

Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Customer Services
Executive Director: Douglas Hendry



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18 February 2016

NOTICE OF MEETING

A meeting of the **PERFORMANCE REVIEW AND SCRUTINY COMMITTEE** will be held in the **COUNCIL CHAMBERS, KILMORY, LOCHGILPHEAD** on **THURSDAY, 25 FEBRUARY 2016** at **10:00 AM**, which you are requested to attend.

Douglas Hendry
Executive Director of Customer Services

BUSINESS

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF INTEREST**
- 3. MINUTES** (Pages 1 - 8)
Performance Review and Scrutiny Committee 19 November 2015.
- 4. HMICS SCRUTINY PLAN 2016/17 CONSULTATION** (Pages 9 - 14)
Report by Executive Director – Customer Services.
- 5. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY** (Pages 15 - 66)
Report by Head of Strategic Finance.
- 6. TREASURY MANAGEMENT MONITORING REPORT 31 DECEMBER 2015**
(Pages 67 - 80)
Report by Head of Strategic Finance.
- 7. PERFORMANCE REPORT - FQ3 2015-16** (Pages 81 - 98)
Report by Chief Executive.

- 8. MAXIMISING ATTENDANCE: COUNCIL PERFORMANCE OCTOBER - DECEMBER 2015** (Pages 99 - 106)
Report by Head of Improvement and HR.
- 9. POST COMPLETION REVIEW LESSONS LEARNED** (Pages 107 - 116)
Report by Head of Facility Services.
- 10. CASTLE TOWARD SCRUTINY REPORT** (Pages 117 - 124)
Report presented by Chair and Vice-Chair of Performance Review and Scrutiny Committee.
- 11. PERFORMANCE REVIEW AND SCRUTINY COMMITTEE HANDBOOK**
(Pages 125 - 150)
Report by Chief Internal Auditor.
- 12. SCRUTINY OF POLICE SCOTLAND** (Pages 151 - 164)
Report by Divisional Commander for Argyll and West Dunbartonshire division.
- 13. SCRUTINY OF SCOTTISH FIRE AND RESCUE** (Pages 165 - 182)
Report by Local Senior Officer, Scottish Fire and Rescue.
- 14. PERFORMANCE REVIEW AND SCRUTINY COMMITTEE WORKPLAN**
(Pages 183 - 184)
Performance Review and Scrutiny Committee Workplan 2016 – 17.

Performance Review and Scrutiny Committee

Ian M M Ross (Chair)

Councillor Gordon Blair

Councillor Iain MacDonald

Councillor Robert E Macintyre

James Hymas

Councillor Sandy Taylor (Vice-Chair)

Councillor Anne Horn

Councillor John McAlpine

Councillor Donald MacMillan

Grant Manders

Contact: Shona Marshall Tel: 01546 604407

**MINUTES of MEETING of PERFORMANCE REVIEW AND SCRUTINY COMMITTEE held in
the COUNCIL CHAMBERS, KILMORY, LOCHGILPHEAD
on THURSDAY, 19 NOVEMBER 2015**

Present:

Ian M M Ross (Chair)

Councillor Gordon Blair
Councillor Maurice Corry
Douglas Cowan, HIE
Chief Superintendent Grant
Manders, Police Scotland

Councillor Anne Horn
Councillor Sandy Taylor
Jim Hymas, Scottish Fire and Rescue
Service

Attending:

Sally Loudon, Chief Executive
Douglas Hendry, Executive Director of Customer Services
Pippa Milne, Executive Director of Development and Infrastructure Services
Jane Fowler, Head of Improvement and HR
Kirsty Flanagan, Head of Strategic Finance
Shona Barton, Area Committee Manager
Rona Gold, Community Planning Manager
Lesley Sweetman, Performance and Business Manager
Morag Brown, Business Improvement Manager
David Clements, Programme Manager
Kevin Anderson, Chief Internal Auditor
Tom Kerr, Senior HR Officer
Kate Fraser, Senior Development Officer
Fiona Ferguson, Directorate Support Officer
Samantha Quarton, Community Planning Officer
Graham Houston, Scottish Police Authority
Andrew Morrell, Scottish Police Authority

1. APOLOGIES FOR ABSENCE

The Chair welcomed everyone to the meeting and introduced both Andrew Morrell and Graham Houston of the Scottish Police Authority. Having taken into account the other commitments of Mr Houston, the Chair ruled and the Committee agreed, that agenda item 13 (Scrutiny of Police Scotland – Quarterly Report FQ2 2015/16) would be taken following the conclusion of agenda item 6 (Council Annual Report 2014/15).

Mr Ross congratulated Councillor Taylor in his appointment as Vice Chair of the Performance, Review and Scrutiny Committee.

Apologies for absence were intimated by Councillors McAlpine, MacDonald and MacMillan.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

3. MINUTES

The Minute of the meeting of the Performance, Review and Scrutiny Committee held on 27 August 2015 was approved as a true record.

4. COMMUNITY PLANNING PARTNERSHIP NOMINATIONS TO COUNCIL PERFORMANCE REVIEW AND SCRUTINY COMMITTEE

The Committee considered a report outlining the nominations of the Argyll and Bute Community Planning Partnership (CPP) Management Committee, for two additional members to sit on the Council's Performance, Review and Scrutiny Committee alongside Douglas Cowan of HIE.

Decision:

The Committee noted that the positions would be filled by Chief Superintendent Grant Manders of Police Scotland and Jim Hymas of the Scottish Fire and Rescue Service.

(Ref: Report by Head of Community and Culture, dated 19 November 2015, submitted.)

5. SINGLE OUTCOME AGREEMENT (SOA) ANNUAL REPORT 2014/15

The Committee considered a report outlining progress in the second year of annual reporting on the Single Outcome Agreement. Discussion took place in respect of the difficulty to attain data during the year with the Community Planning Manager advising of the review of delivery plans and their actions in an effort to better recognise the measurements and management within the SOA Delivery Plans.

Decision:

The Committee:

1. noted that this is the second year of annual reporting on the Single Outcome Agreement;
2. noted the format of two reports, one summary and one full document; and
3. agreed with the publication of the annual reports.

(Ref: Report by Head of Community and Culture, dated 19 November 2015, submitted.)

6. COUNCIL ANNUAL REPORT 2014/15

The Committee considered the Council Annual Report which provided an overview of the Council's successes and challenges in 2014/15. The publication of the report contributes to the Council's public performance reporting duty.

Discussion took place in respect of the support for local businesses with further information being sought in relation to the number of contracts up for tender and the value of contracts awarded by the Council. The Chief Executive advised that this information was presented recently to the Policy and Resources Committee and that the Head of Improvement and HR would forward the relevant report to Members.

Further discussion took place on the importance of making reference in the report to the Armed Forces, with the Chief Executive advising that she was happy for this to be included in the report. It was noted that an update report on the work of the Armed Forces Champion is submitted to Council for information.

Decision:

The Committee endorsed the Council Annual Report subject to the inclusion of information on the Armed Forces.

(Ref: Report by Executive Director of Customer Services, dated 19 November 2015, submitted.)

7. SCRUTINY OF POLICE SCOTLAND - QUARTERLY REPORT FQ2 2015/16

The Committee considered a report submitted by Local Police Commander, Chief Superintendent Grant Manders on the second quarterly report for Argyll and Bute for 2015/16 performance year.

The report detailed statistics on road safety and road crime; violence, disorder and antisocial behaviour; protecting vulnerable people; major crime and counter terrorism and acquisitive crime.

Discussion took place on the disclosure scheme for domestic abuse; the joint warrior exercise which has recently seen two sizeable recovery of drugs within Argyll and Bute; the recent acts of terrorism in Paris; and the potential rise in hate crime associated with this; the new Air Weapons and Licensing (Scotland) Act 2015; the Syrian Refugee Resettlement Programme; the HMI inquiry on Call Handling within Police Scotland; recruitment and retention of Police Officers; the increase in child abuse, cyber crimes and internet abuse of children; the review of governance arrangements and the financial challenges faced by Police Scotland..

Decision:

The Committee noted the contents of the report.

(Ref: Report by Local Police Commander, dated 19 November 2015, submitted.)

8. SERVICE ANNUAL PERFORMANCE REVIEWS 2014-15

The Committee considered a report presenting an annual overview to complement the quarterly performance reports as well as operational detail underpinning the Council's Annual Report for performance during 2014/15.

Discussion in relation to the Education service was had, in particular the continued implementation of the Promoting Alternative Thinking Strategy (PATHS) programme, the reporting of teachers absences and the statistics provided in relation to attainment in exams. The quality of mental health services being delivered for people in the community and the budget forecasts going forward was also discussed with the Head of Strategic Finance advising that she was happy with the robustness of the processes in place.

Further discussion took place in relation to the performance management of the Health and Social Care Partnership. The Chief Executive confirmed that the Council still has responsibility for reporting on performance. She advised that the Executive Directors of both Customer Services and Community Services were involved in ongoing discussions with the Chief Officer in this regard.

Decision:

The Committee agreed that the annual performance as reported be published on the Council's website.

(Ref: Report by Chief Executive, dated 19 November 2015, submitted.)

9. TREASURY MANAGEMENT MONITORING REPORT TO 31 AUGUST 2015

The Committee considered a report setting out the Council's treasury management position for the period 1 July 2015 to 31 August 2015.

Decision:

The Committee agreed to note the contents of the report.

(Ref: Report by Head of Strategic Finance, dated 19 November 2015, submitted.)

10. STRATEGIC RISK REGISTER UPDATE

The Committee considered a report providing an update on the progress on the development of the Strategic Risk Register. Discussion took place on the work to develop risk appetite and tolerance thresholds, with Members noting that the strategic risk register is updated on a live basis and is reviewed twice a year as part of the budget setting process. Further discussion on Service Choices was had with the Chief Internal Auditor advising that assurance on the financial sustainability of the Service Choices process has been received from Audit Scotland.

Decision:

The Committee agreed to note the contents of the report.

(Ref: Report by Head of Strategic Finance, dated 19 November 2015, submitted.)

11. PERFORMANCE REPORT - FQ2 2015-16

The Committee considered the Council and Departmental performance reports with associated scorecards for the performance in FQ2 2015 -16 (July – September 2015).

Discussion took place in respect of the key challenges faced by departments with specific attention on the progression of Health and Social Care Services; the delay in the completion of the Helensburgh Officer Rationalisation Project; Stage 1 and 2 complaints; navigation of the Council's website by external users; and the pilot project within Community Services to assist with Maximising Attendance.

Decision:

The Committee reviewed the reports and scorecards as presented and noted the contents thereof.

(Ref: Report by Chief Executive, dated 19 November 2015, submitted.)

Councillor Anne Horn left the meeting at 12.00 Noon.

Councillor Taylor left the meeting at 12.35pm.

12. MAXIMISING ATTENDANCE

(a) Council Performance April - June 2015

The Committee considered a report which provided an update on the Council's performance against targets and performance indicators for maximising attendance during the period April – June 2015. Members noted that the report is inclusive of the final 2 weeks of data for the first quarter reporting period which had not been available at their previous meeting in August 2015 due to complications associated with a software upgrade.

Decision:

The Committee agreed to note the content of the report.

(Ref: Report by Head of Improvement and HR, dated 19 November 2015, submitted.)

(b) Council Performance July - September 2015

The Committee considered a report providing an update on the Council's performance against targets and performance indicators for maximising attendance during the period July – September 2015. Discussion took place in relation to the seasonal trends; the total cost forecasts for absence; the percentage reasons for absence in both FQ1 and FQ2 2015/16 and the corporate actions being taken to maximise attendance.

Decision:

The Committee agreed to note the contents of the report.

(Ref: Report by Head of Improvement and HR, dated 19 November 2015, submitted.)

Councillor Taylor re-joined the meeting at 12.55pm.

The Chair ruled and the Committee agreed to adjourn the meeting for lunch at 1.10pm. The meeting re-convened at 1.30pm with all Committee Members present with the exception of Councillor Horn.

13. BUSINESS GATEWAY - BUSINESS SUPPORT BRIEFING

The Committee considered a report providing information on the number of business start-ups supported by Business Gateway in Argyll and Bute; the survival rate of new businesses in existence over one and three years and the impact on employment statistics across the area.

Discussion took place in relation to assistance and support which would be available for the Syrian Refugees.. Further discussion took place in relation to the possibility of obtaining employment figures for Argyll and Bute, with Douglas Cowan agreeing to forward the data held by HIE to the Chair.

Decision:

The Committee agreed to note:

1. the overall information provided;
2. the Business Gateway activities and reporting frameworks; and
3. the links to wider Business Gateway and Argyll and Bute Council activity supporting economic development and growth.

(Ref: Report by Executive Director of Development and Infrastructure Services, dated 19 November 2015, submitted.)

14. SCRUTINY OF SCOTTISH FIRE AND RESCUE - QUARTERLY REPORT FQ2 2015/16

The Committee considered a report by the Scottish Fire and Rescue Service (SFRS) which provided detail on the performance of the SFRS in the Argyll and Bute area.

Discussion took place in respect of the delivery of Home Fire Safety Visits; the continuation of the "Cut it Out" programme being delivered to fifth and sixth year pupils; the roll out of the co-responding units with the Scottish Ambulance Service and the recent press initiatives providing education in relation to accidental dwelling fires.

Decision:

The Committee agreed to note the contents of the report.

(Ref: Report by Local Senior Officer, Scottish Fire and Rescue Service, dated 19 November 2015, submitted.)

* **15. CASTLE TOWARD**

At the Committee's last meeting on 27 August 2015 it was agreed that Members should consider and if so minded agree the terms of a document setting out the Committee's findings and recommendations in relation to the Council's decision making on Castle Toward.

The Committee considered a report providing comments and recommendations arising from the Committee's scrutiny of the Council's decision making process in relation to the community right to buy application submitted by South Cowal

Community Development Company. The report provided comments on issues raised during the course of the Committee's scrutiny.

Discussion took place in respect of the need to simplify the report for ease of reading by the wider audience and for there to be some contextual information and background included.

Under Standing Order 22.1, the Chair invited local member, Councillor Michael Breslin to contribute to the discussion on this item.

Decision:

The Committee agreed:

1. To delegate to the Chief Internal Auditor in consultation with the Chair and Vice Chair of the Committee, the drafting of a section with contextual and background information within a simplified version of the report; and
2. that the finalised report would be submitted to the next meeting of the Performance, Review and Scrutiny Committee scheduled for 25 February 2016.

(Ref: Report by Chief Internal Auditor, dated 19 November 2015, submitted.)

16. PERFORMANCE REVIEW AND SCRUTINY COMMITTEE WORKPLAN 2015-16

The Committee considered the outline workplan to facilitate planning of reports to the Performance, Review and Scrutiny Committee.

Decision:

The Committee noted the workplan and agreed to add the following items to the list for discussion at the proposed Business Day meeting in January 2016;

1. discussion of future items for Committee meetings;
2. themes for scrutiny; and
3. drafting of final Castle Toward report by Chair, Vice-Chair and Chief Internal Auditor.

(Ref: Report by Executive Director of Customer Services, dated 19 November 2015, submitted.)

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ARGYLL AND BUTE COUNCIL

PERFORMANCE REVIEW AND
SCRUTINY COMMITTEE

CUSTOMER SERVICES

25 FEBRUARY 2016

HMICS SCRUTINY PLAN 2016/17 CONSULTATION

1.0 EXECUTIVE SUMMARY

HM Inspectorate for Constabulary Scotland (HMICS) issued a consultation on their proposed Scrutiny Plan for 2016/17 on 8 January 2016. The deadline for submission was 12 February 2016.

As the PRS Committee has the remit to scrutinise Police Scotland, in accordance with the council's duties under the Police and Fire Reform Act 2012, PRS was considered the most appropriate Committee to respond to the consultation.

As the deadline for consultation was 12 February 2016, prior to the PRS Committee meeting scheduled for 25 February, the committee considered this at its business day on 28 January. A response was agreed and submitted by the chair. This is attached for the Committee's noting.

ARGYLL AND BUTE COUNCIL

PRS Committee

CUSTOMER SERVICES

25 FEBRUARY 2016

HMICS SCRUTINY PLAN 2016/17 CONSULTATION

2.0 INTRODUCTION

- 2.1 HM Inspectorate for Constabulary Scotland issued a consultation on their proposed Scrutiny Plan for 2016/17 on 8 January 2016. The deadline for submission was 12 February 2016.
- 2.2 As the PRS Committee has the remit to scrutinise Police Scotland, in accordance with the council's duties under the Police and Fire Reform Act 2012, PRS was considered the most appropriate Committee to respond to the consultation.
- 2.3 As the deadline for consultation was 12 February 2016, prior to the PRS Committee meeting scheduled for 25 February, the committee considered this at its business day on 28 January. A response was agreed and submitted by the chair. This is attached for the Committee's noting.

3.0 RECOMMENDATIONS

- 3.1 Note the attached response submitted by the PRS Chair to HMICS in accordance with the position agreed at the PRS Committee Business Day on 28 January 2016.

4.0 DETAIL

- 4.1 Her Majesty's Inspectorate of Constabulary in Scotland, (HMICS), has a statutory role to report on the state, effectiveness and efficiency of both Police Scotland and the Scottish Police Authority. In May 2014, they published HMICS Corporate Strategy 2014-2017, which outlined their approach to scrutiny, together with our inspection framework.
- 4.2 On 8 January 2016, HM Inspectorate for Constabulary Scotland issued a consultation on their proposed Scrutiny Plan for 2016/17 on 8 January 2016 seeking views on its proposals or on any other areas the council considered would benefit from scrutiny by HMICS during 2016-17. The deadline for submission of views was 12 February 2016.
- 4.3 The Scrutiny Plan sets out the proposed approach to inspection, supported by their Scrutiny Framework, which seeks to provide structure to their activities

and the means to transparently, consistently and objectively assess policing in Scotland. Their approach to inspection is supported by their framework, which has been developed using the principles outlined in the *Public Sector Improvement Framework* self-evaluation model used in many public sector settings. It has been adapted to provide a scrutiny framework model to assist specifically in the inspection of elements of policing or the Authority. It will form the basis of any inspection but provides sufficient flexibility to be adapted so that the key themes and sub-elements reflect the purpose of the inspection to be undertaken.



4.4 At the PRS Business Day on 28 January, the committee members discussed and endorsed the framework and mandated the Chair to respond to HMICS directly to ensure the timescale for submitting views was adhered to.

5.0 CONCLUSION

5.1 The PRS Committee members considered the HMICS Scrutiny Plan 2016/17 at their Business Day in January and mandated the chair to respond to the consultation supporting the framework.

