is expected that a long term works contract will take a period of time to develop it is therefore further proposed as an interim measure that a single works contract for large schemes equating to a value of approximately £2 million be let for the financial year 2016/17.
- 3.11 That paper based data management systems be incorporated within appropriate ICT systems through the purchase of additional modules, that system integration be developed where possible and that an Enterprise Asset Management system be further explored to provide an ICT based holistic approach to the management of assets. A funding bid will be developed, supported by appropriate business cases, to the Change Fund.
- 3.12 That a series of service charters be developed supported by a publicly accessible performance management framework.
- 3.13 That an apprentice/trainee programme be developed to support succession planning and provide additional technical support to services.
- 3.14 That a suitable staffing structure be developed for the proposed delivery model in consultation with trade unions.

4. Implications

Financial:	The proposals will enable the achievement of efficiencies within the Council 2014/15 to 2016/17 agreed budget. Additional investment will be required to implement the improvements in respect of ICT and Systems. It is proposed that consideration be given to funding these through the Councils Change Fund.
Human Resources:	The new delivery model will require a revised staffing model. This will be developed through a Scheme of Delegation in consultation with Trade Unions. An apprentice/trainee programme will provide additional technical support within services and provide succession planning.
Legal:	The revised road maintenance service standard for defects will enable the Council to continue to meet its legal obligations.
Equality:	There are no equality implications.
Environmental & Sustainability:	The service model proposed will provide a strategic and integrated approach to the management of public space.
Key Priorities:	The proposals contribute to all of the Councils key priorities.
Community Benefits:	Community Benefits will form part of the procurement exercise to secure partners for works and specialist services.

5. Consultation

- 5.1 As part of the review a number of workshops were held with staff at the outset of the review to ascertain their views in respect of service improvement. This was further supplemented by a presentation to the Physical Environment Advisory Panel to ascertain their priorities for the service and areas for improvement. An online survey was also undertaken to ascertain the views of residents and Community Councils.

- 5.2 It will be necessary to consult with Trade Unions in respect of the proposals and the development of an appropriate staffing structure to deliver the reconfigured service.

A handwritten signature in black ink, appearing to be 'CH' with a stylized flourish extending to the right.

CRAIG HATTON
Executive Director (Place)

Reference : CH/LB

For further information please contact Craig Hatton, Executive Director (Place) on 01294 324312

Background Papers

None

NORTH AYRSHIRE COUNCIL

DRAFT

**GUIDANCE DOCUMENT
ROAD SAFETY INSPECTIONS AND
DEFECT CATEGORISATION PROCEDURE**

PROCEDURE FOR ROAD SAFETY INSPECTIONS AND DEFECT CATEGORISATION

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1. INTRODUCTION

The Roads (Scotland) Act 1984 under section 1, states that "...a local roads authority shall manage and maintain all such roads in their area as are for the time being entered in a list (in this Act referred to as their "list of public roads") prepared and kept by them under this section."

The 'Well-maintained Highways' Code of Practice for Highway Maintenance Management has specific recommendations regarding inspections of all road elements. This guidance document specifically relates to the procedure for the carrying out of safety inspections.

The establishment of an effective regime of safety inspections is a crucial component of road maintenance and this guidance document has been developed in accordance with the Code of Practice, recognising areas of best practice from each of the participating Councils.

The guidance document has been developed in partnership with the Roads Authorities of Argyll & Bute, Dumfries and Galloway, East Ayrshire, East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Ayrshire, Renfrewshire, South Ayrshire, South Lanarkshire and West Dunbartonshire Councils as part of the collaborative group known as the "Roads Working Group".

The Roads Working Group comprises Senior Officers from the above Councils who recognise that Councils are currently faced with delivering services within an environment of increasing fiscal austerity and are aware of the benefits that can be achieved by adopting a common approach and minimum standards which follows the principles set out in the Well Maintained Highways Code of Practice.

Adoption of the new procedure will enable Councils, where appropriate to develop resilience enabling them to inspect and maintain additional roads assets not contained within their list of public roads, where the Council also has a maintenance responsibility.