6.0 IMPLICATIONS

6.0 IMPLICATIONS

6.1 Policy - none

6.2 Financial - none

6.3 Legal - none

6.4 HR - none

6.5 Equalities - none

6.6 Risk - none

6.7 Customer Service - none

Douglas Hendry - Executive Director of Customer Services
Policy Lead – Councillor Dick Walsh
February 2016

For further information contact: Jane Fowler, Head of Improvement and HR

APPENDICES

Appendix 1 – PRS Chair's response to HMICS

Marshall, Shona

From: Ian Ross <ianmmross@gmail.com>
Sent: 01 February 2016 12:53
To: Dennis.Hunter@scotland.gsi.gov.uk
Cc: Marshall, Shona
Subject: HMICS Scrutiny Plan 2016-17

Good afternoon, Mr Hunter ,

I write as Chair of the Performance Review and Scrutiny Committee of Argyll & Bute Council to confirm our consideration, as a

committee, of the HMICS Scrutiny Plan 2016-17 .

We found the document to be commendably lucid and comprehensive. Discussion of our own aspirations for the year ahead were most helpfully stimulated by the Plan and our local interaction with Police Scotland will be that better informed.

We thank you for sight of the Plan and applaud the authors and the ambition.

Sincerely,

Ian M M Ross

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ARGYLL AND BUTE COUNCIL**PERFORMANCE REVIEW AND SCRUTINY
COMMITTEE****STRATEGIC FINANCE****25 FEBRUARY 2016**

**TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT
STRATEGY**

1. EXECUTIVE SUMMARY

- 1.1 This report seeks Members approval of the proposed Treasury Management Strategy Statement and Annual Investment Strategy. These set out the Council's strategy for borrowing and investment for the forthcoming year along with the Council's Prudential Indicators which require to be set for a three year period.
- 1.2 The production of a Treasury Management Strategy Statement and Annual Investment Strategy for the forthcoming financial year is a requirement of the Treasury Management in the Public Services Code of Practice issued by the Chartered Institute of Public Finance and Accountancy.
- 1.3 The Treasury Management Strategy Statement and Annual Investment Strategy meet the requirements of the CIPFA Code of Practice on Treasury Management in Local Authorities.
- 1.4 The draft Treasury Management Strategy Statement and Annual Investment Strategy will be presented to the:
- Policy and Resources Committee on 11 February 2016
 - Council on 11 February 2016
 - Performance Review and Scrutiny (PRS) Committee on 25 February 2016
 - Council on 21 April 2016, following review and comments from the PRS Committee.
- 1.5 As part of the scrutiny of the Treasury Management Strategy Statement and Annual Investment Strategy, the Performance Review and Scrutiny Committee will be asked to review the attached strategies and comment on it with any amendments required being brought to Council for approval in April.
- 1.6 The main changes to the Treasury Management Strategy Statement from 2015-16 are in the Treasury Indicators to reflect the expected movements in the Council's Capital Financing Requirement.
- 1.7 In terms of the Investment Strategy the main change, is to reduce the minimum Sovereign rating required in respect of counterparties from AA+ to AA. This change is to bring our Investment Strategy closer to Capita's suggested minimum requirement of AA-.
- 1.8 The change would permit the use of countries which are currently rated AA+ on the list if they were subject to future downgrades by the ratings agencies to AA. However, a consequence of the reduction in rating is that Abu Dhabi (UAE) and Qatar would feature on the list of approved countries and it is recommended that

these countries are removed from the list of approved countries for investment.

2. RECOMMENDATIONS

2.1 To refer to Council:

- (i) To approve the proposed Treasury Management Strategy Statement and Annual Investment Strategy.
- (ii) To approve the removal of Abu Dhabi (UAE) and Qatar from the list of approved countries for investment.

3. IMPLICATIONS

3.1 Policy – Sets the policy for borrowing and investment Decisions.

3.2 Financial - There are no direct financial implications arising from the recommendations in this report. An effective Treasury Management Strategy does however form a significant part of the Council's financial arrangements and its financial well-being.

3.3 Legal - None.

3.4 HR - None.

3.5 Equalities - None.

3.6 Risk - This report does not require any specific risk issues to be addressed, however members will be aware that the management of risk is an integral part of the Council's treasury management activities.

3.7 Customer Service - None.

Policy Lead for Strategic Finance: Councillor Dick Walsh

**Kirsty Flanagan
Head of Strategic Finance
3 February 2016**

For further information please contact Peter Cupples. Finance Manager
Corporate Support 01546-604183.

APPENDICES

Appendix 1 – Treasury Management Strategy Statement and Annual Investment Strategy 2016-17



**Treasury Management Strategy Statement
and Annual Investment Strategy 2016-2017**

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1 INTRODUCTION

1.1 Background

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

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

CIPFA defines treasury management as:

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

1.2 Reporting requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

In year treasury management reporting – Members will be updated with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision at each meeting of the Policy and Resources Committee.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.3 Treasury Management Strategy for 2016/17

The strategy for 2016/17 covers two main areas:

Capital issues

- the capital plans and the prudential indicators..

Treasury management issues

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

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

1.4 Treasury management consultants

The Council uses Capita Asset Services as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

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

2 THE CAPITAL PRUDENTIAL INDICATORS 2016/17 – 2018/19

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

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The capital expenditure forecasts are:

Capital expenditure £'000	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Community Services	17,905	13,228	2,199
Customer Services	1,666	1,373	865
Development and Infrastructure Services	15,114	11,325	11,694
Unallocated Capital			
Total	34,685	25,926	14,758

Other long term liabilities. The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Capital expenditure £'000	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Total	34,685	25,926	14,758
Financed by:			
Capital receipts	6,302	8,090	250
Capital grants	9,359	11,852	11,852
Capital reserves	-	-	-
Revenue	1,087	1,818	-
Net financing need for the year	17,937	4,166	2,656

2.2 The Council's borrowing need (the Capital Financing Requirement)

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

The CFR does not increase indefinitely, as scheduled debt amortisation (loans pool charges) broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £77.9m of such schemes within the CFR.

The Council is asked to approve the CFR projections below:

£'000	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Capital Financing Requirement			
Opening CFR	259,000	265,766	259,688
Closing CFR	265,766	259,688	251,991
Movement in CFR	6,766	(6,078)	(7,697)

Movement in CFR represented by			
Net financing need for the year (above)	17,937	4,166	2,656
Less scheduled debt amortisation	11,171	10,244	10,353
Movement in CFR	6,766	(6,078)	(7,697)

2.3 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end investment balances.

Year End Resources £'000	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Expected investments	20,000	15,000	10,000

2.4 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

2.5 Ratio of financing costs to net revenue stream.

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2016/17 Budget	2017/18 Budget	2018/19 Budget
Ratio	7.80%	7.39%	7.39%

The estimates of financing costs include current commitments and the proposals in this budget report.

2.6 Incremental impact of capital investment decisions on council tax.

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in the capital budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

Incremental impact of capital investment decisions on the band D council tax

£	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Council tax - band D	38.44	8.92	5.70

3 TREASURY MANAGEMENT STRATEGY

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2015, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£'000	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
External Debt					
Debt at 1 April	161,181	173,379	154,589	169,589	179,589
Change in Debt	12,198	(18,790)	15,000	10,000	2,000
Other long-term liabilities (OLTL)	79,605	77,871	75,994	74,058	72,051
Expected change in OLTL	(1,734)	(1,877)	(1,935)	(2,007)	(2,117)
Actual gross debt at 31 March	251,250	230,583	243,648	251,640	251,523
The Capital Financing Requirement	257,556	259,000	265,766	259,688	251,991
Under / (over) borrowing	6,306	28,417	22,118	8,048	468

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Head of Strategic Finance reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

3.2 Treasury Indicators: limits to borrowing activity

The Operational Boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary £m	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Debt	215	210	210
Other long term liabilities	80	80	80
Total	295	290	290

The authorised limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

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

Authorised limit £m	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Debt	220	215	215
Other long term liabilities	83	83	83
Total	303	298	298

3.3 Prospects for interest rates

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank rate	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%
5yr PWLB rate	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%
10yr PWLB rate	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%
25yr PWLB rate	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%	4.10%
50yr PWLB rate	3.20%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%	4.00%

UK. UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again, it looks likely to disappoint previous forecasts and come in at about 2%. Quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a slight increase in quarter 2 to +0.5% (+2.3% y/y) before weakening again to +0.4% (2.1% y/y) in quarter 3. The November Bank of England Inflation Report included a forecast for growth to remain

around 2.5 – 2.7% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero since February 2015 this year. Investment expenditure is also expected to support growth. However, since the August Inflation report was issued, most worldwide economic statistics have been weak and financial markets have been particularly volatile. The November Inflation Report flagged up particular concerns for the potential impact on the UK.

The Inflation Report was also notably subdued in respect of the forecasts for inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon was the biggest since February 2013. However, the first round of falls in oil, gas and food prices over late 2014 and also in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but a second, more recent round of falls in fuel and commodity prices will delay a significant tick up in inflation from around zero: this is now expected to get back to around 1% by the end of 2016 and not get to near 2% until the second half of 2017, though the forecasts in the Report itself were for an even slower rate of increase. However, more falls in the price of oil and imports from emerging countries in early 2016 will further delay the pick up in inflation. There is therefore considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing the Bank Rate.

The weakening of UK GDP growth during 2015 and the deterioration of prospects in the international scene, especially for emerging market countries, have consequently led to forecasts for when the first increase in Bank Rate would occur being pushed back to quarter 4 of 2016. There is downside risk to this forecast i.e. it could be pushed further back.

USA. The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then pulled back to 2.0% in quarter 3. The run of strong monthly increases in nonfarm payrolls figures for growth in employment in 2015 prepared the way for the Fed. to embark on its long awaited first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

EZ. In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. At the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme of monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.3% y/y) but has then eased back to +0.4% (+1.6% y/y) in quarter 2 and to +0.3% (+1.6%) in quarter 3. Financial markets were disappointed by the ECB's lack of more decisive action in December and it is likely that it will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

Greece. During July, Greece finally capitulated to EU demands to implement a major programme of austerity and is now cooperating fully with EU demands. An €86bn third bailout package has since been agreed though it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so Greek exit from the euro may only have been delayed by this latest bailout.

Portugal and Spain. The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost their majority of seats. An anti-austerity coalition has won a majority of seats in Portugal while the general election in Spain produced a complex result where no combination of two main parties is able to form a coalition with a majority of seats. It is currently unresolved as to what administrations will result from both these situations. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.

- Investment returns are likely to remain relatively low during 2016/17 and beyond;
- Borrowing interest rates have been highly volatile during 2015 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. Gilt yields have continued to remain at historically phenomenally low levels during 2015. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

3.4 Borrowing strategy

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2016/17 treasury operations. The Head of Strategic Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
-

- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.*

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

3.5 Treasury management limits on activity

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

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

£m	2016/17	2017/18	2018/19
Interest rate exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	190%	190%	190%
Limits on variable interest rates based on net debt	60%	60%	60%
Maturity structure of fixed interest rate borrowing 2016/17			
	Lower	Upper	
Under 12 months	0%	30%	
12 months to 2 years	0%	30%	
2 years to 5 years	0%	30%	
5 years to 10 years	0%	40%	
10 years and above	0%	80%	

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sum borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Debt rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

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

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

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

4 ANNUAL INVESTMENT STRATEGY

4.1 Introduction: changes to 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 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. A consequence of these new methodologies is that they have also lowered the importance of the (Fitch) Support and Viability ratings and have seen the (Moody's) Financial Strength rating withdrawn by the agency.

In keeping with the agencies' new methodologies, the rating element of our own 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 for Standard & Poor's, this has been a change in 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 this authority understands the changes that have taken place, it will continue to specify a minimum sovereign rating of AA. This is in relation 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. They are merely reflective of a reassessment of rating agency 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.

4.2 Investment policy

The Council's investment policy has regard to the Scottish Government's Investments Investment (Scotland) Regulations (and accompanying Finance Circular) and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second and then return.

In accordance with guidance from the Scottish Government and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

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

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

Investment instruments identified for use in the financial year are listed in appendices 5.3 and 5.4. Counterparty limits will be as set through the Council's treasury management practices – schedules.

4.3 Creditworthiness policy

This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years
 - Dark pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
 - Light pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
 - Purple 2 years
 - Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
-

- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

The Capita Asset Services’ creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency’s ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

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

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council’s minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Capita Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council’s lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on sovereign support for banks and the credit ratings of that supporting government.

4.4 Country and sector limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA from Fitch with the exception of Abu Dhabi (UAE) and Qatar. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.5. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy with a minimum credit rating of AA from Fitch.

4.5 Council Permitted Investments

The Investments Regulations (Code on the Investment of Money by Local Authorities) requires the Council approval of all the types of investments to be used and set appropriate limits for the amount that can be held in each investment type. These types of investments are termed permitted investments and any investments used which has not been approved as a permitted investment will be considered ultra vires.

The permitted investment which may be used in the forthcoming year:

Cash Type Instruments

- a. Deposits with the Debt Management Account Facility (UK Government);
- b. Deposits with other local authorities or public bodies;
- c. Money Market Funds;
- d. Enhanced Money Market Funds;
- e. Call account deposit accounts with financial institutions (banks and building societies);
- f. Term deposits with financial institutions (banks and building societies);
- g. UK Government Gilts and Treasury Bills;
- h. Certificates of deposits with financial institutions (banks and building societies);
- i. Structured deposit facilities with banks and building societies (escalating rates, de-escalating rates etc.);
- j. Corporate Bonds;

Other Funds

- k. Investment properties;
- l. Loans to third parties, including soft loans;
- m. Shareholdings in a local authority company;
- n. Non-local authority shareholdings;
- o. Loans to third parties as part of the Council's Empty Homes Strategy;
- p. Loans to third parties as part of the Council's SHF Front Funding Facility;
- q. Loans to third parties as part of the Council's Long Term Loan Funding to RSL's;
- r. Hub Co Sub Debt.

Details of the risks, mitigating controls and limits associated with each of these permitted categories are shown in Appendix 5.4.

Common Good permitted investments are shown at Appendix 5.3, and where applicable the same counterparty selection criteria will be applied.

For those permitted cash type investments the Head of Strategic Finance will maintain a counterparty list in compliance with the counterparty selection criteria as stated above. These criteria select which counterparties the Council choose from, rather than defining what its investments are.

4.6 Investment Strategy

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

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 4 of 2016. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 0.75%
- 2017/18 1.25%
- 2018/19 1.75%

The overall balance of risks to these forecasts is currently to the downside (i.e. start of increases in Bank Rate occurs later). However, should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk.

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 364 days			
	2016/17	2017/18	2018/19
Principal sums invested > 364 days	£20m	£20m	£20m

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 364 days) in order to benefit from the compounding of interest.

4.7 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.8 External fund managers

The Council at present does not use fund manager but may consider the use of a manager in the future.

4.9 Policy on the Use of External Service Providers

The Council uses Capita Asset Services as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

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

4.10 Scheme of Delegation

Please see Appendix 5.6.

4.11 Role of the Section 95 Officer

Please see Appendix 5.7.

4.12 Treasury Management Policy

Please see Appendix 5.8.

5 APPENDICES

1. Interest rate forecasts
 2. Economic background
 3. Treasury management practice (TMP1) – permitted investments
 4. Treasury management practice (TMP1) – credit and counterparty risk management
 5. Approved countries for investments
 6. Treasury management scheme of delegation
 7. The treasury management role of the section 95 officer
 8. Treasury Management Policy Statement
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5.1 APPENDIX: Interest Rate Forecasts 2016 - 2019

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

Capita Asset Services Interest Rate View													
	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank Rate View	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%
3 Month LIBID	0.50%	0.50%	0.60%	0.80%	0.90%	1.00%	1.10%	1.30%	1.40%	1.50%	1.60%	1.80%	1.90%
6 Month LIBID	0.70%	0.70%	0.80%	0.90%	1.00%	1.20%	1.30%	1.50%	1.60%	1.70%	1.80%	2.00%	2.20%
12 Month LIBID	1.00%	1.00%	1.10%	1.20%	1.30%	1.50%	1.60%	1.80%	1.90%	2.00%	2.10%	2.30%	2.40%
5yr PWLB Rate	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%
10yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%
25yr PWLB Rate	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%	4.10%
50yr PWLB Rate	3.20%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%	4.00%
Bank Rate													
Capita Asset Services	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%
Capital Economics	0.50%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	-	-	-	-	-
5yr PWLB Rate													
Capita Asset Services	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%
Capital Economics	2.60%	2.70%	2.80%	3.00%	3.10%	3.20%	3.30%	3.50%	-	-	-	-	-
10yr PWLB Rate													
Capita Asset Services	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%
Capital Economics	3.35%	3.45%	3.45%	3.55%	3.65%	3.75%	3.85%	3.95%	-	-	-	-	-
25yr PWLB Rate													
Capita Asset Services	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%	4.10%
Capital Economics	3.35%	3.45%	3.45%	3.55%	3.65%	3.75%	3.85%	3.95%	-	-	-	-	-
50yr PWLB Rate													
Capita Asset Services	3.20%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%	4.00%
Capital Economics	3.40%	3.50%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	-	-	-	-	-

5.2 APPENDIX: Economic Background

UK. UK GDP growth rates in of 2.2% in 2013 and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and although the 2015 growth rate is likely to be a leading rate in the G7 again, it looks likely to disappoint previous forecasts and come in at about 2%. Quarter 1 2015 was weak at +0.4% (+2.9% y/y), although there was a slight increase in quarter 2 to +0.5% before weakening again to +0.4% (+2.1% y/y) in quarter 3. The Bank of England's November Inflation Report included a forecast for growth to remain around 2.5% – 2.7% over the next three years. For this recovery, however, to become more balanced and sustainable in the longer term, it still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.1%.

Since the August Inflation report was issued, most worldwide economic statistics have been weak and financial markets have been particularly volatile. The November Inflation Report flagged up particular concerns for the potential impact of these factors on the UK. Bank of England Governor Mark Carney has set three criteria that need to be met before he would consider making a start on increasing Bank Rate. These criteria are patently not being met at the current time, (as he confirmed in a speech on 19 January):

- *Quarter-on-quarter GDP growth is above 0.6% i.e. using up spare capacity. This condition was met in Q2 2015, but Q3 came up short and Q4 looks likely to also fall short.*
- *Core inflation (stripping out most of the effect of decreases in oil prices), registers a concerted increase towards the MPC's 2% target. This measure was on a steadily decreasing trend since mid-2014 until November 2015 @ 1.2%. December 2015 saw a slight increase to 1.4%.*
- *Unit wage costs are on a significant increasing trend. This would imply that spare capacity for increases in employment and productivity gains are being exhausted, and that further economic growth will fuel inflationary pressures.*

The MPC has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of CPI inflation in order to underpin a sustainable recovery. It has, therefore, been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which has been around zero since February. However, it is unlikely that the MPC would start raising rates until wage inflation was expected to consistently stay over 3%, as a labour productivity growth rate of around 2% would mean that net labour unit costs would still only be rising by about 1% y/y. The Inflation Report was notably subdued in respect of the forecasts for CPI inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon it was the biggest since February 2013. However, the first round of falls in oil, gas and food prices in late 2014 and in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but only to be followed by a second, subsequent round of falls in fuel and commodity prices which will delay a significant tick up in inflation from around zero. CPI inflation is now expected to get back to around 1% in the second half of 2016 and not get near to 2% until the second half of 2017, though the forecasts in the Report itself were for an even slower rate of increase.

However, with the price of oil having fallen further in January 2016, and with sanctions having been lifted on Iran, enabling it to sell oil freely into international markets, there

could well be some further falls still to come in 2016. The price of other commodities exported by emerging countries could also have downside risk and several have seen their currencies already fall by 20-30%, (or more), over the last year. These developments could well lead the Bank of England to lower the pace of increases in inflation in its February 2016 Inflation Report. On the other hand, the start of the national living wage in April 2016 (and further staged increases until 2020), will raise wage inflation; however, it could also result in a decrease in employment so the overall inflationary impact may be muted.

Confidence is another big issue to factor into forecasting. Recent volatility in financial markets could dampen investment decision making as corporates take a more cautious view of prospects in the coming years due to international risks. This could also impact in a slowdown in increases in employment. However, consumers will be enjoying the increase in disposable incomes as a result of falling prices of fuel, food and other imports from emerging countries, so this could well feed through into an increase in consumer expenditure and demand in the UK economy, (a silver lining!). Another silver lining is that the UK will not be affected as much as some other western countries by a slowdown in demand from emerging countries, as the EU and US are our major trading partners.

There is, therefore, considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate. There are also concerns around the fact that the central banks of the UK and US currently have few monetary policy options left to them given that central rates are near to zero and huge QE is already in place. There are, accordingly, arguments that rates ought to rise sooner and quicker, so as to have some options available for use if there was another major financial crisis in the near future. But it is unlikely that either would aggressively raise rates until they are sure that growth was securely embedded and 'noflation' was not a significant threat.

The forecast for the first increase in Bank Rate has, therefore, been pushed back progressively over the last year from Q4 2015 to Q4 2016. Increases after that are also likely to be at a much slower pace, and to much lower final levels than prevailed before 2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers and householders than they did before 2008. There has also been an increase in momentum towards holding a referendum on membership of the EU in 2016, rather than in 2017, with Q3 2016 being the current front runner in terms of timing; this could impact on MPC considerations to hold off from a first increase until the uncertainty caused by it has passed.

The Government's revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20 and this timetable was maintained in the November Budget.

USA. GDP growth in 2014 of 2.4% was followed by Q1 2015 growth, which was depressed by exceptionally bad winter weather, at only +0.6% (annualised). However, growth rebounded remarkably strongly in Q2 to 3.9% (annualised) before falling back to +2.0% in Q3.

Until the turmoil in financial markets in August, caused by fears about the slowdown in Chinese growth, it had been strongly expected that the Fed. would start to increase rates in September. The Fed pulled back from that first increase due to global risks which might depress US growth and put downward pressure on inflation, as well as a 20% appreciation of the dollar which has caused the Fed. to lower its growth forecasts. Although the non-farm payrolls figures for growth in employment in August and September were disappointingly weak, the October figure was stunningly strong while

November was also reasonably strong (and December was outstanding); this, therefore, opened up the way for the Fed. to embark on its first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

EZ. In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. At the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme of monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.3% y/y) but has then eased back to +0.4% (+1.6% y/y) in quarter 2 and to +0.3% (+1.6%) in quarter 3. Financial markets were disappointed by the ECB's lack of more decisive action in December and it is likely that it will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

Greece. During July, Greece finally capitulated to EU demands to implement a major programme of austerity. An €86bn third bailout package has since been agreed although it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the initial resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so a Greek exit from the euro may only have been delayed by this latest bailout.

Portugal and Spain. The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost their majority of seats. A left wing / communist anti-austerity coalition has won a majority of seats in Portugal. The general election in Spain produced a complex result where no combination of two main parties is able to form a coalition with a majority of seats. It is currently unresolved as to what administrations will result from both these situations. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.

China and Japan. Japan is causing considerable concern as the increase in sales tax in April 2014 suppressed consumer expenditure and growth. In Q2 2015 quarterly growth shrank by -0.2% after a short burst of strong growth of 1.1% during Q1, but then came back to +0.3% in Q3 after the first estimate had indicated that Japan had fallen back into recession; this would have been the fourth recession in five years. Japan has been hit hard by the downturn in China during 2015 and there are continuing concerns as to how effective efforts by the Abe government to stimulate growth, and increase the rate of inflation from near zero, are likely to prove when it has already fired the first two of its 'arrows' of reform but has dithered about firing the third, deregulation of protected and inefficient areas of the economy.

As for China, the Government has been very active during 2015 and the start of 2016, in implementing several stimulus measures to try to ensure the economy hits the growth

target of about 7% for 2015. It has also sought to bring some stability after the major fall in the onshore Chinese stock market during the summer and then a second bout in January 2016. Many commentators are concerned that recent growth figures could have been massaged to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of much of bank lending to corporates and local government during the post 2008 credit expansion period. Overall, China is still expected to achieve a growth figure that the EU would be envious of. Nevertheless, there are growing concerns about whether the Chinese economy could be heading for a hard landing and weak progress in rebalancing the economy from an over dependency on manufacturing and investment to consumer demand led services. There are also concerns over the volatility of the Chinese stock market, which was the precursor to falls in world financial markets in August and September and again in January 2016, which could lead to a flight to quality to bond markets. In addition, the international value of the Chinese currency has been on a steady trend of weakening and this will put further downward pressure on the currencies of emerging countries dependent for earnings on exports of their commodities.

Emerging countries. There are also considerable concerns about the vulnerability of some emerging countries, and their corporates, which are getting caught in a perfect storm. Having borrowed massively in dollar denominated debt since the financial crisis, (as investors searched for yield by channelling investment cash away from western economies with dismal growth, depressed bond yields and near zero interest rates into emerging countries), there is now a strong flow back to those western economies with strong growth and a path of rising interest rates and bond yields.

The currencies of emerging countries have therefore been depressed by both this change in investors' strategy, and the consequent massive reverse cash flow, and also by the expectations of a series of central interest rate increases in the US which has caused the dollar to appreciate significantly. In turn, this has made it much more costly for emerging countries to service their dollar denominated debt at a time when their earnings from commodities are depressed by a simultaneous downturn in demand for their exports and a deterioration in the value of their currencies. There are also likely to be major issues when previously borrowed debt comes to maturity and requires refinancing at much more expensive rates.

Corporates (worldwide) heavily involved in mineral extraction and / or the commodities market may also be at risk and this could also cause volatility in equities and safe haven flows to bonds. Financial markets may also be buffeted by the sovereign wealth funds of those countries that are highly exposed to falls in commodity prices and which, therefore, may have to liquidate investments in order to cover national budget deficits.

CAPITA ASSET SERVICES FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Capita Asset Services undertook its last review of interest rate forecasts on 19 January 2016. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data evolves over time. . There is much volatility in rates and bond yields as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 4 of 2016.

The overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of QE. At some future point in time, an increase in investor confidence in eventual world economic recovery is also likely to

compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently to the downside, given the number of potential headwinds that could be growing on both the international and UK scene. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

However, the overall balance of risks to our Bank Rate forecast is probably to the downside, i.e. the first increase, and subsequent increases, may be delayed further if recovery in GDP growth, and forecasts for inflation increases, are lower than currently expected. Market expectations in January 2016, (based on short sterling), for the first Bank Rate increase are currently around quarter 1 2017.

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

- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or Fed. rate increases, causing a flight to safe havens.
- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- Uncertainty around the risk of a UK exit from the EU.
- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

5.3 APPENDIX: Treasury Management Practice (TMP1): Permitted Investments

This Council approves the following forms of investment instrument for use as permitted investments as set out in table 1 and 2.

Treasury risks

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

1. **Credit and counter-party risk:** this is the risk of failure by a counterparty (bank or building society) to meet its contractual obligations to the organisation particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources. There are no counterparties where this risk is zero although AAA rated organisations have the highest, relative, level of creditworthiness.
2. **Liquidity risk:** this is the risk that cash will not be available when it is needed. While it could be said that all counterparties are subject to at least a very small level of liquidity risk as credit risk can never be zero, in this document, liquidity risk has been treated as whether or not instant access to cash can be obtained from each form of investment instrument. However, it has to be pointed out that while some forms of investment e.g. gilts, CDs, corporate bonds can usually be sold immediately if the need arises, there are two caveats: - a. cash may not be available until a settlement date up to three days after the sale b. there is an implied assumption that markets will not freeze up and so the instrument in question will find a ready buyer. The column in tables 1 / 2 headed as 'market risk' will show each investment instrument as being instant access, sale T+3 = transaction date plus 3 business days before you get cash, or term i.e. money is locked in until an agreed maturity date.
3. **Market risk:** this is the risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately. However, some cash rich local authorities may positively want exposure to market risk e.g. those investing in investment instruments with a view to obtaining a long term increase in value.
4. **Interest rate risk:** this is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately. This authority has set limits for its fixed and variable rate exposure in its Treasury Indicators in this report. All types of investment instrument have interest rate risk.
5. **Legal and regulatory risk:** this is the risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

Controls on treasury risks

1. **Credit and counter-party risk:** this authority has set minimum credit criteria to determine which counterparties and countries are of sufficiently high creditworthiness to be considered for investment purposes. See paragraphs 4.2 and 4.3.

2. **Liquidity risk:** this authority has a cash flow forecasting model to enable it to determine how long investments can be made for and how much can be invested.
3. **Market risk:** this authority does not purchase investment instruments that are subject to market risk in terms of fluctuation in their value.
4. **Interest rate risk:** this authority manages this risk by having a view of the future course of interest rates and then formulating a treasury management strategy accordingly which aims to maximise investment earnings consistent with control of risk or alternatively, seeks to minimise expenditure on interest costs on borrowing. See paragraph 4.4.
5. **Legal and regulatory risk:** this authority will not undertake any form of investing until it has ensured that it has all necessary powers and also complied with all regulations. All types of investment instruments

Unlimited investments

Regulation 24 states that an investment can be shown in tables 1 and 2 as being 'unlimited' in terms of the maximum amount or percentage of the total portfolio that can be put into that type of investment. However, it also requires that an explanation must be given for using that category.

The authority has given the following types of investment an unlimited category: -

1. **Debt Management Agency Deposit Facility.** This is considered to be the lowest risk form of investment available to local authorities as it is operated by the Debt Management Office which is part of H.M. Treasury i.e. the UK Government's sovereign rating stands behind the DMADF. It is also a deposit account and avoids the complications of buying and holding Government issued treasury bills or gilts.
2. **High credit worthiness banks and building societies.** See paragraph 4.2 for an explanation of this authority's definition of high credit worthiness. While an unlimited amount of the investment portfolio may be put into banks and building societies with high credit worthiness, the authority will ensure diversification of its portfolio ensuring that no more than £10m can be placed with any one institution or group at any one time.

Objectives of each type of investment instrument

Regulation 25 requires an explanation of the objectives of every type of investment instrument which an authority approves as being 'permitted'.

DEPOSITS

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

- a) **Debt Management Agency Deposit Facility.** This offers the lowest risk form of investment available to local authorities as it is effectively an investment placed with the Government. It is also easy to use as it is a deposit account and avoids the complications of buying and holding Government issued treasury bills or gilts. As it is low risk it also earns low rates of interest. However, it is very useful for authorities whose overriding priority is the avoidance of risk. The longest period for a term deposit with the DMADF is 6 months.
- b) **Term deposits with high credit worthiness banks and building societies.** See paragraph 4.2 for an explanation of this authority's definition of high credit worthiness. This is the most widely used form of investing used by local authorities. It offers a much higher rate of return than the DMADF (dependent on term). The authority will ensure diversification of its portfolio of deposits ensuring that no more than £10m can be placed with any one institution or group. In addition, longer term deposits offer an opportunity to increase investment returns by locking in high rates ahead of an expected fall in the level of interest rates. At other times, longer term rates can offer good value when the markets incorrectly assess the speed and timing of interest rate increases. This form of investing therefore, offers a lot of flexibility and higher earnings than the DMADF. Where it is restricted is that once a longer term investment is made, that cash is locked in until the maturity date.
- c) **Call accounts with high credit worthiness banks and building societies.** The objectives are as for 1b. but there is instant access to recalling cash deposited. This generally means accepting a lower rate of interest than that which could be earned from the same institution by making a term deposit. Some use of call accounts is highly desirable to ensure that the authority has ready access to cash when needed to pay bills.
- d) **Fixed term deposits with variable rate and variable maturities (structured deposits).** This line encompasses ALL types of structured deposits. There has been considerable change in the types of structured deposits brought to the market over the last few years, some of which are already no longer available. In view of the fluidity of this area, this is a generic title for all structured deposits so as to provide councils with greater flexibility to adopt new instruments as and when they are brought to the market. However, this does mean that members ought to be informed as to what instruments are presently under this generic title so that they are aware of the current situation, and that they are informed and approve of intended changes in an appropriate manner.
- e) **Collateralised deposits.** These are deposits placed with a bank which offers collateral backing based on specific assets. Examples seen in the past have included local authority LOBOs, where such deposits are effectively lending to a local authority as that is the ultimate security.

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

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

- a. **Term deposits with high credit worthiness banks which are fully or semi nationalised.** As for 1b. but Government full, (or substantial partial), ownership, implies that the Government stands behind this bank and will be deeply committed to providing whatever support that may be required to ensure the continuity of that bank. This authority considers that this indicates a low and acceptable level of residual risk.
- b. **Fixed term deposits with variable rate and variable maturities (structured deposits).** This line encompasses ALL types of structured deposits. There has been considerable change in the types of structured deposits brought to the market over the last few years, some of which are already no longer available. In view of the fluidity of this area, this is a generic title for all structured deposits so as to provide councils with greater flexibility to adopt new instruments as and when they are brought to the market. However, this does mean that members ought to be informed as to what instruments are presently covered under this generic title so that they are aware of the current situation, and that they are informed and approve of intended changes in an appropriate manner.

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

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

which means they are more volatile. These funds can have WAM's and Weighted Average Life (WAL's) of 90 – 365 days or even longer. Their primary objective is yield and capital preservation is second. They therefore are a higher risk than MMFs and correspondingly have the potential to earn higher returns than MMFs.

- d. **Gilt funds.** These are funds which invest only in U.K. Government gilts. They offer a lower rate of return than bond funds but are highly rated both as a fund and through investing only in highly rated government securities. They offer a higher rate of return than investing in the DMADF but they do have an exposure to movements in market prices of assets held.
- e. **Bond funds.** These can invest in both government and corporate bonds. This therefore entails a higher level of risk exposure than gilt funds and the aim is to achieve a higher rate of return than normally available from gilt funds by trading in non-government bonds.

4. SECURITIES ISSUED OR GUARANTEED BY GOVERNMENTS

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

- b. **Treasury bills.** These are short term bills (up to 12 months, although none have ever been issued for this maturity) issued by the Government and so are backed by the sovereign rating of the UK. The yield is higher than the rate of interest paid by the DMADF and another advantage compared to a time deposit in the DMADF is that they can be sold if there is a need for access to cash at any point in time. However, there is a spread between purchase and sale prices so early sales could incur a net cost during the period of ownership.
- c. **Gilts.** These are longer term debt issuance by the UK Government and are backed by the sovereign rating of the UK. The yield is higher than the rate of interest paid by the DMADF and another advantage compared to a time deposit in the DMADF is that they can be sold if there is a need for access to cash at any point in time. However, there is a spread between purchase and sale prices so early sales may incur a net cost. Market movements that occur between purchase and sale may also have an adverse impact on proceeds. The advantage over Treasury bills is that they generally offer higher yields the longer it is to maturity (for most periods) if the yield curve is positive.
- d. **Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government** e.g. National Rail. This is similar to a gilt due to the explicit Government guarantee.
- e. **Sovereign bond issues (other than the UK govt) denominated in Sterling.** As for gilts but issued by other nations. Use limited to issues of nations with at least the same sovereign rating as for the UK.
- f. **Bonds issued by Multi Lateral Development Banks (MLDBs).** These are similar to c. and e. above but are issued by MLDBs which are typically guaranteed by a group of sovereign states e.g. European Bank for Reconstruction and Development.

5. SECURITIES ISSUED BY CORPORATE ORGANISATIONS

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

- a. **Certificates of deposit (CDs).** These are shorter term securities issued by deposit taking institutions (mainly financial institutions). They are negotiable instruments, so can be sold ahead of maturity and also purchased after they have been issued. However, that liquidity can come at a price, where the yield could be marginally less than placing a deposit with the same bank as the issuing bank.
- b. **Commercial paper.** This is similar to CDs but is issued by commercial organisations or other entities. Maturity periods are up to 365 days but commonly 90 days.
- c. **Corporate bonds.** These are (long term) bonds (usually bearing a fixed rate of interest) issued by a financial institution, company or other non-government issuer in order to raise capital for the institution as an alternative to issuing shares or borrowing from banks. They are generally seen to be of a lower creditworthiness than government issued debt and so usually offer higher rates of yield.
- d. **Floating rate notes.** These are bonds on which the rate of interest is established periodically with reference to short-term interest rates.

6. OTHER

Property fund. This is a collective investment fund specialising in property. Rather than owning a single property with all the risk exposure that means to one property in one location rising or falling in value, maintenance costs, tenants actually paying their rent / lease etc, a collective fund offers the advantage of diversified investment over a wide portfolio of different properties. This can be attractive for authorities who want exposure to the potential for the property sector to rise in value. However, timing is critical to entering or leaving this sector at the optimum times of the property cycle of rising and falling values. Typically, the minimum investment time horizon for considering such funds is at least 3-5 years.

Table 1: permitted investments in house – Common Good

This table is for use by the in house treasury management team.

1.1 Deposits

	* Minimum Credit Criteria / colour banding	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
Debt Management Agency Deposit Facility	--	term	no	100	2 years
Term deposits – local authorities	--	term	no	100	2 years
Call accounts – banks and building societies	Green	instant	no	100	Call
Term deposits – banks and building societies	Green	term	no	100	2 years
Fixed term deposits with variable rate and variable maturities: - Structured deposits.	Green	term	no	50	2 years
Collateralised deposit	UK sovereign rating	term	no	50	1 year

1.2 Deposits with counterparties currently in receipt of government support / ownership

	* Minimum Credit Criteria / colour banding	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
UK part nationalised banks	Blue	term	no		
Banks part nationalised by high credit rated (sovereign rating) countries – non UK	AA	term	no		
Fixed term deposits with variable rate and variable maturities: - Structured deposits	AA	term	yes		

1.3 Collective investment schemes structured as Open Ended Investment Companies (OEICs)

	* Minimum Fund Rating	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
1. Government Liquidity Funds	AAA	instant	No see note A	100	1 Year
2. Money Market Funds	AAA	instant	No see note A	100	1 Year
3. Enhanced Money Market Funds with a credit score of 1.25	AAA	T+1 to T+5	yes	100	1 Year
4. Enhanced Money Market Funds with a credit score of 1.5	AAA	T+1 to T+5	yes	100	1 Year
5. Bond Funds	AAA	T+2 or longer	yes	100	1 Year
6. Gilt Funds	AAA	T+2 or longer	yes	100	1 Year

NOTE A. The objective of MMFs is to maintain the net asset value but they hold assets which can vary in value. However, the credit rating agencies require the fluctuation in unit values held by investors to vary by almost zero.