The new procedure will provide a consistent methodology for the management of the road network that focuses on delivering a proactive programme of permanent repairs to improve the condition and safety of the road network. It is intended that the implementation of this new procedure will also allow performance to be monitored and reviewed, implementing any necessary improvements identified through its use.

The consistent approach will also assist Councils when defending any public liability claims that may be intimated against them.

2. SAFETY INSPECTIONS

Safety inspections identify defects within the road network, including those that are likely to create a danger or serious inconvenience to road users or the wider community and therefore require immediate or urgent attention.

Safety inspections are normally undertaken by an inspector in a slow moving vehicle. (In heavily used urban areas, particularly when inspecting footways, walked inspections will be required.) It may also be appropriate to inspect cycle routes on a bicycle.

During safety inspections, all observed defects that provide any foreseeable degree of risk to users will be recorded. The degree of deficiency in the road elements will be crucial in determining the nature and speed of response. Judgement will always need to take account of particular circumstances. For example the degree of risk from a pothole depends upon not only its depth but also its surface area and location within the road network.

Items for Inspection

The following are examples of the types of defect which when identified should be assessed and an instruction for repair issued with an appropriate response time specified. The list identified below is not exhaustive.

Carriageway

Carriageway defects such as: -

- 1 Surface defects and other local defects
- 2 Abrupt level differences in running surface
- 3 Edge deterioration of the running surface and other local defects
- 4 Excessive standing water and water discharging onto and or flowing across the road
- 5 Blocked gullies and obstructed drainage channels or grips which could lead to ponding or flooding
- 6 Debris and/or spillages
- 7 Missing cats eyes
- 8 Missing or damaged covers

Footway, footpath & cycleway

Footway defects such as: -

- 1 Surface and other local defects
- 2 Excessive standing water and water discharging onto and or flowing across the foot/cycleway
- 3 Dangerous rocking paving slabs
- 4 Large cracks or gaps between paving slabs
- 5 Missing or damaged covers
- 6 Debris and or spillages likely to be a hazard

Street Furniture Defects

- 1 Damaged safety fencing
- 2 Damaged parapet
- 3 Damaged handrail
- 4 Damaged road structures
- 5 Damaged boundary fence where animals or children could gain access

Traffic Signs

- 1 Missing, damaged or faded regulatory or warning sign
- 2 Major sign plate or structural failure
- 3 Electrically or otherwise unsafe apparatus
- 4 Damage which may cause a dangerous obstruction to road traffic or other road users

Road Lighting

- 1 Damaged column
- 2 Exposed, live electrical equipment

Road Markings

- 1 Badly worn Stop, Give Way or double continuous white line

Other Safety Defects

- 1 Overhead wires in dangerous condition
- 2 Sight-lines obstructed by trees and other vegetation,
- 3 Trees in a dangerous condition
- 4 Earthslips where debris has encroached or is likely to encroach the road
- 5 Rocks or rock faces constituting a hazard to road users

3. FREQUENCY OF INSPECTION

Based on the “Well-maintained Highways” Code of Practice for Highway Maintenance Management, the carriageway and footway hierarchy for inspections and the recommended frequencies for inspections are set out in the following tables.

Table 1 - Carriageway Hierarchy

Urban and residential carriageway inspections may be carried out either on foot or from a vehicle, with rural carriageway inspections being carried out from a vehicle.

Carriageway Category	Hierarchy Description	Type of Road General Description	Description
1	Motorway	N/A	N/A
2	Strategic Route	Principal A Roads between Primary Destinations	Routes for fast moving long distance traffic with little frontage access or pedestrian traffic. Speed limits generally in excess of 40mph with few junctions.
3a	Main Distributor	Major Urban Network & Inter-Primary Links. Short to medium distance traffic.	Routes between strategic routes and linking urban centres to the strategic network with limited frontage access. In urban areas speed limits are usually 40mph or less.
3b	Secondary Distributor	Classified Roads (B & C Class) and unclassified urban bus routes carrying local traffic with frontage access and frequent junctions.	In rural areas these roads link the larger villages and HGV generators to the Strategic and Main Distributor Network. In built up areas these roads have 30mph speed limits and high pedestrian activity.
4a	Link Road	Roads linking between the Main & Secondary Distributor Network with frontage access and frequent junctions.	In rural areas these roads link the smaller villages to the distributor roads. They are of varying width and not always suitable of carrying two-way traffic. In urban roads they are residential or industrial inter connecting roads with 30mph speed limit.
4b	Local Access Road	Roads serving limited numbers of properties carrying only access traffic.	In rural areas these roads serve small settlements and provide access to individual properties and land. They are often single lane and unsuitable for HGV. In residential areas they are residential loop roads or cul-de-sacs.