1.4 Securities issued or guaranteed by governments

	* Minimum Credit Criteria	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
Treasury Bills	UK sovereign rating	Sale T+1	yes	100	1 Year
UK Government Gilts	UK sovereign rating	Sale T+1	yes	100	1 Year
Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government e.g. National Rail	UK sovereign rating	Sale T+3	yes	100	1 Year
Sovereign bond issues (other than the UK govt)	AAA (or state your criteria if different)	Sale T+1	yes	80	1 Year
Bonds issued by multilateral development banks	AAA (or state your criteria if different)	Sale T+1	yes	80	1 Year

1.5 Securities issued by corporate organisations

	* Minimum Credit Criteria	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	UK sovereign rating	Sale T+1	yes	80	2 years
Certificates of deposit issued by banks and building societies	UK sovereign rating	Sale T+1	yes	50	2 years
Commercial paper issuance covered by a specific UK Government (explicit) guarantee	UK sovereign rating	Sale T+1	yes	50	2 years
Commercial paper other	AA	Sale T+1	yes	20	2 years
Corporate Bonds issuance covered by UK Government (implicit) guarantee	UK sovereign rating	Sale T+3	yes	50	2 years
Corporate Bonds other	AA	Sale T+3	yes	20	2 years
Other debt issuance by UK banks covered by UK Government (explicit) guarantee	UK sovereign rating	Sale T+3	yes	80	2 years

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

1.6 Other

	* Minimum Credit Criteria / fund rating	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
Property funds	--	T+4	yes	100	5 Years

Table 2: permitted investments for use by external fund managers – Common Good**2.1 Deposits**

	* Minimum Credit Criteria	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
Term deposits – local authorities	--	term	no	100	2 Years
Call accounts – banks and building societies **	Green	instant	no	100	Call
Term deposits – banks and building societies	Green	term	no	100	2 Years
Collateralised deposit	UK sovereign rating	term	no	50	1 Year

2.2 Deposits with counterparties currently in receipt of government support / ownership

	* Minimum Credit Criteria	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
UK part nationalised banks	Blue	Term or instant	no	100	1 Year
Banks part nationalised by high credit rated (sovereign rating) countries – non UK	AA+	Term or instant	no	100	1 Year

If forward deposits are to be made, the forward period plus the deal period should not exceed one year in aggregate.

2.3 Collective investment schemes structured as Open Ended Investment Companies (OEICs)

	* Minimum Fund Rating	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
1. Government Liquidity Funds	AAA	instant	No see note A	100	1 Year
2. Money Market Funds	AAA	instant	No see note A	100	1 Year
3. Enhanced Money Market Funds with a credit score of 1.25	AAA	T+>1	yes	100	1 Year
4. Enhanced Money Market Funds with a credit score of 1.5	AAA	T+>1	yes	100	1 Year
5. Bond Funds	AAA	T+>1	yes	100	1 Year
6. Gilt Funds	AAA	T+>1	yes	100	1 Year

NOTE A. The objective of these funds is to maintain the net asset value but they hold assets which can vary in value. However, the credit rating agencies require the fluctuation in unit values held by investors to vary by almost zero.

2.4 Securities issued or guaranteed by governments

	* Minimum Credit Criteria	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
Treasury Bills	UK sovereign rating	Sale T+1	yes	100	1 Year
UK Government Gilts	UK sovereign rating	Sale T+1	yes	100	1 Year
Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government e.g. National Rail	UK sovereign rating	Sale T+3	yes	100	1 Year
Sovereign bond issues (other than the UK govt)	AAA	Sale T+1	yes	80	1 Year
Bonds issued by multilateral development banks	AAA	Sale T+1	yes	80	1 Year

2.5 Securities issued by corporate organisations

	* Minimum Credit Criteria	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	UK sovereign rating	Sale T+1	yes	80	2 year
Certificates of deposit issued by banks and building	AA	Sale T+1	yes	50	2 years
Commercial paper issuance covered by a specific UK Government (explicit) guarantee	UK sovereign rating	Sale T+1	yes	50	2 years
Commercial paper other	AA	Sale T+1	yes	20	2 years
Corporate Bonds issuance covered by UK Government (implicit) guarantee	UK sovereign rating	Sale T+3	yes	50	2 years
Corporate Bonds other	AA	Sale T+3	yes	20	2 year
Other debt issuance by UK banks covered by UK Government (explicit) guarantee	UK sovereign rating	Sale T+3	yes	50	2 years
Floating Rate Notes	AA	Sale T+1	yes	80	2 years

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

5.4 APPENDIX: Treasury Management Practice (TMP1): Credit and Counterparty Risk Management

Argyll and Bute Council and Common Good Funds Permitted Investments, Associated Controls and Limits

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good Limits
Cash type instruments				
a. Deposits with the Debt Management Account Facility (UK Government) (Very low risk)	This is a deposit with the UK Government and as such counterparty and liquidity risk is very low, and there is no risk to value. Deposits can be between overnight and 6 months.	Little mitigating controls required. As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments.	£unlimited, maximum 6 months.	£unlimited, maximum 6 months.
b. Deposits with other local authorities or public bodies (Very low risk)	These are considered quasi UK Government debt and as such counterparty risk is very low, and there is no risk to value. Liquidity may present a problem as deposits can only be broken with the agreement of the counterparty, and penalties can apply. Deposits with other non-local authority bodies will be restricted to the overall credit rating criteria.	Little mitigating controls required for local authority deposits, as this is a quasi UK Government investment. Non- local authority deposits will follow the approved credit rating criteria.	£unlimited, maximum 1 year.	£unlimited maximum 1 year.
c. Money Market Funds (MMFs) (Very low risk)	Pooled cash investment vehicle which provides very low counterparty, liquidity and market risk. These will primarily be used as liquidity instruments.	Funds will only be used where the MMFs has a “AAA” rated status from either Fitch, Moody’s or Standard and Poor’s.	£10m per fund	100%

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good Limits
d. Enhanced Money Market Funds (EMMFs) (low risk)	Pooled cash investment vehicle which provides very low counterparty, liquidity and market risk. These will primarily be used as liquidity instruments.	Funds will only be used where the EMMFs have a “AAA” rated status from either Fitch, Moody’s or Standard and Poor’s.	£5m per fund	100%
e. Call account deposit accounts with financial institutions (banks and building societies) (Low risk depending on credit rating)	These tend to be low risk investments, but will exhibit higher risks than categories (a), (b) and (c) above. Whilst there is no risk to value with these types of investments, liquidity is high and investments can be returned at short notice.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody’s and Standard and Poor’s Day to day investment dealing with this criteria will be further strengthened by use of additional market intelligence.	As shown in the counterparty section criteria above.	As shown in the counterparty section criteria above.
f. Term deposits with financial institutions (banks and building societies) (Low to medium risk depending on period & credit rating)	These tend to be low risk investments, but will exhibit higher risks than categories (a), (b) and (c) above. Whilst there is no risk to value with these types of investments, liquidity is low and term deposits can only be broken with the agreement of the counterparty, and penalties may apply.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody’s and Standard and Poor’s. Day to day investment dealing with this criteria will be further strengthened by use of additional market intelligence.	As shown in the counterparty section criteria above.	As shown in the counterparty section criteria above.

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good Limits
g. Government Gilts and Treasury Bills (Very low risk)	These are marketable securities issued by the UK Government and as such counterparty and liquidity risk is very low, although there is potential risk to value arising from an adverse movement in interest rates (no loss if these are held to maturity).	Little counterparty mitigating controls are required, as this is a UK Government investment. The potential for capital loss will be reduced by limiting the maximum monetary and time exposures.	£10m, maximum 1 year.	100%, maximum 1 year.
h. Certificates of deposits with financial institutions (Low risk)	These are short dated marketable securities issued by financial institutions and as such counterparty risk is low, but will exhibit higher risks than categories (a), (b) and (c) above. There is risk to value of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates (no loss if these are held to maturity). Liquidity risk will normally be low.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poor's. Day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	£5m, per counterparty 1 year	20% maximum 1 year.

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good Limits
i. Structured deposit facilities with banks and building societies (escalating rates, de-escalating rates etc.) (Low to medium risk depending on period & credit rating)	These tend to be medium to low risk investments, but will exhibit higher risks than categories (a), (b) and (c) above. Whilst there is no risk to value with these types of investments, liquidity is very low and investments can only be broken with the agreement of the counterparty (penalties may apply).	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poor's. Day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	As shown in the counterparty section criteria above.	As shown in the counterparty section criteria above.
j. Corporate bonds (Medium to high risk depending on period & credit rating)	These are marketable securities issued by financial and corporate institutions. Counterparty risk will vary and there is risk to value of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates. Liquidity risk will be low.	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poor's. Corporate bonds will be restricted to those meeting the base criteria. Day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.	£5m maximum 1 year.	20% maximum 1 year.

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good Limits
Other types of investments				
k. Investment properties	These are non-service properties which are being held pending disposal or for a longer term rental income stream. These are highly illiquid assets with high risk to value (the potential for property prices to fall or for rental voids).	In larger investment portfolios some small allocation of property based investment may counterbalance/compliment the wider cash portfolio. Property holding will be re-valued regularly and reported annually with gross and net rental streams.	£10m.	20%.
l. Loans to third parties, including soft loans	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	Each third party loan requires Member approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default.	£10m maximum 5 years.	10% maximum 5 years.
m. Shareholdings in a local authority company	These are service investments which may exhibit market risk and are likely to be highly illiquid.	Each equity investment in a local authority company requires Member approval and each application will be supported by the service rational behind the investment and the likelihood of loss.	50%.	20%.

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good Limits
n. Non-local authority shareholdings	These are non-service investments which may exhibit market risk, be only considered for longer term investments and will be likely to be liquid.	Any non-service equity investment will require separate Member approval and each application will be supported by the service rational behind the investment and the likelihood of loss.	5%.	100%.
o. Loans to third parties as part of the Council's Empty Homes Strategy	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	Each third party loan requires Head of Strategic Finance approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default. Each funding request will be accompanied by financial projections and be subject to an assessment of the project and borrower.	£1.5m and a maximum of 10 years.	N/A
p. Loans to third parties as part of the Council's SHF Front Funding Facility	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	Each third party loan requires Head of Strategic Finance approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default. Each funding request will be accompanied by financial projections and be subject to an assessment of the project and borrower.	£5m and a maximum of 3 years.	N/A
q. Loans to third parties as part of the Council's Long Term Loan Funding to RSL's	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	Each third party loan requires Head of Strategic Finance approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default. Each funding request will be accompanied by financial projections and be subject to an assessment of the project and borrower.	£5m and a maximum of 30 years.	N/A

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good Limits
r. Hub Co sub debt	These are non-service investments which may exhibit market risk, be only considered for longer term investments and will be likely to be highly illiquid.	Any non-service equity investment will require separate Member approval and each application will be supported by the service rational behind the investment and the likelihood of loss.	£10m	N/A

The Monitoring of Investment Counterparties - The status of counterparties will be monitored regularly. The Council receives credit rating and market information from Capita Asset Services, including when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Finance, and if required new counterparties which meet the criteria will be added to the list.

Use of External Fund Managers – It is the Council’s plan to consider the use external fund managers for part of its investment portfolio. The fund managers are contractually committed to keep to the Council’s investment strategy. The performance of each manager is reviewed at least annually by the Head of Strategic Finance and the managers are contractually required to comply with the annual investment strategy.

5.5 APPENDIX: Approved countries for investments (as at 20.1.16)

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.K.
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Qatar

5.6 APPENDIX: Treasury management scheme of delegation

(i) The Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.
- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;

(ii) The Performance Review and Scrutiny Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

(iii) The Audit Committee

- Review the overall internal and management control framework related to the treasury function.
- Review internal and external audit reports related to treasury management.
- Review provision in the internal and external audit plans to ensure there is adequate audit coverage of treasury management.
- Monitor progress with implementing recommendations in internal and external audit reports.

5.7 APPENDIX: The Treasury Management Role of the Section 95 Officer

The Head of Strategic Finance:-

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- reviewing and considering risk management in terms of treasury activities.

The nominated Elected Member (Council Leader/Policy Lead Strategic Finance):-

- acting as spokesperson for treasury management.
- taking a lead for elected members in overseeing the operation of the treasury function.
- review the treasury management policy, strategy and reports.
- support and challenge the development of treasury management.

5.8 APPENDIX: Treasury Management Policy Statement

1. This organisation defines its treasury management activities as: “The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.”

The policy in respect of borrowing and investments is to minimise the cost of borrowing and maximise investment returns commensurate with the mitigation of risk.

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ARGYLL AND BUTE COUNCIL**PERFORMANCE REVIEW AND SCRUTINY
COMMITTEE****STRATEGIC FINANCE****25 FEBRUARY 2016**

TREASURY MANAGEMENT MONITORING REPORT 31 DECEMBER 2015

1. EXECUTIVE SUMMARY

- 1.1 This report is for noting its sets out the Council's treasury management position for the period 1 November 2015 to 31 December 2015 and includes information on:
- Overall Borrowing Position
 - Borrowing Activity
 - Investment Activity
 - Economic Background
 - Interest Rate Forecast
 - Prudential Indicators.
- 1.2 Borrowing is currently estimated to be below the Capital Financing Requirement for the period to 31 March 2016, however, there are substantial internal balances, of which £53.2m is currently invested.
- 1.3 The levels of investments have decreased slightly to £53.2m at 31 December 2015. The rate of return achieved was 0.717% which compares favourably with the target of 7 day LIBID which was 0.359%.
- 1.4 In December £9.5m of new borrowing was taken at 2.96% from the PWLB using the Project Rate which the Council had applied for access to in May 2015.
- 1.5 The net movement in external borrowing in the period was a reduction of £1.793m.
- 1.6 There was no breaching of limits during the period.

TREASURY MANAGEMENT MONITORING REPORT 31 DECEMBER 2015

2. INTRODUCTION

- 2.1 This report summarises the monitoring as at 31 December 2015 of the Council's:
- Overall Borrowing Position
 - Borrowing Activity
 - Investment Activity
 - Economic Background
 - Interest Rate Forecast
 - Prudential Indicators.

3. RECOMMENDATIONS

- 3.1 The treasury management monitoring report is noted.

4. DETAIL**Overall Borrowing Position**

- 4.1 The table below details the estimated capital financing requirement (CFR) and compares this with the estimated level of external debt at the 31 March 2016. The CFR represents the underlying need for the Council to borrow to fund its fixed assets and accumulated capital expenditure.

	Forecast	Budget	Forecast	Forecast
	2015/16	2015/16	2016/17	2017/18
	£000's	£000's	£000's	£000's
CFR at 1 April	256,079	257,823	260,666	262,658
Net Capital Expenditure	16,371	26,707	12,776	0
Less Loans Fund Principal Repayments	(11,784)	(11,784)	(10,784)	(9,784)
Estimated CFR 31 March	260,666	272,746	262,658	252,874
Less Funded by NPDO	(78,055)	(78,055)	(76,507)	(74,961)
Estimated Net CFR 31 March	182,611	194,691	186,151	177,913
Estimated External Borrowing at 31 March	169,315	172,655	177,655	177,655
Gap	13,296	22,036	8,496	258

- 4.2 Borrowing is currently estimated to be below the CFR for the period to 31 March 2016. This reflects the approach taken to minimise surplus cash on deposit in order to avoid overdue exposure to investment / credit worthiness risks. However if it becomes clear that longer term interest rates are likely to increase significantly the position will be reviewed to ensure the Council locks in funding at low interest rates.
- 4.3 The Council's estimated net capital financing requirement at the 31 December 2015 is £182.6m. The table below shows how this has been financed. Whilst borrowing is less than the CFR there are substantial internal balances (mainly the General Fund) of which £53.2m is currently invested.

	Position at 31/10/2015 £000's	Position at 31/12/2015 £000's
Loans	156,382	154,589
Internal Balances	91,668	81,229
Less Investments & Deposits	(58,370)	(53,207)
Total	189,680	182,611

Borrowing Activity

- 4.4 The table below summarises the borrowing and repayment transactions in the period 1 November 2015 to 31 December 2015.

	Actual £000's
External Loans Repaid 1st November 2015 to 31st December 2015	(11,293)
Borrowing undertaken 1st November 2015 to 31st December 2015	9,500
Net Movement in External Borrowing	(1,793)

- 4.5 New Long term Borrowing of £9.500m was taken from the PWLB at the project rate of 2.96%. Loans to the value of £1.279m were repaid to the PWLB as well as £10.014m of temporary borrowing.
- 4.6 The table below summarises the movement in level and rate of temporary borrowing at the start and end of the period.

	£000s	% Rate
Temp borrowing at 31st October 2015	11,162	0.34%
Temp borrowing at 31st December 2015	1,148	0.30%

- 4.7 In May 2015 the Council applied for and received permission to borrow £9.5m from the PWLB under the Project Rate which had been made available to the Scottish Government by the UK Government. The Project Rate is set at 0.40% below the appropriate PWLB rate on the day on which the borrowing is drawn down. In December the PWLB borrowing rates had declined to a point where on the advice of our treasury advisors Capita it was felt that the Council should take the borrowing at a rate of 2.96%.

Investment Activity

- 4.8 The average rate of return achieved on the Council's investments to 31 December 2015 was 0.717% compared to the average LIBID rate for the same period of 0.359% which demonstrates that the Council is achieving a reasonable rate of return on its cash investments. At the 31 December 2015 the Council had £53.2m of short term investment at an average rate of 0.717%. The table below details the counterparties that the investments were placed with, the maturity date, the interest rate and the credit rating applicable for each of the counterparties.

Counterparty	Maturity	Amount £000s	Interest Rate	Rating
Clydesdale Bank	Instant Access	3,697	0.50%	Short Term A-2, Long Term BBB+
Handelsbanken	35 Day Notice	5,000	0.55%	Short Term A-1+, Long Term AA-
Bank of Scotland	Instant Access	10	0.40%	Short Term A-1, Long Term A
Bank of Scotland	175 Day Notice	5,000	0.80%	Short Term A-1, Long Term A
Goldman Sachs	05/02/2015	5,000	0.775%	Short Term A-1, Long Term A
Santander	95 Day Notice	5,000	0.900%	Short Term A-1, Long Term A
Helaba Landesbank	31/08/2016	5,000	1.03%	Short Term A-1+, Long Term AA-
Nationwide Building Society	07/07/2015	5,000	0.660%	Short Term A, Long Term A-1
CD - RBS	06/01/2016	5,000	0.880%	Short Term A-2, Long Term BBB+
CD - Standard Chartered	22/04/2016	5,000	0.820%	Short Term A-1, Long Term A
MMF - BNP Paribas	Instant Access	5,000	0.490%	AAA
MMF - Federated	Instant Access	4,500	0.490%	AAA
MMF - Legal & General	Instant Access	0	0.486%	AAA
MMF - Blackrock	Instant Access	0	0.438%	AAA
MMF - Standard Life (Formerly IGNIS)	Instant Access	0	0.499%	AAA
Total		53,207		

- 4.9 All investments and deposits are in accordance with the Council's approved list

of counterparties and within the limits and parameters defined in the Treasury Management Practices. The counterparty list is constructed based on assessments by leading credit reference agencies adjusted for additional market information available in respect of counterparties.