Table 2 - Footway Hierarchy

Footway inspections may be carried out either on foot or from a vehicle.

Category	Category Name	Description
1(a)	Prestige Walking Zones	Very busy areas of town centres with high public space and Streetscene contribution.
1	Primary Walking Routes	Busy urban shopping and business areas and main pedestrian routes.
2	Secondary Walking Routes	Medium usage routes through local areas feeding into primary routes, local shopping centres etc.
3	Link Footways / Footpaths	Linking local access footways through urban areas and busy rural footways.
4	Local Access Footways / Footpaths	Footways associated with low usage, short estate roads to the main routes and cul-de-sacs.

Table 3 - Safety Inspection Frequency

Feature	Description	Category	Frequency
Roads	Strategic Routes	2	Up to 12 pa (Min 10)
	Main Distributor	3(a)	Up to 12 pa (Min 10)
	Secondary Distributor	3(b)	Up to 12 pa (Min 10)
	Link Road	4(a)	4 pa
	Local Access	4(b)	Annually
	All other locations (Carparks)		Annually
Footways	Prestige Walking Zones	1(a)	Up to 12 pa (Min 10)
	Primary Walking Routes	1	Up to 12 pa (Min 10)
	Secondary Walking Routes	2	4 pa
	Link Footway	3	2 pa
	Local Access Footways	4	Annually
Cycle Route	Part of Carriageway Remote from Carriageway Cycle Trails		As per associated road Twice per year (1 per year)

Additional inspections may be necessary in response to user or community concerns, as a result of incidents or extreme weather conditions, or in the light of monitoring information.

It is accepted by all participating Councils that other factors may preclude some inspections being carried out on road hierarchy category 2, 3(a), 3(b) and footway category 1(a) and 1. In such cases the target of 1 per month will reduce

to a minimum of 10 per year. The frequency of inspections contained within Table 3 represent the minimum requirements to be adopted, with authorities applying a risk based approach to when each inspection is programmed to be undertaken

4. INTERVENTION LEVELS AND RESPONSE TIMES FOR DEFECTS

The Defect and Priority tables at Appendix 1 use this risk assessment principle and have been populated on the basis of individual defect types. It is these tables which should be used to help assess risk for any defect noted.

Defect Risk Assessment

Inspectors undertaking safety inspections or responding to reported incidents require to use judgement in determining response times to observed or reported defects. The Well Maintained Highways Code of Practice recommends that roads authorities adopt a system of defect risk assessment for determining the response times to road defects.

The risks identified through this process have to be evaluated in terms of their significance. This means assessing the likely impact should the risk occur and the probability of it actually happening. The impact is quantified by assessing the extent of damage likely to be caused should the risk become an incident. As the impact is likely to increase with increasing speeds, the volume of traffic and category of road are important considerations in the assessment. The probability is quantified by assessing the likelihood of users passing by or over the defect, encountering the risk. As the probability is likely to increase with increasing vehicular or pedestrian flow, the network hierarchy and defect location are consequently important considerations in the assessment.

The risk based approach to defect categorisation provided within this document therefore takes cognisance of the hierarchy of the road on which a defect presents itself. Response times for which a defect should be repaired or made safe will depend upon: -

1. The depth, surface area or other extent of the defect.
2. The volume, characteristics and speed of traffic.
3. The location of the defect relative to road features such as junctions and bends.
4. The location of the defect relative to the positioning of users, especially vulnerable users, such as in traffic lanes or wheel tracks.
5. The nature and extent of interaction with other defects.
6. Forecast weather conditions, especially potential for freezing of surface water.