- 4.10 The current market conditions have made investment decisions more difficult as the number of counterparties which meet the Council's parameters has reduced making it harder to achieve reasonable returns while limiting the exposure to any one institution.
- 4.11 No limits were breached during the period.

Economic and Interest Rate Forecasts

- 4.12 The economic background at 31 December 2015 is shown in appendix 1 with the interest rate forecast in appendix 2.

Prudential Indicators

- 4.13 The prudential indicators for 2015-16 are attached in appendix 3.

5. CONCLUSION

- 5.1 Borrowing is currently estimated to be below the Capital Financing Requirement for the period to 31 March 2016, however, there are substantial internal balances, of which £53.2m is currently invested. The investment returns were 0.717% which is above the target of 0.359%.

6. IMPLICATIONS

- 6.1 Policy – None.
- 6.2 Financial - None
- 6.3 Legal - None.
- 6.4 HR - None.
- 6.5 Equalities - None.
- 6.6 Risk - None.
- 6.7 Customer Service - None.

Kirsty Flanagan, Head of Strategic Finance
Dick Walsh Council Leader and Policy Lead for Strategic Finance

For further information please contact Peter Cupples, Finance Manager – Corporate Support 01546-604183.

Appendix 1 – Economic Background
Appendix 2 – Interest Rate Forecast
Appendix 3 – Prudential Indicators

Appendix 1

Economic background:

- During the quarter ended 31st December 2015:
 - The economic recovery regain some momentum during Q4 2015 after a disappointing Q3 2015;
 - Household spending growth strengthened;
 - Wage growth slowed despite further falls in unemployment;
 - The UK came out of its brief dip into deflation;
 - The prospect of a rate hike before mid-2016 remained unlikely;
 - The Fed made a start in raising interest rates, and the ECB loosened policy;
 - The Chancellor smoothed out his fiscal austerity plans over the term of this Parliament.
- The economic recovery was shown to have slowed by more than previously thought in Q3 2015 (quarter ended 30.9.15), with real GDP growth decelerating from a downwardly-revised 0.5% in Q2 (from 0.7%) to 0.4% (from 0.5%). The annual growth rate in Q3 was also revised down from 2.3% to 2.1%. The revisions were driven largely by weaker contributions from investment expenditure.
- The latest survey evidence and official monthly data suggest that the recovery picked up pace again during the final quarter of 2015. In addition to the CBI's Composite Growth Indicator pointing to greater economic expansion in Q4 2015, the Markit/CIPS composite PMI is consistent with quarterly GDP growth strengthening to about 0.6%, which would imply 2.2% GDP growth in 2015 as a whole. Q3's unusually weak contribution of construction output to overall GDP is also likely to have been reversed in Q4.
- Consumer spending will probably have provided a significant boost, given that retail sales experienced what was almost certainly their strongest quarter this year in Q4. (In fact, it would take over a 2% monthly plunge in sales volumes in December for Q4's quarterly growth rate to not be the strongest.) Spending off the high street looks to have fared well too, in part owing to consumer confidence remaining high. Survey measures such as the CBI's consumer services business volumes balance indicate that annual growth in real household spending on consumer services could have risen in Q4 from 1.6% to as much as 3%.
- The jobs recovery pressed on in Q3, as employment rose by 176,000, and by a further 91,000 in October, pushing the employment rate up to a record-high. Consequently, the ILO unemployment rate was driven down for four successive months between July and October, from 5.6% to 5.2%

– a level not far above some estimates of its natural rate. However, by taking a wider perspective on labour market slack, we do not believe the labour market is as tight as these data alone suggest. First, impressive jobs growth reflected large increases in self-employment, as well as significant numbers of new part-time jobs, rather than conventional full-time placements. Moreover, the percentage of those in part-time work wanting to work extra hours in a full-time role saw the largest upturn for 2½ years in October, and the proportion of temporary workers wanting permanent positions has been on the rise throughout the second half of the year. Meanwhile, employer surveys have shown that recruitment difficulties have either held steady or eased recently. It is, therefore, not too surprising that pay growth has weakened so much of late. Annual growth in regular pay (ex. bonuses) softened to just 1.9% at the beginning of Q4, in contrast to 2.5% in the last quarter.

- These labour market figures will have reassured MPC doves that inflationary pressures remain muted, thereby reinforcing expectations that a rate rise is still some way off. Only recently the newest MPC member, Gertjan Vlieghe, stressed that he needs to see a decisive acceleration of wage growth before considering voting for a rate hike. And weak inflationary pressures from the labour market have been compounded by renewed falls in the energy prices in reinforcing the case to keep rates on hold for a while yet. The sterling price of Brent Crude fell below £24 per barrel in December, and wholesale gas and electricity prices fell further too. While it looks like the UK's brief flirtation with deflation in 2015 came to an end in November – CPI inflation nudged back into positive territory at 0.1% – inflation will remain below target for a long while yet. Despite these disinflationary pressures, inflation will pick up in coming months as the previous, (sharper), falls in oil prices will drop out of the calculation of the annual figure.
- Given this, as well as the monetary policy actions of the Fed and the ECB at the end of the fourth quarter, the Bank of England is now playing 'piggy in the middle' between tightening in the US and further loosening in the euro-zone. The US FOMC commenced its rate "lift off" in December in response to a "considerable improvement" in labour market conditions. In contrast, the ECB Governing Council cut its deposit facility rate by 10bps to -0.3%, and extended (not expanded) its QE programme to March 2017 from September 2016. However, the Council failed to live up to its own hype by failing to follow through on its own dovish signals with a more extensive policy loosening. But as the temporary boosts from the substantial falls in the oil price and the strength of the euro fade in 2016, we expect the ECB will have to expand its QE programme by Q2 2016.
- Turning to the public finances, the Chancellor delivered his Spending Review and Autumn Statement in November. Due to the OBR "finding"

another £27bn of savings over the forecast period, from changing various forecasts and modelling assumptions, Mr Osborne was allowed to reverse his tax credits cuts, and to pursue a more balanced path of consolidation over the parliament. But while the profile and pace of cuts have eased a little, the intensity of the consolidation package as a whole is not that different to the one presented in July's Budget, and remains far more austere than those faced in other advanced economies. The OBR forecasts that Mr Osborne will achieve a £10bn budget surplus in 2019-20 and that net debt as a percentage of GDP will fall in every year of the Parliament.

- However, November's public finance figures now indicate that an overshoot of the borrowing target for this fiscal year is likely. On the other hand, since we think the OBR is too cautious about the scope for productivity and GDP growth to bounce back, it is quite possible that the Chancellor actually ends up reaching his £10bn budget surplus earlier than the current OBR forecast. The big picture is still that austerity will be renewed in 2016, although we think that the economic recovery should be able to weather this relatively well.
- Finally, the FTSE 100 rose by 3% between end-Q3 and end-Q4. However, UK equity prices were still down by 5% over the year as a whole. By comparison, global equities rose over 4% in Q4, and fell by 4.5% over 2015 as a whole. Meanwhile, on a trade-weighted basis, sterling weakened by around 0.4% over Q4. This left it around 3% higher than the start of the year.

Appendix 2

Interest Rate Forecast:

Our treasury management advisers, Capita Asset Services have provided us with the following update to their interest rate forecasts.

Post Bank of England Inflation Report November 2015

- There has been little change in our forecasts since our previous forecasts in May and August. We have left unchanged the start of the increases in Bank Rate at quarter 2 of 2016 despite all the media interpretation that the Bank of England Inflation Report means that Bank Rate is not now expected to go up for eighteen months until quarter 2 2017. We have, however, reduced our forecasts for average investment earnings beyond 2018/19 to reflect a slower expected rate of rise in Bank Rate over a longer timeframe.
- The so called 'super Thursday' in the first week of November dumbfounded forecasters' expectations with what was seen to be a very dovish view of inflation risks. This effectively meant that the MPC could go on holiday for all of 2016 as there would be no decision making to do to change Bank Rate! This was met with disbelief by most forecasters, the majority of whom have left their forecasts for quarter 2 2016 unchanged as the first increase in Bank Rate. This begs the question as to whether the Inflation Report has been correctly interpreted.
- In his press conference, Mark Carney focused on the need to balance two fundamental forces – domestic UK strength and foreign weakness. In terms of domestic strength, shaving one hair's breadth of 0.1% off growth rate forecasts for 2015, 2016 and 2017 to 2.7%, 2.5% and 2.6% respectively would struggle to provide any justification for a huge shift in Bank Rate forecasts. Rather, these forecasts indicate a continuation of a trend of almost equally strong growth from that in 2013-2015 which has been dependent on strong domestic demand in the face of weak exporting. It should be borne in mind that despite the austerity programme over the last Parliament, a deficit reduction of 5% of GDP was achieved at the same time as strong growth over the last three years. A further reduction of the deficit of 5% of GDP is also planned for the next five years.
- So this leaves the Bank's warning over its concerns for emerging market countries as the main change since the previous Inflation Report; this may in part reflect the concerns of the Bank's chief economist, Andy Haldane, who recently warned that China's sharp stock market falls could prove the start of a third act of the global financial crisis which started in 2008. Although such concerns did cause the Fed to pull back from making a start

on raising rates at its September meeting, by the date of its December meeting, concerns had subsided and so the Fed made that first start on increasing rates.

- However, the key to MPC decision making will always be inflation. The latest Inflation Report indicated that inflation was currently expected to struggle to get barely over 2% at the end of the 2 to 3 year time horizon assuming that Bank Rate did not go up until Q2 2017. However, once the falls in oil, gas and food prices over recent months fall out of the 12 month calculation of CPI, there will be a sharp tick up from the current zero rate to around 1% in the second half of 2016. In addition, increases at the three year horizon were the biggest in a decade and at the two year horizon were the biggest since February 2013. However, forecasting inflation two to three years out requires many subsidiary assumptions, particularly on what will happen to pay inflation as the unemployment rate continues to fall? But that then needs to be offset by the net effect on gross pay inflation of increases in productivity. Then you need to forecast which way already very low unemployment figures and already high vacancy numbers will go and the overall impact on the amount of 'spare capacity'. Add to the mix further austerity measures kicking in during the term of this Parliament and determining which way consumer confidence will go, and you will end up with a 'range of views among MPC members about the balance of risks to inflation', as stated in the Inflation Report. Accordingly there is huge room for MPC perceptions of where inflation will be 2-3 years out to vary over the next year.
- The overall view of the Interest Rate Strategy Group is that given the current trend of economic statistics, there is little justification for changing to the prevalent market view that there will not be an increase in Bank Rate for eighteen months until Q2 2017. Such a view would only be warranted by a major downturn in world or UK growth and / or if there is a significant decline in inflationary pressures e.g. from such factors as a sharp increase in the pace of replacement of workers by computers and robots automating work. At the current time, these would be major assumptions. Accordingly, we have opted to leave our central forecast for a first increase in Bank Rate unchanged at Q2 2016 but there are downside risks to our current forecast for the timing of the first increase.

CAPITA ASSET SERVICES' FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data transpires over the next year. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and

confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

We have pointed out consistently that the Fed. rate is likely to go up both sooner and at a sharper rate than Bank Rate in the UK. These increases will have corresponding effects in pushing up US Treasury and UK gilt yields. While there is normally a high degree of correlation between the two yields, we would expect to see a decoupling of yields between the two i.e. we would expect US yields to go up faster than UK yields. We will monitor this area and the resulting effect on PWLB rates.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

We would, however, remind clients of the view that we have expressed in our previous interest rate revision newsflashes of just how unpredictable PWLB rates and bond yields are at present. We are experiencing exceptional levels of volatility which are highly correlated to geo-political and sovereign debt crisis developments. Our revised forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1st November 2012.

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

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth is weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- Uncertainty around the risk of a UK exit from the EU.
- The commencement by the US Federal Reserve of increases in the Fed. funds rate in the near future, causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

APPENDIX 3 : PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2015/16	2015/16	2016/17	2017/18
(1). EXTRACT FROM BUDGET				
	Forecast	Original	Forecast	Forecast
	Outturn	Estimate	Outturn	Outturn
	£'000	£'000	£'000	£'000
Capital Expenditure				
Non - HRA	34,325	45,505	20,273	10,140
TOTAL	34,325	45,505	20,273	10,140
Ratio of financing costs to net revenue stream				
Non - HRA	8.24%	8.24%	7.96%	7.55%
Net borrowing requirement				
brought forward 1 April *	256,079	257,823	272,746	262,658
carried forward 31 March *	260,666	272,746	262,658	252,874
in year borrowing requirement	4,587	14,923	(10,088)	(9,784)
In year Capital Financing Requirement				
Non - HRA	4,587	14,923	(10,088)	(9,784)
TOTAL	4,587	14,923	(10,088)	(9,784)
Capital Financing Requirement as at 31 March				
Non - HRA	260,666	272,746	262,658	252,874
TOTAL	260,666	272,746	262,658	252,874
Incremental impact of capital investment decisions				
Increase in Council Tax (band D) per annum	£ p 35.36	£ p 35.36	£ p 5.23	£ p 0.00

PRUDENTIAL INDICATOR	2015/16	2016/17	2017/18
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'M	£'M	£'M
Authorised limit for external debt -			
borrowing	203	220	215
other long term liabilities	83	83	83
TOTAL	286	303	298
Operational boundary for external debt -			
borrowing	198	215	210
other long term liabilities	80	80	80
TOTAL	278	295	290
Upper limit for fixed interest rate exposure			
Principal re fixed rate borrowing	195%	190%	190%
Upper limit for variable rate exposure			
Principal re variable rate borrowing	60%	60%	60%
Upper limit for total principal sums invested for over 364 days (per maturity date)	£20m	£20m	£20m

Maturity structure of new fixed rate borrowing during 2014/15	upper limit	lower limit
under 12 months	30%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	40%	0%
10 years and above	80%	0%

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ARGYLL AND BUTE COUNCIL

**PERFORMANCE REVIEW AND
SCRUNITY COMMITTEE**

CHIEF EXECUTIVE

25 February 2016

PERFORMANCE REPORT – FQ3 2015-16

1. SUMMARY

- 1.1 The Planning and Performance Management Framework sets out the process for presentation of the council's quarterly performance reports. This paper presents the Council and Departmental performance reports with associated scorecards for performance in FQ3 2015-16 (October - December 2016).
- 1.2 It is recommended that the PRS Committee reviews the reports and scorecards as presented.

**Sally Loudon
Chief Executive**

ARGYLL AND BUTE COUNCIL

**PERFORMANCE REVIEW AND
SCRUTINY COMMITTEE**

CHIEF EXECUTIVE

25 February 2016

PERFORMANCE REPORT – FQ3 2015-16

2. SUMMARY

- 2.1 The Planning and Performance Management Framework sets out the process for presentation of the council's quarterly performance reports. This paper presents the Council and Departmental performance reports with associated scorecards for performance in FQ3 2015-16 (October - December 2016).
- 2.2 Performance is reviewed by the Strategic Committees on the following dates, and is presented to the PRS Committee for high level review and scrutiny.

Community Services	March 10 th
Environment, Development & Infrastructure	April 7 th
Policy & Resources	March 17 th
Planning, Protective Services & Licensing	March 16 th

3. RECOMMENDATIONS

- 3.1 It is recommended that the PRS Committee reviews the reports and scorecards as presented.

**Sally Loudon
Chief Executive**

Key Successes

- First phase of re-settling Syrian refugees to Argyll and Bute is underway, 10 families have currently been re-settled in Rothesay and are adapting to life in Scotland very well
- The process has been so successful due to the fantastic partnership working which has taken place highlighting the importance of partnership working and show casing how successful it can be
- An online skills bank was created so that people across Argyll and Bute could offer support/donations to the Syrian families. To date we have had over 150 offers of support and not just from residents of Argyll and Bute, people have been e-mailing and calling from across the world to offer donations
- The number of external Looked After and Accommodated child placements has reduced this quarter to 7 against a target of 11.
- 100% of children on the Child Protection Register have had no change of social worker this quarter
- 100% of children on the Child Protection register have a completed Child Protection plan in place, the target is 80% and performance continues to improve
- 81.6% of Community Payback Order cases have been seen within the 5 day target, performance continues to improve for this measure
- Number of visits to council leisure centres is 24,683 against a target of 23,000 for the quarter
- Number of participants at sports coaching courses excels the target of 2,000 for the quarter with 3,869 people attending
- The number of visits to libraries per 1,000 population this quarter was 864 against a target of 846
- Percentage of S3 pupils with a pupil profile is 90% against a target of 50%
- Oban High School pupils represent Scotland at the Orienteering at the Junior Home Internationals in Northern Ireland from the 24/25 October 2015
- Five Lochgilphead High pupils competed in the West of Scotland Ensemble Championships in Kilmarnock at the start of November. They qualified for the Besson Solo and Ensemble Championships in February 2016
- Pupils from Achahoish Primary school wrote letters and sent drawings as a gift to the Queen after learning that she is the longest reigning monarch. The pupils were thrilled to have received a reply from the Queen thanking them for the letters.
- Dunclutha Children's Home received a very positive inspection receiving four very goods

Key Challenges

1. Progressing the integration of Health and Social Care Services.
2. Development and consultation on the three year strategic plan for health and social care integration.
3. Reducing the number of days lost through sickness absence across Community Services.
4. Recruitment and training of foster carers given the highly successful move towards permanence which reduces available foster placements.
5. Reviewing the implementation of the new National Qualifications.
6. Meeting the requirements of new legislation e.g. Self Directed Support Act, Children and Young People's Act 2014 and Community Empowerment Act, etc. and emerging legislative changes such as the Education Bill and Carers Bill.
7. Recruitment issues for both in house and commissioned care at home services impacting on range of care options available in certain areas.
8. Demographic changes giving rise to growth in service demand across a range of client groups, in particular older persons, which present both financial and service delivery pressures.
9. Achieving target for the completion of PDRs during the quarter.
10. Monitoring delayed discharge figures against the target.
11. The % of child protection investigations with an inter-agency planning meeting taking place within 24 hours continues to be challenging. This measure is affected by issues around out of hours access to health advice within the IRTD process which is currently being addressed by the Chief Officer Integration.
12. Increasing positive destinations for young people in the current economic climate
13. Ongoing challenges associated with teacher recruitment in certain locations and for certain subjects to assist the authority to meeting its commitment in relation to teacher numbers.
14. Our refugee re-settlement on the Isle of Bute and support arrangements

Action points to address the challenges

1. The timescale for integration has been established as April 2016. The scheme of integration has been agreed, the integration joint board was formally established in August 2015 and the project team are developing and consulting on the three year strategic plan. The project team are also progressing 7 workstreams that will deliver on the project plan to prepare for an integrated service.
2. The final draft of the three year strategic plan has now been completed and will be signed off by the IJB by the end of March 2016"
3. Continue to work to ensure that return to work interviews are completed for all periods of sickness absence by targeting individual Managers and Team Leaders in the context of performance. Staff to be offered appropriate support in the management of this issue.
4. The Fostering and Adoption service is currently undertaking a recruitment campaign. Preparation for foster carers is being run throughout Argyll and Bute however it takes 6 months before new carers are approved by the Fostering and Adoption Panel. There

- are currently 12 families going through the assessment process which will enhance the capacity for foster placements and permanency for looked after children.
5. Continue to support work on curriculum design to reflect the new Curriculum for Excellence framework and training on the new secondary benchmarking toolkit. The examination results for session 2014/15 will be analysed in detail and used to review the curricula available within secondary schools.
 6. Meeting the requirement of all new legislation.
 7. Working with IRISS along with commissioned care at home providers to better coordinate resources and to improve recruitment into care at home posts. Additional work is ongoing to review the model of care for care at home services and the contractual arrangements for staff.
 8. Ongoing service redesign (all care groups) to try to mitigate growth in service demand.
 9. Implementation of a new process for the recording of PRDs which will include a review of the quality of completed reviews.
 10. Additional focus on preventing admission to hospital and accelerating discharge being undertaken in conjunction with NHS Highland and supported by delayed discharge funding.
 11. Interim arrangements being put in place by NHS Highland to ensure that there is access to health advice for out of hours and weekend IRTDs
 12. Detailed and individualised information and advice for school leavers is being provided in conjunction with Skills Development Scotland. Multi agency plan to meet the recommendations of Scotland's Young Workforce currently being implemented.
 13. Recruiting and retaining staff who have a focus on developing consistency and quality. Continue to work with the Council's HR service to advertise and recruit into vacant posts within the Oban and Mid Argyll areas.
 14. Detailed multi agency support arrangements in place for the refugee families, co-ordinated by the refugee resettlement group.



Making Argyll and Bute a place people choose to live, learn, work and do business

Community Services Scorecard 2015-16

FQ3 15/16

[Click for Full Outcomes](#)

P Priorities for 2015-17: Community Services

IMPROVEMENT					<i>Status Trend</i>	
Improvement Plan Outcomes CM	Total No	Off track	On track	Complete	A	↑
Outcomes	71	1	53	17		
CARP Community Services	Total No	Off track	On track	Complete	G	
	106	0	40	66		
Customer Service CM		Number of consultations			4	
Customer Charter	Stage 1 complaints		79 %	R	↓	
Customer satisfaction 100 %	Stage 2 complaints		67 %	R	↑	
Community Services Audit Recommendations	Overdue	Due in future	Future - off target			
	4 ↓	17 ↑	0 →			
CM Average Demand Risk	Score	10	Appetite	10	↓	
CM Average Supply Risk	Score	9	Appetite	9	→	

RESOURCES				
<i>People</i>	<i>Benchmark</i>	<i>Target</i>	<i>Actual</i>	<i>Status Trend</i>
Sickness absence CM [LGE]		3.1 Days	2.7 Days	G ↓
Sickness absence CM [teachers]		1.8 Days	1.9 Days	R ↓
PRDs % complete		90 %	71 %	R
<i>Financial</i>	<i>Budget</i>	<i>Forecast</i>		
Finance Revenue totals CM	£K 144,008	£K 144,940		
Capital forecasts - current year CM	£K 0	£K 0		
Capital forecasts - total project CM	£K 0	£K 0		
Efficiency Savings CM	Actions on track	Target	Actual	G →
	Savings	17	17	
Asset management red risks	0	£K 608	£K 608	

SOA Outcome - The economy is diverse and thriving			
CC05 Argyll and Bute's economic success is built on a growing population	Success Measures	2	
	On track	2	
SOA Outcome - We have infrastructure that supports sustainable growth			
CC07 People access a choice of suitable & affordable housing options ...	Success Measures	3	
	On track	3	
SOA Outcome - Education, skills and training maximises opportunities for all			
CC03 Our adults are supported to access learning opportunities ...	Success Measures	2	
	On track	1	
ED01 Primary school children are enabled to increase levels of attainment ...	Success Measures	3	
	On track	2	
ED02 Secondary school children are enabled to increase levels of attainment ...	Success Measures	13	
	On track	7	
ED03 Education Central Management Team ensures continuous improvement ...	Success Measures	2	
	On track	1	
ED05 An effective system for Opportunities for All will operate in all secondary schools	Success Measures	4	
	On track	3	
ED06 Education staff have increased capacity for leadership ...	Success Measures	5	
	On track	4	

Community Services Scorecard 2015-16 Click for Full Scorecard
FQ3 15/16

SOA Outcome - Children and young people have the best possible start			
CF01 The life chances for looked after children are improved	Success Measures	5	
	On track	4	
CF02 Children, young people and families at risk are safeguarded	Success Measures	4	
	On track	4	
CF03 ... making our communities safe from crime, disorder & danger	Success Measures	3	
	On track	2	
CC01 Our young people are supported to lead more active and healthier lives	Success Measures	2	
	On track	2	
ED04 Educational additional support needs of children & YP are met	Success Measures	3	
	On track	2	
ED07 Young children and their families assisted to achieve best start in life	Success Measures	2	
	On track	0	

SOA Outcome - People live active, healthier and independent lives			
AC01 Community is supported to live active, healthier, independent lives	Success Measures	5	
	On track	3	
AC02 Vulnerable adults at risk are safeguarded/Ensure clients asked for comments	Success Measures	3	
	On track	2	
AC03 The impact of alcohol and drugs ... Is reduced	Success Measures	1	
	On track	1	
CC02 Raised lifelong participation in sport ... healthy lives	Success Measures	2	
	On track	2	
CC04 Less people will become homeless ... thru proactive approach ...	Success Measures	3	
	On track	2	
SOA Outcome - People live in safer and stronger communities			
CC06 Third Sector & communities ... enabled ... developing communities	Success Measures	2	
	On track	2	
CC08 Improved literacy, health ... access to ... culture, libraries & museums	Success Measures	4	
	On track	2	

Performance Report for Customer Services	Period October – December 2015
<p>Key Successes</p> <ol style="list-style-type: none"> 1. The Helensburgh & Lomond Civic Centre – temporary certificate of occupation received and staff have moved in. 2. Installation of solar pv in both Non-NPDO and NPDO schools successfully completed. The Council has now installed in excess of 1MW of generating capacity via solar pv installations. 3. Successful conclusion to partnership working with Oban Primary Schools Parent Councils relating to local transport issues. This included rescheduling of bus timetables in the Oban town area to alleviate concerns. 4. Community Council By-election process completed 5. Emergency response activities to the Clachan flooding incident 6. Audit Scotland has reported that we are third lowest across Scotland for our level of local authority error and administrative delay overpayments in 2014/15 for Housing Benefit. 7. Highest score achieved of all the local authority mock Procurement Capability Improvement Programme assessments. 	
<p>Key Challenges</p> <ol style="list-style-type: none"> 1. Delivery of Carbon Management Plan target of 20% saving on CO₂ emissions. 2. Preparation underway for Scottish Parliament election and commencing for By–Election in Oban North and Lorn 3. Number of modern apprenticeships – posts have been advertised, unfortunately they have not attracted enough suitable candidates. 4. To manage transition to Scottish Wide Area Network, and make contingency plans for any overrun beyond September 2016 5. Plan for go-live of new CRM and telephony system scheduled for 22 March 6. Finalise implementation planning for introduction of Universal Credit from 7 March 2016 	
<p>Action Points to address the Challenges</p> <ol style="list-style-type: none"> 1. Gap analysis undertaken and projects including 5 NPDO School Solar PV installations (all now completed) and 10 biomass installations (tenders accepted – pre-start meeting undertaken) have been identified to meet the target. Waste arising has recently been increasing so the relationship between waste arising and waste to landfill being reviewed with colleagues from Amenity Services 2. Experienced team in place to deliver nomination, administration and election process 3. Closer working with Schools and opening up age range to attract more suitable applicants for future Modern Apprenticeships posts, work more closely with Job Centre plus and run more promotions on the opportunities. 4. Continued engagement with PathfinderNorth and Capita to ensure Argyll and Bute sites migrate as early as possible, engage with Vodafone to ensure contingency in place if migration should take longer than expected 5. Regular review of progress against plan, managing all risks and issues as these arise. 6. Continued engagement with DWP and other key stakeholders, arranging and delivering awareness events, preparing data for website, agreement of Data Partnership Agreement with DWP, put services in place for assisted digital access and personal 	

budgeting support.



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Customer Services Scorecard 2015-16

FQ3 15/16

[Click for Full Outcomes](#)

P Priorities for 2015-17: Customer Services

IMPROVEMENT					Status Trend	
Improvement Plan Outcomes CU	Outcomes	Total No	Off track	On track	Complete	A
		63	1	41	21	
CARP Customer Services		Total No	Off track	On track	Complete	G →
		4	0	4	0	
Customer Service CU		Number of consultations			1	
Customer Charter		Stage 1 complaints		87 %	G ↓	
Customer satisfaction 93 %		Stage 2 complaints		86 %	R ↓	
Customer Services Audit Recommendations		Overdue	Due in future	Future - off target		
		0 ↑	17 ↓	0 →		
CU Average Demand Risk		Score	6	Appetite	6	→
CU Average Supply Risk		Score	6	Appetite	6	→

RESOURCES				
People	Benchmark	Target	Actual	Status Trend
Sickness absence CU		1.88 Days	1.83 Days	G ↑
PRDs % complete		90 %	99 %	G
Financial		Budget	Forecast	
Finance Revenue totals CU		£K 39,608	£K 39,352	R ↑
Capital forecasts - current year CU		£K 20,787	£K 16,545	R ↓
Capital forecasts - total project CU		£K 118,397	£K 119,122	A ↑
Efficiency Savings CU	Actions on track Savings	Target	Actual	G →
		6	6	
		£K 241	£K 241	
Asset management red risks	7	On track	7	G →

Customer Services Scorecard 2015-16

FQ3 15/16

Click for Full Scorecard

SOA Outcome - The economy is diverse and thriving			
CS02 Businesses supported in claiming Non Domestic Rates relief	Success Measures	1	G
	On track	1	→
CS03 Maximise opportunities for SME's to sell to the Council ...	Success Measures	4	A
	On track	3	↑
CS05 Increased value is delivered from procurement ...	Success Measures	5	
	On track	2	
GL10 Timely provision of Liquor Licences & Civic Government Licences to the public	Success Measures	5	A
	On track	4	↓

SOA Outcome - Children and young people have the best possible start			
FS01 Children are healthier because nutritionally balanced school meals are available ...	Success Measures	6	G
	On track	6	→
GL06 The best interests of children at risk are promoted	Success Measures	1	G
	On track	1	↑

SOA Outcome - People live active, healthier and independent lives			
CS01 Benefits paid promptly whilst minimising fraud	Success Measures	5	A
	On track	4	→

SOA Outcome - People live in safer and stronger communities			
FS02 Communities are safer ... through improved facilities	Success Measures	9	A
	On track	7	→
FS03 We contribute to the sustainability of the local area	Success Measures	6	G
	On track	6	→
FS04 School & public transport meets the needs of communities	Success Measures	3	A
	On track	2	↓
GL01 Framework to support democratic decision making	Success Measures	12	A
	On track	10	→
GL02 Council compliance with governance & info arrangements	Success Measures	5	A
	On track	3	→
GL04 Improve quality of life & safety of residents & visitors	Success Measures	2	G
	On track	2	→
GL07 Community Councils are supported	Success Measures	5	A
	On track	4	→
GL08 Provision of high quality, timely legal advice	Success Measures	2	G
	On track	2	→
GL11 Communities and employees are prepared to deal with major incidents	Success Measures	3	G
	On track	3	→
IH01 We recognise and tackle discrimination and promote equality	Success Measures	3	G
	On track	3	→
IH02 Managers are enabled to manage health and safety effectively	Success Measures	8	A
	On track	8	→
IH05 The Gaelic language is supported and promoted	Success Measures	1	G
	On track	1	↑

Supporting Outcome - Service Delivery Enablers			
CS04 Income from local taxes and sundry debtors is maximised ...	Success Measures	5	A
	On track	4	↓
CS06 IT applications & infrastructure available ... and meet business needs	Success Measures	8	A
	On track	6	↓
CS07 Customers can access council services more easily ... service quality	Success Measures	11	A
	On track	7	→
GL03 Members enabled to deal with their caseload	Success Measures	1	R
	On track	0	→
GL05 Electors enabled to participate in the democratic process	Success Measures	2	G
	On track	2	→
GL09 Provision of high quality ... legal documentation	Success Measures	2	G
	On track	2	↑
IH03 Staff are supported to scrutinise performance and deliver continuous improvement ...	Success Measures	11	A
	On track	8	→
IH04 Our customers and employees are informed and engaged	Success Measures	7	A
	On track	4	→
IH06 Employees have skills/attitudes to deliver efficient/effective services	Success Measures	7	A
	On track	6	↓

Key successes

1. Hermitage Park Project in Helensburgh has been successful in its stage two funding application to Heritage Lottery Fund (HLF) Parks for People of £2.333M. The project aims to create a sustainable park for residents and visitors to the area and a resource for the local community. The tender process for the main contractor begins in spring 2016, work on site commences in autumn 2016 and the project will complete by summer 2018.
2. Following the successful pilot service carrying in excess of 10,000 passengers, a commitment to operate a permanent summer ferry link between Ardrossan and Campbeltown has been given, fulfilling one of the key strategic Local Development Plan aims for Kintyre.
3. Helensburgh Shopfront Enhancement Initiative is making a positive contribution to the vitality of Helensburgh Town Centre following the completion of works to 12 premises with another 4 premises set to be revamped too. Financed from Section 75 funds, the Shopfront Enhancement Initiative will be reopened from 1st March to 30th June with a communications programme being set up to promote it.
4. The Scottish Partnership for Transport (SPT) awarded Argyll and Bute £425k for transport projects. Local projects benefiting included £200k for the Helensburgh and Lomond Cycle Way and £100K for bus stop infrastructure improvements.
5. Dunoon Wooden Pier initial phases, 1a and 1b were both completed within budget.
6. Meaningful progress is being made over significant allocated housing sites, including CALA Homes at Colgrain; Taylor Wimpey at the former Hermitage Academy site; Advant Homes in Cardross and link Housing in Dunbeg in Oban. In the long term (up to 15 years), these sites could provide in the region of 1,000 new homes, with 400 to 500 of those new homes being delivered in the medium term, (5-10 years).
7. As the first Argyll and Bute service to be awarded the Customer Service Excellence in 2013, Building Standards received an exemplar report in December 2015 following their re-accreditation assessment, gaining full compliance and “compliance plus” in 5 areas of assessment. The service also improved their performance in the Scottish Government’s annual Building Standards Division national customer satisfaction survey achieving 8.1 out of 10; representing an improvement of the 7.6 scored in 2014 and staying ahead of the average rating Scotland wide of 7.1.
8. Business Gateway reported the creation of 52 new jobs resulting from the 37 new business start-ups supported during this period. Start-up business one year survival rate in Argyll and Bute stands at 86%, above the local target and national benchmark of 77%.
9. Business advice and workshop support was also provided to 124 businesses against a target of 97 by Business Gateway. New workshops launched included ‘getting your business noticed – PR on a budget’; ‘better business websites’; ‘pricing for profit’; ‘developing your business skills’; and ‘selling with confidence’.

10. Argyll Air Passenger figures increased significantly on the same quarter in the previous year with 1,153 passengers carried, showing an increase of 48%. The increase is attributed to improved marketing which included 15,000 leaflets and 180 posters being distributed; a high quality online presence including social media; excellent customer service; and weather conditions which resulted in ferry cancellations that still allowed for flights to be made. Overall, air passenger travel is increasing with 4,262 passengers carried in 2015, up 21% on 2014.
11. Following the successful rollout to Argyll and Bute schools, East Ayrshire Council has paid a joining fee and purchased resources to use iCycle. The income generated from this sale and any subsequent sales will contribute towards website enhancement necessary for curriculum changes.
12. Argyll and the Islands Fisheries Local Action Group (FLAG) received notification of European and Maritime Fisheries Fund award of £985k which will be shared with the Ayrshires through a joint FLAG approach. Based upon a set of priorities which will be agreed by Argyll and the Islands Local Development Strategy, applications will be accepted from projects in both Argyll and Bute and Ayrshire on a competitive basis to allow for larger strategic projects across the wider area.
13. Supported by the projects and renewables team, the Carraig Gheal Wind Farm Benefit Fund www.carraighealwindfarm.co.uk became operational in October 2015 and will provide index linked community benefit of £46k per annum to neighbouring communities.
14. 10 film productions were made during this period including a commercial which involved a cast and crew of 45 staying on Islay and Jura for 4 days. 21 new filming enquiries were also received during this period and some have already resulted in follow-up enquiries.

Key challenges

1. Addressing the challenges associated with recycling and waste treatment in the medium to longer term in view of the longer term financial risks and future landfill ban affecting this statutory service.
2. As part of the Scottish Ferry Services Plan (2013-2022) progress the transfer of responsibilities to Transport Scotland for ferry services on the routes Port Askaig to Feolin, Port Appin to Lismore Point, Cuan to Luing and Ellenabeich to Easdale.
3. The delay in ERDF funding for enhanced support, such as grants and specialist advice to businesses presents an ongoing challenge for Business Gateway supporting business growth.
4. Address service demand and core statutory priority challenges faced by Regulatory Services.
5. Convert robust managerial action on sickness absence into improved attendance performance.

Actions to address the challenges

1. Gain approval for the new Waste Strategy based upon a new 25 Year Waste Financial Model and continue to work with the community to improve and increase recycling performance. Meanwhile, discussions are positive and ongoing between the council, Shanks and community groups about potential changes to waste management that will be needed in response to the introduction of landfill bans in 2021.
2. Detailed operating costs compiled and passed to Transport Scotland to facilitate a decision over the future of ferry services on the routes Port Askaig to Feolin, Port Appin to Lismore Point, Cuan to Luing and Ellenabeich to Easdale.
3. Business Gateway is working to ensure that they minimise any delay implementing the new ERDF programme following its launch. Pending the launch and to engage growth businesses, new workshops have been rolled out.
4. Following some recent success filling vacant Environmental Health Officer posts, Regulatory Services resources are being targeted to address prioritised service demand.
5. Continued rigorous application of the council's Maximising Attendance Policy, ensuring that return to work interviews are completed, addressing any managerial or supervisory performance concerns and ensuring timely referral to occupational health to support employees back to work.