All defects identified therefore require to be evaluated in terms of their significance. This means assessing the likely impact should the risk occur and the probability of it actually happening. Having identified a particular risk, the Risk

Matrix below will be used [as the principle](#) to determine the defect category and response time.

Probability → Impact ↓	Very Low (1)	Low (2)	Medium (3)	High (4)
Negligible (1)	1	2	3	4
Low (2)	2	4	6	8
Noticeable (3)	3	6	9	12
High (4)	4	8	12	16

Response Category	Cat 4 (Monitor)	Cat 3 (30 Days)	Cat 2 (7 Days)	Cat 1 (4 Hours)
Risk Value	(1 - 4)	(6 – 8)	(9 – 12)	(16)

Category 1: Represent a high risk to road users and **should be corrected or made safe at the time of inspection, if reasonably practicable.** In this context, making safe may constitute displaying warning signs or/and coning off to protect the public from the defect. If it is not possible to correct or make safe the defect at the time of inspection, **emergency repairs to make safe should be carried out within 4 hours.** Where practicable, safety defects of this category should not be left unattended until a temporary or permanent repair has been carried out.

Category 2: Repair within 7 working days. This allows a more proactive approach to be adopted for those defects that represent a medium risk to road users or because there is a risk of short-term structural deterioration.

Category 3: Repair within 30 working days. Defects that require attention because they represent a low risk to road users. This allows defects of this nature to be included onto longer planned programmes of work. Defects in category 3 are not classed as safety defects.

Category 4: Monitor and Review condition based on an assessment of the risk of deterioration at next inspection. Defects in category 4 are not classed as safety defects.

It may not be possible, particularly at certain times of year, to meet target response time, due to pressure on resources. This could, but not exclusively, be due to the high number of defects that can arise in a short period of time after periods of adverse weather, such as prolonged spells of heavy rain or snow, or freeze / thaw conditions. Prolonged periods of adverse weather may also prevent remedial measures being carried out.

Records of all safety inspections and works instructions issued following inspections shall be documented within an electronic Routine Maintenance Management System where possible.

5. DEFECTS THAT ARE NOT THE RESPONSIBILITY OF THE COUNCIL

- 5.1 During an inspection, defects may be identified which are not the responsibility of the Council to repair. The Council does however have a duty of care to the users of the road. Therefore the defect must be recorded and the party responsible for the repair must be made aware of the defect. If the defect is identified as a Category 1 defect, it should be made safe either by signing and coning or by a temporary repair.