Making Argyll and Bute a place people choose to live, learn, work and do business

Development and Infrastructure Scorecard 2015-16

FQ3 15/16

[Click for Full Outcomes](#)

P Priorities for 2015-17: Dev't & Infrastructure

IMPROVEMENT						Status Trend	
Improvement Plan Outcomes DI	Outcomes	Total No	Off track	On track	Complete	A	→
		23	0	7	16		
CARP Development & Infrastructure		Total No	Off track	On track	Complete	G	→
		10	0	10	0		
Customer Service DI		Number of consultations				1	
Customer Charter		Stage 1 complaints		93 %		G ↑	
Customer satisfaction 90 %		Stage 2 complaints		90 %		G ↓	
Development and Infrastructure Services Audit Recommendations	R	Overdue	Due in future	Future - off target			
		1 →	8 ↓	0 →			
DI Average Demand Risk	Score	8	Appetite	8	→		
DI Average Supply Risk	Score	7	Appetite	7	→		

RESOURCES					
People		Benchmark	Target	Actual	Status Trend
Sickness absence DI			2.54 Days	3.51 Days	R ↓
PRDs % complete			90 %	92 %	G
Financial		Budget	Forecast		
Finance Revenue totals DI		£K 32,021	£K 31,440		R ↓
Capital forecasts - current year DI		£K 15,746	£K 13,996		R ↓
Capital forecasts - total project DI		£K 96,936	£K 96,964		A ↓
Efficiency Savings DI	Actions on track Savings	Target	Actual		G →
		4	4		
		£K 196	£K 196		
Asset management red risks	7	On track	1		R →

**Development and Infrastructure Scorecard
2015-16**

FQ3 15/16

Click for
Full Scorecard

SOA Outcome - The economy is diverse and thriving A			
ET01 Sustainable economic growth in Argyll and Bute	Success Measures	7	A
	On track	5	→
PR01 Local economy improved by delivery of sustainable development	Success Measures	4	A
	On track	3	↓

SOA Outcome - We have infrastructure that supports sustainable growth A			
ET02 A&B better connected, safer & more attractive	Success Measures	8	G
	On track	8	→
RA01 Proportionate, safe and available infrastructure	Success Measures	4	G
	On track	4	→
RA02 Roads maintenance strategies ... contribute to economic growth ...	Success Measures	2	G
	On track	2	→
RA04 Capital projects improve the transport infrastructure	Success Measures	3	G
	On track	3	→
RA07 Marine Services - maintenance/management of piers/harbours/slips	Success Measures	1	G
	On track	1	
PR05 Improved & enhanced access to natural environment & green networks	Success Measures	2	A
	On track	1	↓
PR07 Creation of well designed and sustainable places ...	Success Measures	2	G
	On track	2	→

SOA Outcome - People live in safer and stronger communities A			
ET03 Renewables ... developed ... for the benefit of communities	Success Measures	2	G
	On track	2	→
ET04 Harness the potential of the third sector ...	Success Measures	3	G
	On track	3	→
PR02 Empowered ... customers ... exercising their legal rights ...	Success Measures	2	A
	On track	1	→
PR03 Secure standards re public health & health protection ...	Success Measures	3	A
	On track	2	↓
PR04 Health, safety etc of people in & around buildings is protected ...	Success Measures	3	G
	On track	3	→
RA03 Reliable, safe and efficient vehicles fleet	Success Measures	2	G
	On track	2	→
RA05 High level of street cleanliness	Success Measures	1	G
	On track	1	→
RA06 Sustainable disposal of waste	Success Measures	2	G
	On track	2	→
PR06 ... an environment which is safe, promotes health & supports local economy	Success Measures	3	R
	On track	1	↓
SOA Outcome - People live active, healthier and independent lives G			
PR08 Protect health of our communities through effective partnership working	Success Measures	1	G
	On track	1	→

Performance Report for Council Scorecard	Period October - December 2015
<p>Key Successes</p> <ol style="list-style-type: none"> 1. First phase of re-settling Syrian refugees to Argyll and Bute is underway, 10 families have currently been re-settled in Rothesay and are adapting to life in Scotland very well. 2. The Helensburgh & Lomond Civic Centre is now fully operational 3. There were 32 new housing completions during FQ3, bringing year to date completions to 170. 	
<p>Key Challenges</p> <ol style="list-style-type: none"> 1. Planning our Future - Service Choices implementation following Council budget decisions 2. Progressing the integration of Health and Social Care Services. 3. Preparation underway for Scottish Parliament election and commencing for By-Election in Oban North and Lorn 4. Number of modern apprenticeships – posts have been advertised, unfortunately they have not attracted enough suitable candidates. 5. Finalise implementation planning for introduction of Universal Credit from 7 March 2016 6. Addressing the challenges associated with recycling and waste treatment in the medium to longer term in view of the longer term financial risks and future landfill ban affecting this statutory service. 	
<p>Action Points to address the Challenges</p> <ol style="list-style-type: none"> 1. Services will prepare detailed plans and continue community engagement 2. The timescale for integration has been established as April 2016. The scheme of integration has been agreed, the integration joint board was formally established in August 2015 and the project team are developing and consulting on the three year strategic plan. The project team are also progressing 7 workstreams that will deliver on the project plan to prepare for an integrated service. 3. Experienced team in place to deliver nomination, administration and election process 4. Closer working with Schools and opening up age range to attract more suitable applicants for future Modern Apprenticeships posts, work more closely with Job Centre plus and run more promotions on the opportunities. 5. Continued engagement with DWP and other key stakeholders, arranging and delivering awareness events, preparing data for website, agreement of Data Partnership Agreement with DWP, put services in place for assisted digital access and personal budgeting support. 6. Gain approval for the new Waste Strategy based upon a new 25 Year Waste Financial Model and continue to work with the community to improve and increase recycling performance. Meanwhile, discussions are positive and ongoing between the council, Shanks and community groups about potential changes to waste management that will be needed in response to the introduction of landfill bans in 2021. 	



Making Argyll and Bute a place people choose to live, learn, work and do business

Council Scorecard 2015-16

FQ3 15/16

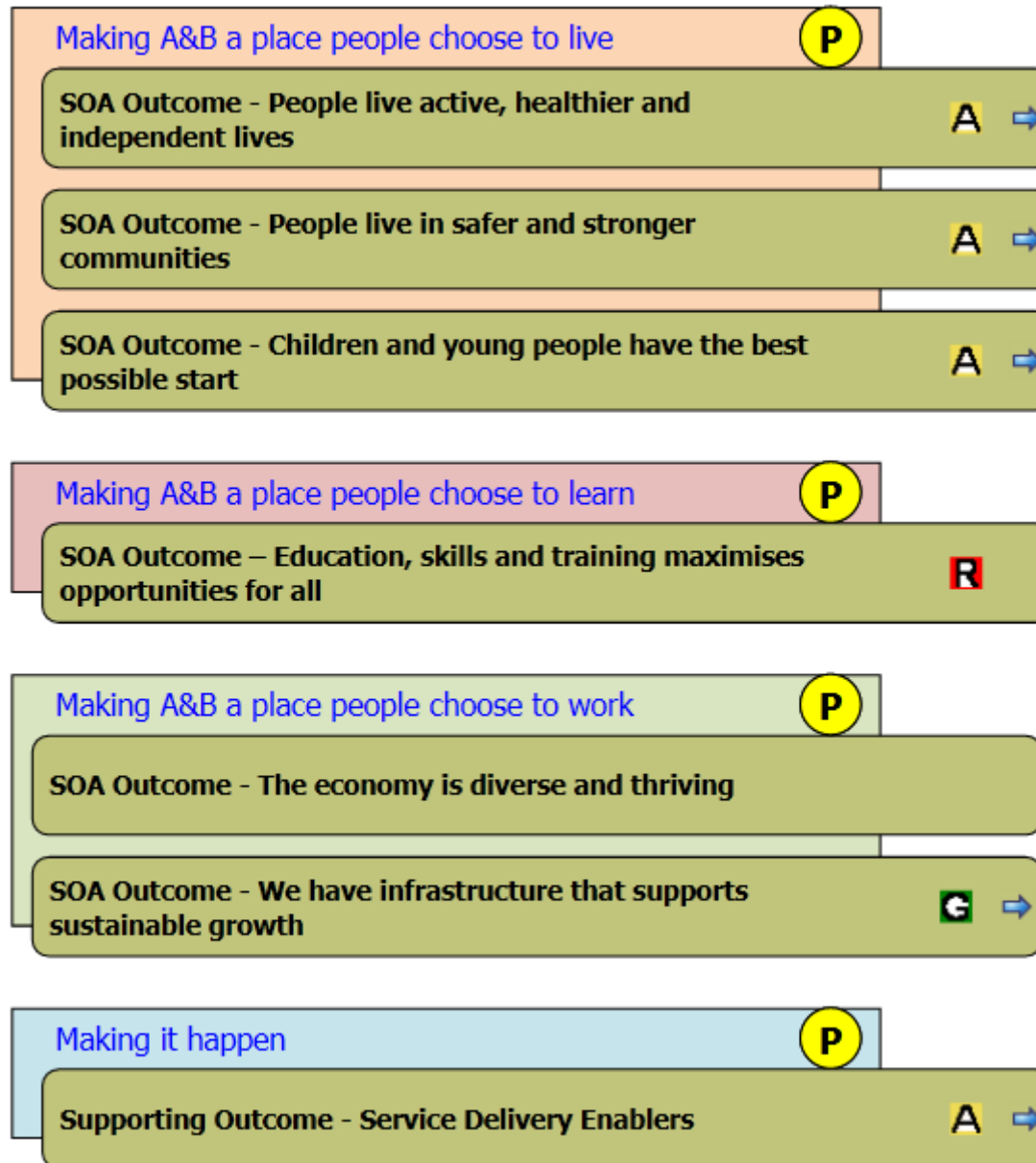
SOA 2013-23 scorecards

P Priorities for 2015-17

IMPROVEMENT					
A&B Council Audit Recommendations	Recommendations overdue	Recommendations due in future	Future recommendations off target		
	5 →	46 →	0 →		
Strategic Risk Register 2013-17		H = 1	M = 14	L = 0	
Risk - % exposure	FQ3 15/16	FQ4 15/16	→		
	43 %	43 %			
CARP 2013-16 Critical Activity Recovery Plans	Total No	Off track	On track	Complete	G
	121	0	55	66	

OUTCOMES					
Customer Service ABC	Number of consultations				6
Customer Charter G →	Stage 1 complaints	86 %	G ↓		
Customer satisfaction 93 % G ↑	Stage 2 complaints	85 %	R ↑		
SOA 2013-23 Delivery Plans	No of Short-Term Outcomes		42		
	Number on track		4		

RESOURCES					
<i>People</i>	<i>Benchmark</i>	<i>Target</i>	<i>Actual</i>	<i>Status Trend</i>	
HR1 - Sickness absence ABC		2.447 days	2.448 days	R	↓
PRDs % complete		90 %	77 %	R	
<i>Financial</i>	<i>Budget</i>	<i>Forecast</i>			
Finance Revenue totals ABC	£K 250,279	£K 248,911		R	↓
Capital forecasts - current year ABC	£K 36,533	£K 30,541		R	↓
Capital forecasts - total project ABC	£K 215,333	£K 216,086		A	↓
Efficiency Savings ABC	Actions on track Savings	Target	Actual	G →	
		28	28		
		£K 1,067	£K 1,067		
<i>Assets</i>	<i>Total Number</i>	<i>On track</i>	<i>Status Trend</i>		
Community Services red risk assets	0				
Customer Services red risk assets	7	7	G →		
Dev't & Infrastructure red risk assets	7	1	R →		



ARGYLL AND BUTE COUNCIL**Performance Review and
Scrutiny Committee****CUSTOMER SERVICES****25 February 2016**

MAXIMISING ATTENDANCE: COUNCIL PERFORMANCE Oct - Dec 2015

1 EXECUTIVE SUMMARY

- 1.1 For the period October - December 2015 there has been a slight improvement in attendance figures from the same quarter of the previous year (October - December 2014) which reported the average days lost per FTE employee as 2.75 compared with this quarter (October - December 2015) which reports 2.45.
- 1.2 In comparison with the previous quarter (July – September 2015) there has been a slight increase in the average days lost per FTE employee from 2.23 to 2.45.
- 1.3 The cost of sick pay in the period October - December 2015 was £983,929 compared with £749,792 in the previous quarter of this year and £865,840 in the same quarter the previous year. This 13.6% increase is largely attributable to the increased cost of teachers' absence.
- 1.4 The percentage of return to work interviews completed this quarter is 87% showing an improvement over the 84% achieved the previous quarter, moving closer to the council target of 100% completion of return to work interviews.
- 1.5 The report also details progress made with the corporate actions to maximise attendance.
- 1.6 It is recommended that the PRS Committee note the content of this report.

MAXIMISING ATTENDANCE: COUNCIL PERFORMANCE Oct - Dec 2015

2 INTRODUCTION

2.1 The purpose of this report is to update the Performance Review and Scrutiny (PRS) Committee on the Council's performance against targets and performance indicators for Maximising Attendance during the period October - December 2015.

3 RECOMMENDATION

3.1 It is recommended that the PRS Committee note the content of this report.

4 DETAIL

- 4.1 Table one outlines the performance of each service against the quarterly targets set at the beginning of the year. It should be noted that absence trends show fluctuations across the quarters. Historically, council-wide absence figures have dipped in quarter two and peaked in quarter four with the exception of services dominated by term-time staff.
- 4.2 Overall table one shows a positive outcome: the Council overall FTE days lost per employee at 2.45 show a reduction compared to the same quarter in 2014/15 when the average was 2.75 and the figure is only 0.001 days off the 2.45 target.
- 4.3 As in the quarter 2 report, Community Services is performing particularly well against their 2.58 target at 2.35 - this is 9% better than target. Only Adult Care and Teachers are not meeting target, though the quarter's figures still show a positive improvement over the equivalent quarter from 2014/15 of 14% and 25% respectively.
- 4.4 Customer Services is bettering target by almost 3%. The only service failing to meet target is Facility Services, a particularly complex service to manage attendance due to its flat management structure and high volume of part time staff working outwith office hours. This figure is still a 29% improvement over the same quarter of the previous year.
- 4.5 The Chief Executive's Unit is within target.
- 4.6 Development and Infrastructure is failing to meet target by over 37% and showing a 14% increase over the comparable quarter in 2014/15. Within Development and Infrastructure, Roads & Amenity Services is significantly missing target, though it should be noted that this quarter's figures are a 9% improvement over the same quarter last year. Within Roads & Amenity Services a monthly meeting has been initiated between the Head of Service and third tier managers with HR, where attendance data is reviewed and any exceptions reviewed with the relevant supervisor or manager. As identified in the previous quarter's report Development and Infrastructure have agreed with

Community Services to share their approach and resource from April 2016. Performance & Business Improvement is showing a significant variance from target of 125% and an increase of 24% over the same quarter last year (note that last year's performance was a combined figure with Roads & Amenity). This is a relatively small section (39FTE) that has had 4 long term absences that has influenced their figure. Three of the four cases have resolutions identified.

Table One: Performance October - December 2015

	Average days lost per FTE employee in Q3 2015/16		Target Days lost per FTE Employee per quarter 2015/16	Average days lost in Q3 2014/15
Adult Care	3.86	↑	3.73	4.49
Children & Families	3.35	↓	3.48	3.52
Community & Culture	1.11	↓	2.08	1.01
Education (non-teaching)	2.13	↓	2.85	2.33
COMMUNITY SERVICES (not including teaching)	2.66	↓	3.12	2.98
Teachers	1.86	↑	1.75	2.49
COMMUNITY SERVICES (including teaching)	2.35	↓	2.58	2.79
Customer & Support	0.65	↓	1.6	1.31
Governance & Law	1.42	↓	1.53	1.65
Facility Services	2.75	↑	2.3	3.9
Improvement & HR & Directorate	1.33	↓	1.5	1.26
CUSTOMER SERVICES	1.83	↓	1.88	2.35
Economic Development	2.07	↓	1.88	1.45
Planning & Regulatory	3.35	↑	1.5	0.71
Roads & Amenity Services	3.61	↑	2.25	3.97
Performance & Business Improvement	5.09	↑	3	3.84
DEVELOPMENT & INFRASTRUCTURE	3.51	↑	2.54	3.08
Strategic Finance	1.43	↓	1.55	1.04
Directorates	1.76	↑	1.55	
TOTAL CHIEF EXEC UNIT	1.54	↓	1.76	
COUNCIL TOTAL	2.45	↓	2.45	2.75

- 4.7 Table two outlines the cost of sick pay paid by service during Oct-Dec 2015. It highlights those services with the highest cost and cost per FTE indicating comparative costs between services.
- 4.8 The cost of absence at just under £984k is significantly increased from the £750k of the previous quarter and slightly down on the comparable quarter for 2014/15 at £866k. The highest costs reflect the largest services: Adult Care, Education and Roads & Amenity Services. The cost per FTE indicates the proportion of absence and relative salary of the absent staff.

Table Two: Sick pay by Service October - December 2015

Service	Cost £	Cost per FTE £	Q3 2014/15 Cost £
Adult Care	179,564	£439	173,357
Children & Families	98,961	£458	71,392
Community & Culture	24,590	£120	12,518
Education (non-teaching)	87,044	£140	62,133
Teachers	301,963	£329	286,485
Community Services Total	692,122	£292	605,885
Customer & Support	14,568	£68	19,671
Governance & Law	5,427	£106	2,200
Facility Services	50,893	£151	59,381
Improvement & HR & Directorate	15,803	£189	18,837
Customer Services Total	86,691	£127	100,089
Economic Development	19,394	£294	14,589
Planning & Regulatory	39,040	£363	6,971
Roads & Amenity Services (including Performance & Business Imp)	141,215	£284	133,669
Development & Infrastructure Total	199,649	£290	155,229
Strategic Finance	5,467	£112	4,637
COUNCIL TOTAL	983,929	£251	865,840

- 4.9 The most significant increase in absence costs is for teaching staff where there is a 164% increase over the previous quarter and a 5% increase over the same quarter the previous year. From investigating the figures, there were a number of absence reworks from the previous quarter included in this quarter. The mix of staff absent had a high proportion of Head Teachers, and Principal Teachers hence despite a 58% increase in absence rate compared to the quarter

covering much of the summer shut down, there is a proportionately higher 164% increase in cost.