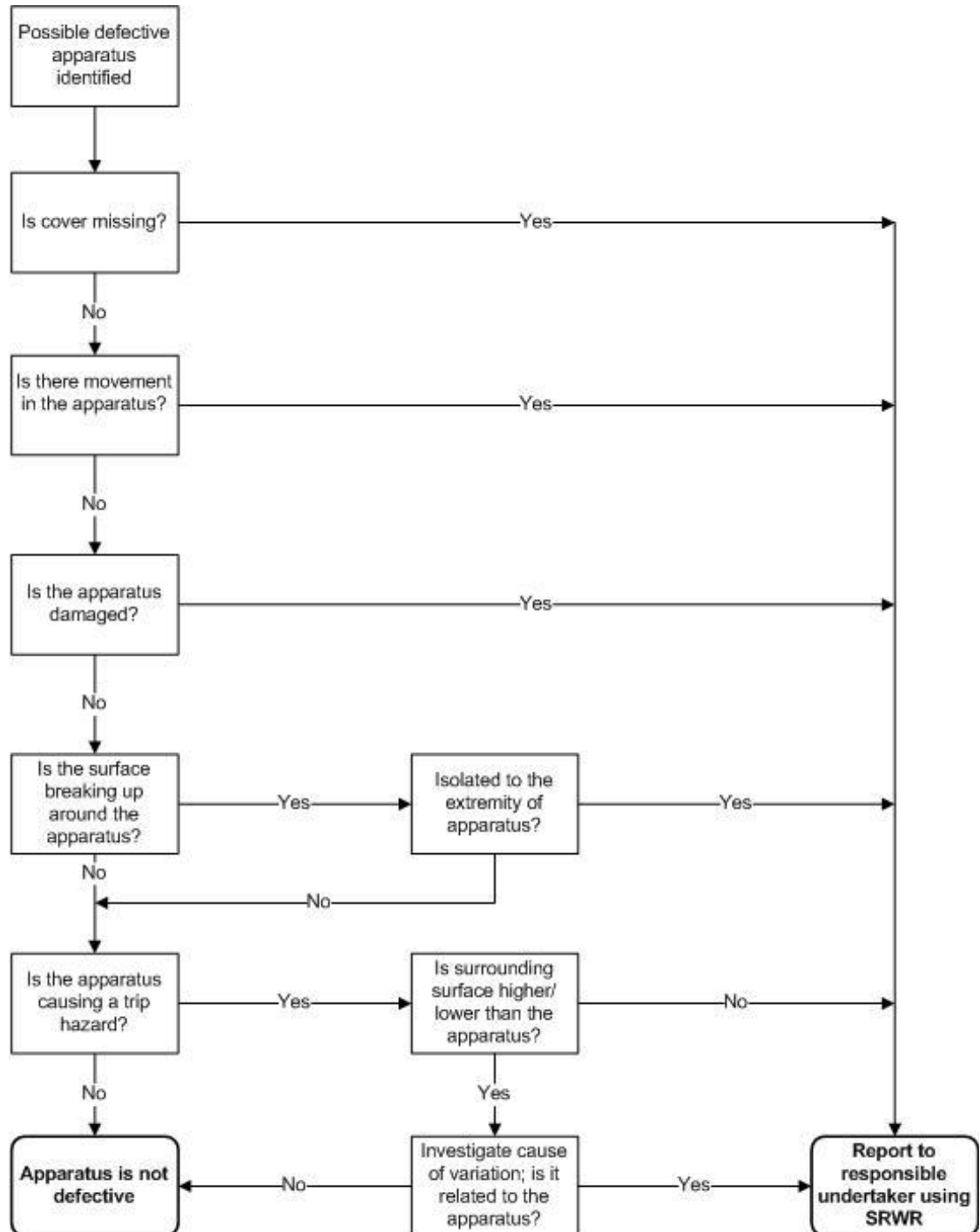
Statutory Undertakers' Defective Apparatus

- 5.2 Where defective apparatus belonging to undertakers is identified (e.g. utility companies), the defect must be recorded and the utility contacted in accordance with the New Roads & Street Works Act 1991 – Code of Practice for Inspections. The initial procedure is summarised in Figure 1 below.

Defects that are the responsibility of other Third Parties

- 5.3 Where the defect is the responsibility of another party who is not a statutory undertaker, for example an adjacent landowner, the defect should be recorded and the landowner contacted with a request to carry out the necessary remedial works within an appropriate period of time. A number of scenarios may arise from an inspection, which are covered by provisions contained within the Roads (Scotland) Act 1984, for which it may be appropriate to inform the party responsible for the defect / hazard of their responsibilities under the Act.
- 5.4 Some selected examples of the above are;
- a. Prevention of danger to road users from nearby vegetation and fences etc. or from retaining walls being inadequate (Section 91)
 - b. Deposit of mud from vehicles on road (Section 95)
 - c. Control of flow of water etc. onto roads (Section 99)
- 5.5 A number of these provisions within the Act allow the Roads Authority to carry out remedial works to address the defect/hazard either immediately or after a suitable period of notice, and further may give powers to recover any expenses reasonably incurred in doing so.
- 5.6 Any decision to undertake such remedial work should not be done without the agreement of a suitably responsible person. In the first instance the preferred option is to have constructive discussion with the responsible party, in order to resolve the issue.

Figure 1: Initial Procedure for Defective Apparatus



6. HEALTH AND SAFETY

General

- 6.1 In general road inspections are carried out from a slow moving vehicle or on foot. However, it would seem logical that cycle routes be inspected by bicycle. The vehicle should be driven at an appropriate speed to allow any defects to be identified and recorded.

Health and Safety

- 6.2 Inspections are to be conducted in accordance with the Council's procedures for the health, safety and welfare of its employees and others.

As a minimum:

- a. All staff engaged in inspections must wear high visibility clothing to BS EN 471 class 3.
 - b. All vehicles used to carry out inspections shall be liveried up to an appropriate standard and all necessary vehicle checks shall be carried out prior to inspections being undertaken.
- 6.3 All surveys should make use of two-way communications (i.e. radio or mobile telephone). Driven safety inspections on Strategic, Main Distributor and Secondary Distributor roads should be undertaken by two people
Note: The Council's Lone Working Procedures should be followed when an inspector is undertaking a safety inspection on his/her own.
- 6.4 Should it be necessary to stop the vehicle it shall be parked off the live carriageway wherever possible. If this cannot be achieved then there must be clear visibility in both directions and the roof mounted beacon must be switched on. Traffic must not be forced across any continuous solid white centre line. If this cannot be achieved, advanced temporary traffic signing must be installed

Making Safe

- 6.5 If a defect is considered to be a serious hazard to road users, full traffic management should be called for and the safety inspection vehicle should remain at the hazard until it is in place.

Equipment

- 6.6 All inspection vehicles should carry a minimum of six 750mm traffic cones. The cones should be kept clean and should be inspected quarterly and replaced as necessary. A record of these inspections must be kept within the vehicle.

- 6.7 In addition to any other equipment they consider necessary, Inspectors should also carry a digital camera to record defects and, if available, a GPS enabled system to accurately record the location of defects.

Documents

- 6.8 The safety inspection team should also carry a copy of:
- a. this guidance document;
 - b. New Roads & Street Works Act 1991 – Code of Practice for Inspections;
 - c. “Safety at Street Works and Road Works, a Code of Practice”.

APPENDIX A: DEFECT AND PRIORITY TABLES

Description		Investigatory Level	Response Category			
			Probability			
			Very Low	Low	Medium	High
	Defect and Priority Table 1: Carriageway Defects					
Surface Defect		<40mm	4	4	3	3
		>40mm < 100mm	4	3	2	2
		>100mm	4	3	2	1
Failed patch or defective trench		Yes	4	4	3	3
Missing ironwork cover		Yes	4	3	2	1
Badly cracked or damaged ironwork		Yes	4	4	3	3
Cracking around ironwork frame		Yes	4	4	3	3
Crowning/ Depression		>40mm level difference	4	3	2	2
Rutting		>20mm	4	4	3	3
Missing / defective skid resistant surfacing		Yes	4	4	3	3
Debris/ Spillage		Yes	4	3	2	1
Edge Deterioration		>40mm <100mm	4	3	2	2
		>100mm	4	3	2	1
Displaced metal stud		Yes	4	3	2	1
Missing studs/ reflectors		<20% missing	4	4	4	4
		>20% missing	4	4	3	3
Missing or worn lines/ markings		Stop/Give Way	4	3	2	2
		Double white line	4	3	2	2
		Other	4	4	4	4

Description		Investigatory Level	Response Category			
			Probability			
			Very Low	Low	Medium	High
	Defect and Priority Table 2: Kerb Defects					
Loose, missing or damaged kerbs		Yes	4	3	2	2
Dislodged kerb		50mm horizontally, 25mm vertically	4	3	2	2

Description		Investigatory Level	Response Category			
			Probability			
			Very Low	Low	Medium	High
	Defect and Priority Table 3: Other Paved Area Defects (Shared Surfaces/Footway/Path, Cycleway/Path and Car Park Defects)					
Surface Defect	>25mm <50mm	4	3	2	2	
	>50mm	4	3	2	1	
Failed patch or defective trench	Failed	4	4	3	3	
Missing ironwork cover	Yes	4	3	2	1	
Badly cracked or damaged ironwork	Yes	4	3	2	2	
Cracking around ironwork frame	Yes	4	4	4	4	
Crack, gap or trip	>10mm <25mm	4	4	3	3	
	>25mm trip	4	3	2	1	
Rocking slabs	>10mm <25mm vertical movement	4	4	3	3	
	>25mm vertical movement	4	3	2	1	
Crowning/ Depression	>25mm <50mm	4	4	3	3	
	>50mm	4	3	2	1	
Debris/ Spillage	Potential danger to pedestrian	4	3	2	1	
	Unauthorised obstruction	4	4	3	3	

Description		Investigatory Level	Response Category			
			Probability			
			Very Low	Low	Medium	High
	Defect and Priority Table 4: Debris/ Spillage (and Obstructions)					
Litter problem		Potential danger to pedestrian or road user	4	3	2	2
Fly tipping		Potential danger to pedestrian or road user	4	4	3	3
Other debris/ spillage		Potential danger to pedestrian or road user	4	4	3	3
Obstruction (signage/trees/bushes/hedges etc.)		Potential danger to pedestrian or road user	4	3	3	2

Description		Investigatory Level	Response Category			
			Probability			
			Very Low	Low	Medium	High
	Defect and Priority Table 5: Signs, Signals and Lighting Defects					
Light(s) out		>3 Lights out	4	3	2	1
		<3 Lights out	4	4	4	4
Damaged signal or light fitting or damaged column		Likely to fall	4	3	2	1
		Not dangerous	4	4	4	4
Exposed wires		Yes	4	3	2	1
Missing/ loose cover		Yes	4	3	2	1
Lighting obscured by vegetation		Yes	4	4	3	3
Unauthorised sign		Potential danger to pedestrian or road user	4	4	3	3
		Other	4	4	4	4
Missing/ damaged sign face		Regulatory/ Warning signs	4	3	2	2
		Other Signs	4	4	4	4
Obscured or dirty sign		Regulatory/ Warning signs	4	3	2	2
		Other Signs	4	4	4	4

Description		Investigatory Level	Response Category			
			Probability			
			Very Low	Low	Medium	High
	Defect and Priority Table 6: Safety Fence/ Barrier Defect					
Safety fence/ barrier or guardrail damaged or loose		Potential danger to pedestrian or other road user	4	3	2	1
		Other	4	4	4	4

Description		Investigatory Level	Response Category			
			Probability			
			Very Low	Low	Medium	High
	Defect and Priority Table 7: Tree/ Hedge Defects					
Loose branch		Potential hazard	4	3	2	1
		Unlikely to fall onto road	4	4	4	4
Overhanging branch		Yes	4	4	4	3
Sight-lines obscured		Yes	4	3	2	2
Other tree/ hedge defect		Potential danger to pedestrian or road user	4	3	2	2
		Other	4	4	3	3

Description		Investigatory Level	Response Category			
			Probability			
			Very Low	Low	Medium	High
	Defect and Priority Table 8: Drainage Defects & Standing/ Running Water					
Blocked drain, gully or grip	Potential danger to pedestrian or road user	4	3	2	2	
	Other	4	4	4	4	
Missing gully frame	Yes	4	3	2	1	
Broken gully frame/ cover	Potential danger to pedestrian or road user	4	3	2	1	
	Other	4	4	3	3	
Water discharging onto road or Trash screen/ grid blocked	Potential danger to pedestrian or road user or flooding to property	4	3	2	1	
	Primary salting route in winter	4	3	2	2	
	Other	4	4	4	4	

Description		Investigatory Level	Response Category			
			Probability			
			Very Low	Low	Medium	High
	Defect and Priority Table 9: Structures Defects					
Parapet damaged		Yes	4	3	2	2
Bridge defect - other		Potential danger to pedestrian or road user	4	3	2	1
		Other	4	4	3	3
Retaining wall problem		Yes	4	3	2	2
Earthworks/ embankment defect		Yes	4	3	2	2

Description		Investigatory Level	Response Category			
			Probability			
			Very Low	Low	Medium	High
	Defect and Priority Table 10: Utility Defects					
Signing/ guarding		Not to code of Practice requirements	4	3	2	1
Reinstatement		Not to code of Practice requirements	4	3	2	1
Overhead wires, poles etc. in poor condition		Yes	4	3	2	1
Utility ironwork		Missing	4	3	2	1
		Badly cracked or damaged	4	3	2	2
		Cracking round frame	4	4	3	3
Other utility defect		Potential danger to pedestrian or road user	4	3	2	1
		Other	4	4	3	3

NORTH AYRSHIRE COUNCIL

Agenda Item 13

24 November 2015

Cabinet

Title: **Award of Contract - Supply of Replacement
Cashless Catering Solution**

Purpose: To advise the Cabinet of the result of the tender exercise for the supply, replacement and upgrade of cashless catering.

Recommendation: Agree to approve the award of the contract to Nationwide Retail Services Ltd.

1. Executive Summary

- 1.1 The Council requires to put in place a contract for the supply, replacement and upgrade of its cashless catering. This operates across all schools in North Ayrshire and will replace the existing contract with effect from 1 April 2016.
- 1.2 In order to comply with the Council's Standing Orders Relating to Contracts a formal tender exercise was advertised in the Official Journal of the European Union, via the Public Contracts Scotland advertising portal.
- 1.3 The duration of the contract is for three years with the option to extend annually for up to a further two years.

2. Background

- 2.1 Ten years ago, the Council invested in a cashless catering system in 9 Secondary Schools and 17 Primary Schools. This removes the stigma for children in receipt of free school meals and facilitates the reporting of nutrition information and meal choices. This also assists catering managers to determine demand and help minimise food waste.
- 2.2 The current system is provided by Cash Registers (Buccleuch) Limited.

- 2.3 North Ayrshire Council has now determined that an integrated multi-site cashless catering solution should be introduced in the remaining 34 schools to ensure all schools, pupils and parents benefit from this technology.
- 2.4 Completing the roll-out of the cashless catering system will meet the objective that a consistent and fair system is deployed across the entire school estate and enable the Council to make more informed decisions regarding menu and nutritional outcomes based on high quality data. The system will have the ability to roll-out configuration changes and updates remotely to all sites, groups of sites or single sites from a central point. It will allow for complete control over Electronic Point Of Sale (EPOS) terminals/tablets to allow business decisions to be implemented quickly, including menu updates, new products, price changes, or security changes.
- 2.5 A formal contract notice was advertised on 18th June 2015 under the Open procedure in the Official Journal of the European Union and Public Contracts Scotland Procurement Portal and/Bravo E-Tendering System. The return date for the ITT was 30th July 2015 at 12 Noon.
- 2.6 The contract notice attracted 16 expressions of interest from a wide range of potential suppliers of which 3 submitted responses to the Invitations to Tender.

3. Proposals

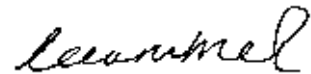
- 3.1 The recommendation of the Tender Evaluation Panel is that a Contract be awarded to Nationwide Retail Services Ltd.

4. Implications

Financial:	The total value of the overall contract (including any possible extensions) is £528,525. Budget is available for this requirement consisting of £300,000 capital plus £50,000 per annum for revenue costs.
Human Resources:	None
Legal:	The tender exercise was conducted in accordance with the Council's Standing Orders Relating to Contracts.
Equality:	None
Environmental & Sustainability:	Improved data on meal choices will assist the Council to reduce food waste in food preparation in Schools
Key Priorities:	With more emphasis on quality data relating to nutritional analysis to promote rewards for healthy eating this procurement will support the Council's priorities relating to supporting all of our people to stay safe, healthy and active.
Community Benefits:	<p>The successful tenderer will deliver the following community benefits during the contract period:</p> <p>A workshop either in a school in Ayrshire or on-site linked to Curriculum for Excellence and relating to Science , Technical Engineering or Maths (STEM)</p> <p>A workshop in a community group or youth group in Ayrshire with a view to introducing/developing employability skills</p>

5. Consultation

- 5.1 Consultation has taken place with Scotland Excel, Eastern Shires Procurement Organisation (ESPO), Tayside Procurement Consortium, Glasgow City Council, Solihull (Birmingham) Council, SEEMIS, North Ayrshire Council ICT technical staff, Facilities Management and the Data Protection Officer.



LAURA FRIEL
Executive Director (Finance and Corporate Support)

Reference :

For further information please contact Maurice McTeague, Category Manager on 01294 324015

Background Papers

None