Return to work interviews completed by Service October - December 2015

- 4.10 A return to work interview is an informal meeting held between an employee and line manager following a period of sickness absence which allows the manager to welcome the employee back to work in a private setting, discuss the reason for their period of absence, acknowledge any issues in relation to the employee's attendance record over the past 12 months and let the employee catch up with any changes or updates that have taken place at work during their period of absence.
- 4.11 In accordance with the Council's Maximising Attendance procedures a return to work interview must be carried out by the line manager after every instance of sickness absence. Services therefore have a 100% target when it comes to completion of return to work interviews. In order that a return to work interview is meaningful it should ideally be carried out on the day the employee returns to work or as soon as possible thereafter and certainly within three days of the employee's return to work.
- 4.12 Table three outlines each service's monthly performance with respect to percentage of return to work interviews carried out, there is no significant change from Q2 to Q3 with a 3% improvement in the overall total.

Table Three: % return to work interviews completed by Service Oct-Dec 2015

	2015/16	FQ1	FQ2	FQ3
	Service	% complete	% complete	% complete
Community Services	Adult Care	75	79	83
	Children and Families	94	77	88
	Community and Culture	97	90	98
	Education	87	81	89
	Directorate	n/a	100	100
	Total	84	81	88
Customer Services	Customer and Support	98	96	95
	Facility Services	93	94	92
	Governance and Law	86	100	67
	Directorate/Special Projects	100	Na	0
	Improvement and HR	94	95	89
	Total	94	95	91
Development and Infrastructure	Economic Development	88	73	89
	Planning and Reg. Services	91	94	87
	Roads and Amenity Services	84	84	78
	Directorate/ Performance and Business Improvement	100	100	100
	Total	87	85	81
Chief Executives	Directorate	Na	Na	100
	Strategic Finance	100	100	100

Unit	Total	100	100	100
	Council Total	86	84	87

4.13 Table four outlines the main categories of absence in the first three quarters of 2015/16. It clearly illustrates that there is a consistency in the proportion of absence relating to the top categories across all three quarters.

Table Four: % Reason for absence Q1, Q2 and Q3 2015/16

Reason for Absence	Q1 Council Total %	Q2 Council Total %	Q3 Council Total %
STRESS/DEPRESSION/MENTALHEALTH/FATIGUE	25%	25%	23%
MEDICAL TREATMENT	14%	15%	17%
STOMACH, LIVER, KIDNEY & DIGESTION	11%	11%	11%
OTHER MUSCULO-SKELETAL PROBLEMS	9%	9%	8%
BACK & NECK PROBLEMS	6%	8%	9%
INFECTIONS	7%	6%	9%
HEART, BLOOD PRESSURE & CIRCULATION	5%	5%	3%
NEUROLOGICAL	4%	4%	4%
INJURY/ACCIDENT	4%	4%	4%
CHEST & RESPIRATORY	6%	4%	3%
GENITO-URINARY/GYNAECOLOGICAL	2%	3%	2%
PREGNANCY RELATED	1%	1%	1%
SKIN	1%	1%	1%

Correlation between Untaken Leave and Stress Absence

4.14 Further to the previous Attendance Report, the Committee asked if there was a relationship between staff not taking annual leave and stress related absence. A report was obtained of all staff with over half a day's leave untaken at year end, which accounted for 487 employees. This was then compared with the stress absence data report, finding 53 (10.9%) of these employees had been absent due to a stress related illness. Further work is required to consider this topic to discover causality.

Specific Corporate Actions to Maximise Attendance

4.15 Progress has been made on a number of initiatives supporting managing attendance:

4.16 A new comprehensive Stress at Work policy has been presented to SMT, some changes will be made by HR based on feedback from the Chief Executive and then the updated policy will be resubmitted to SMT for approval. This policy introduces a risk assessment framework with clear guidelines for managing stress at work.

4.17 PAM Assist are now providing a 24 hour telephone service and a face to face service providing confidential support to employees. Methods more effectively communicating this service to employees are currently being considered following feedback from Trade Unions.

4.18 Staff who have not taken all annual leave from last year to be specifically targeted with information on recognition and support for stress. Managers to be

advised of staff who have not taken all their annual leave last year to ensure that their leave is planned this year.

- 4.19 As identified in previous report it is noted that Community Services is the only Service to employ an HR Assistant to specifically support managing attendance, in particular providing a high level of support to managers in terms of training and advising on implementation of policy and best practice to support staff back to work. The Executive Director of Community Services has taken a keen interest in attendance management and has regular review meetings with the attendance HR Assistant, such that managers within his department are aware that there is a high level of scrutiny of how they are managing particular cases. Recognising the success of this model Development & Infrastructure has agreed to share this support from April 2016 and will implement the same model.
- 4.20 The Healthy Working Lives group are working on a number of initiatives:
 - 4.20.1 Following a proposal to the HR Board, a range of materials have been added to the hub supporting stress management: self-assessment tools, e-learning training and details of how to access specific support.
 - 4.20.2 Researching the role of Mental Health First Aiders within organisations, and whether this is something that the Council could incorporate/promote is on the agenda for their next meeting.
 - 4.20.3 Consideration being given to changing the function of the Healthy Working Lives group to considering strategic issues with area groups responsible for running events and local activity.
- 4.21 Ongoing from previous report it is recognised that the Council is currently facing significant change and potential job losses, both of which are known stressors. The Council will take cognisance of this situation to ensure that this stress is minimised where possible by ensuring clear and regular communication with affected staff.

5 CONCLUSION

- 5.1 In conclusion this report has outlined the Council's performance against targets and performance indicators for the period October - December 2015.

6 IMPLICATIONS

Policy	This complies with the Council's Maximising Attendance Policy
Financial	Failure to achieve targets in relation to maximising attendance is likely to have financial implications with respect to the cost of sick pay
HR	Failure to maximise attendance is likely to have an impact on workforce productivity
Legal	None
Equal Opportunities	This complies with the Council's Equalities policy
Risk	High levels of absence present risk to organisational efficiencies
Customer Service	High levels of absence will impact on customer service

Jane Fowler, Head of Improvement and HR
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ARGYLL AND BUTE COUNCIL**PERFORMANCE REVIEW AND SCRUTINY
COMMITTEE****STRATEGIC ASSET MANAGEMENT
BOARD****25 FEBRUARY 2015**

POST COMPLETION REVIEW LESSONS LEARNED

1. EXECUTIVE SUMMARY

- 1.1 As part of the programme of continuous improvement the Strategic Asset Management Board carries out post completion reviews of capital projects to look for good practice which can be replicated across project delivery as well as aspects of delivery which could be improved.
- 1.2 This report summarises the findings and lessons learned from carrying out reviews of capital projects which completed during 2014-15.

POST COMPLETION REVIEWS AND LESSONS LEARNED

2. INTRODUCTION

2.1 As part of the programme of continuous improvement the Strategic Asset Management Board carries out post completion reviews of capital projects to:

- Identify good practice
- Identify areas for improvement

2.2 The purpose of this report set out the learning points identified by the reviews.

3. RECOMMENDATIONS

3.1 To note the contents of the report.

4. DETAIL

4.1 The Audit Scotland report on Major Capital Investment in Councils recommended that Councils carried out post completion reviews of capital projects and reported the findings in conjunction with any lessons learned.

4.2 In respect of capital projects completed during 2014-15 reviews were carried out which looked at project performance covering the following:

- Completed on time
- Completed on budget
- Contractor Performance
- Lessons Learned

4.3 In terms of asset sustainability projects these were considered at the programme level as that is how they are managed with any learning points being identified. In respect of service development and strategic change projects each project was looked at individually with a template being completed.

4.4 The key findings from the reviews undertaken were that in general projects were completed on time. There were variations between budgets and actuals at individual project level, but the overall programme, in terms of asset sustainability projects was managed to deal with these variations. The overall performance of contractors was good, but there were instances of poor performance which should be addressed when selecting the contractor and this will in the future inform the Council's Vendor Rating System.

- 4.5 The main lessons learned were that it is important to have communication, early agreement and engagement with clients. Collaborative working has been a success and areas of this type of working need to be communicated to all services. Consideration of programming a number of jobs at the same facility can lead to reductions in disruption to users of the facility and to reduced overall costs in respect of the projects. The Council purchased materials in respect of a number of jobs and this was beneficial in terms of the contract delivery.
- 4.6 In terms of areas for improvement it was identified that there needs to be clear brief of the client's requirements before proceeding with a contract. Where a number of areas of work were combined this led to benefits but added to the complexity of managing the programme of jobs. In respect of property works more detailed surveys should be considered to gain a better understanding of the work required which would assist with more accurate costing of the job.
- 4.7 Appendix 1 illustrates the nature of the findings from the review how they will be addressed while appendix 2 shows details of project performance.

5. CONCLUSION

- 5.1 The carrying out of the post completion reviews has highlighted a number of lessons which if implemented should result in improved performance in the delivery of future capital projects.

6. IMPLICATIONS

- 6.1 Policy – None
- 6.2 Financial - None
- 6.3 Legal - None.
- 6.4 HR - None
- 6.5 Equalities - None.
- 6.6 Risk - By applying the lessons learned this should reduce the risks associated with delivery of capital projects in the future.
- 6.7 Customer Service - None.

Malcolm MacFadyen, Head of Facility Services

For further information please contact:

Peter Cupples, Finance Manager – Corporate Support 01546-604183

Appendix 1 Project Findings
Appendix 2 Project Performance

Appendix 1 Project Findings

Project	Findings	Responsible Officer
Traffic Management	To enable improved co-ordination of works programme, list of works should be compiled much earlier in the year than has been the custom in the past.	Head of Roads and Amenity Services
Bridge Strengthening	External consultants used to progress some schemes due to lack of internal staff availability. Longer term financial planning is required to make best use of the budgets allocated and to address the risks of sub strength structures.	Head of Roads and Amenity Services
Flood Prevention	Consider turfing rather than seeding in residential areas.	Head of Roads and Amenity Services
Street Lighting	Daily assessments of sites, paid dividends in works completed	Head of Roads and Amenity Services
Zero Waste Fund	Smart purchasing and invoices paid on time resulted in savings	Head of Roads and Amenity Services
Argyll House Heating & Lighting Upgrade	Council supply of materials should be considered where this could be beneficial to the delivery of the project.	Head of Facility Services
Argyll House, Dunoon	Detailed survey/assessment of necessary works would have been beneficial in setting budget.	Head of Facility Services
Whitegates Offices, Lochgilphead - Roofing Improvements	Prior investigative tests to roof structure will reduce possibility of unknown costs	Head of Facility Services

Gaelic Centre - Corran Halls	Snag the job as they proceed rather than on completion.	Head of Facility Services
Tayvallich Primary School - Pre 5 Unit	Experienced site supervision required from commencement of contract	Head of Facility Services
Manse Brae, (Roads) -Mid Argyll Office Reorganisation	Endeavour to let contracts well before programmed start date.	Head of Facility Services
Schools refurbishment projects (General)	Ensure school are aware of extent of work and cleaning time required at end of contract	Head of Facility Services
Hermitage Primary School Extension	Contractor worked well with school after initial noise and disturbance complaints. Managing schools expectations while contractors on site.	Head of Facility Services

Appendix 2 Project Performance

Project Description	Cost				Completed		
	Budget	Actual	Variance	Variance	On Time	Within Budget	Within Scope
	£000's	£000's	£000's	%	Y/N	Y/N	Y/N
Roads Reconstruction	6,697	7,718	-1,021	-15.25%	Y	N	N
Traffic Management	85	103	-18	-21.18%	Y	N	Y
Environmental - Rose Garden	34	33	1	2.94%	Y	Y	Y
Bridge Strengthening	280	334	-54	-19.29%	Y	N	Y
Flood Prevention	60	55	5	8.33%	Y	Y	Y
Street Lighting	507	565	-58	-11.44%	Y	N	Y
Zero Waste Fund	34	24	10	29.41%	y	Y	y
Gartbreck Waste Disposal Site	64	57	7	10.94%	y	Y	y
Municipal Buildings Oban - Creation of Service Point	127	127	0	0.00%	Y	Y	Y
Municipal Buildings, Albany St, Oban - Workforce Deployment	72	72	0	0.00%	Y	Y	Y
Lorn House, Oban	45	30	15	33.33%	Y	Y	Y
Rothesay Swimming Pool	339	339	0	0.00%	Y	Y	Y
Argyll House Heating & Lighting Upgrade	48	49	-1	-2.08%	Y	N	Y
SW Office Lorn Resource Centre - Oban Office Rationalisation	57	57	0	0.00%	Y	Y	Y
Lorn House - Oban Office Rationalisation Implementation	71	71	0	0.00%	Y	Y	Y
Union Street, Rothesay	75	75	0	0.00%	Y	Y	Y
Dalriada House, Lochgilphead	8	8	0	0.00%	Y	Y	Y
Castle House, Dunoon	17	16	1	5.88%	Y	Y	Y
Manse Brae District Office, Lochgilphead	15	36	-21	-140.00%	Y	N	N
Argyll House, Dunoon	46	13	33	71.74%	Y	Y	Y
Blairvadach	20	2	18	90.00%	Y	Y	Y
Whitegates Offices, Lochgilphead - Roofing Improvements	112	202	-90	-80.36%	N	N	Y
Thomson Home - Health & Safety	16	16	0	0.00%	Y	Y	Y
Health & Safety - Eadar Glinn Baths	29	29	0	0.00%	Y	Y	Y
Tigh a Rhuda Care Home - Health & Safety	7	7	0	0.00%	Y	Y	Y
Ardfenaig Care Home - Health & Safety	39	39	0	0.00%	Y	Y	Y
Health & Safety - Woodlands Resource Centre	6	6	0	0.00%	Y	Y	Y

Project Description	Cost				Completed		
	Budget	Actual	Variance	Variance	On Time	Within Budget	Within Scope
Eadar Glinn - Health & Safety	31	31	0	0.00%	Y	Y	Y
Lismore Primary School - Drainage Works	61	6	55	90.16%	Y	Y	Y
Woodlands/Greenwood - Services Upgrade	111	34	77	69.37%	Y	Y	Y
Gaelic Centre - Corran Halls	170	173	-3	-1.76%	Y	N	Y
Gaelic Media Studio - Oban High School	91	53	38	41.76%	Y	Y	Y
St Andrews Primary School - Capital Property Works	3	3	0	0.00%	Y	Y	Y
Rhunahaorine Primary School - Capital Property Works	10	10	0	0.00%	Y	Y	Y
Dunoon Primary School House - Secondary Glazing	51	51	0	0.00%	Y	Y	Y
Kilninver Primary School - Roofing Works	25	25	0	0.00%	Y	Y	Y
Port Ellen Primary School Kitchen	29	29	0	0.00%	Y	Y	Y
Garelochhead Primary School Staging	7	7	0	0.00%	Y	Y	Y
Tayvallich Primary School - Pre 5 Unit	430	438	-8	-1.86%	Y	N	Y
Video Conferencing Upgrade - Secondary Schools	60	55	5	8.33%	Y	Y	Y
Victoria Hall, Helensburgh - Fire Alarm Upgrade	282	35	247	87.59%	Y	Y	Y
Ramsey Memorial Hall - Water Heating	185	14	171	92.43%	Y	Y	Y
Manse Brae (Roads) -Mid Argyll Office Reorganisation	242	346	-104	-42.98%	Y	N	Y
Tarbert Academy - Mid Argyll Office Re Organisation	20	20	0	0.00%	Y	Y	Y
Kintyre Community Education Centre - DDA Entrance	25	25	0	0.00%	Y	Y	Y
Tarbert Library - Health & Safety	15	15	0	0.00%	Y	Y	Y
Garelochhead Primary School - Capital Property Works	15	15	0	0.00%	Y	Y	Y
Port Charlotte Primary School - Capital Property Works	30	30	0	0.00%	Y	Y	Y
John Logie Baird Primary School Doors - Capital Property Works	9	9	0	0.00%	Y	Y	Y
Tobermory High School - Capital Property Works	50	50	0	0.00%	Y	Y	Y
Park Primary School - Capital Property Works	77	77	0	0.00%	Y	Y	Y
Glencruitten Hostel, Oban - Health & Safety	6	6	0	0.00%	Y	Y	Y
Glencruitten Hostel - Health & Safety	17	17	0	0.00%	Y	Y	Y
Keills Schoolhouse - Housing Quality Standard	32	32	0	0.00%	Y	Y	Y
Port Charlotte School House - Housing Quality Standard	38	38	0	0.00%	Y	Y	Y
Balemartine New School House - Housing Quality Standard	20	20	0	0.00%	Y	Y	Y
Tarbert Academy - Early Learning and Childcare - Pre 5 Unit	165	165	0	0.00%	Y	Y	Y

Project Description	Cost				Completed		
	Budget	Actual	Variance	Variance	On Time	Within Budget	Within Scope
Bowmore Primary School - Early Learning & Childcare - Pre 5 Unit	106	106	0	0.00%	Y	Y	Y
Bunessan Primary School - Early Learning & Childcare - Pre 5 Unit	81	81	0	0.00%	Y	Y	Y
Free School Meals - Kitchen Upgrade - Dalintober Primary School	25	25	0	0.00%	Y	Y	Y
Asbestos Education - Cardross Primary School	38	38	0	0.00%	Y	Y	Y
Asbestos Education - Strone Primary School	85	2	83	97.65%	Y	Y	Y
Kintyre Renewables Hub	12,115	11,571	544	4.49%	N	Y	Y
Hermitage Primary School Extension	765	823	-58	-7.58%	Y	N	Y
Carbon Management	261	202	59	22.61%	Y	Y	Y
Carbon Management Fuel Conversion	145	107	38	26.21%	Y	Y	Y
Solar Panels	488	379	109	22.34%	Y	Y	Y
Oil to Gas Conversions	209	182	27	12.92%	Y	Y	Y

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ARGYLL AND BUTE COUNCIL**PERFORMANCE REVIEW AND
SCRUTINY COMMITTEE****25 FEBRUARY 2016**

CASTLE TOWARD SCRUTINY REPORT

1.0 EXECUTIVE SUMMARY

The Performance Review and Scrutiny Committee has delegated powers in terms of the Scheme of Administration and its terms of reference include responsibility for scrutiny in relation to commenting on decisions and policies agreed by the Council and other committees and the impact they have on Argyll and Bute as an area, and making recommendations as appropriate.

Good Scrutiny provides a critical friend challenge to decision makers, enables the voice of the public and should be for the purpose of driving improvement.

At the PRS Committee meeting 26 February 2015 it was agreed to accept the request by Councillor Marshall and Dance to consider the Council decision to reject the offer of the Castle Toward estate by the SCCDC under the terms of the Land Reform (Scotland) Act 2003.

This report provides comments and recommendations arising from the Committee's scrutiny of the Council's decision making process in relation to the community right to buy application in respect of Castle Toward submitted by South Cowal Community Development Company (SCCDC).

The Castle Toward right to buy process was an issue of significant profile in the Cowal area and is viewed as having a detrimental and damaging impact on the Council's reputation.

The Council's style of managing the proposed right to buy process, while in line with legislative and technical requirements, could be perceived as not conducive to demonstrating openness and responsiveness to customers and constituents.

This report will provide comment on various issues raised during the course of the Committee's scrutiny and make recommendations in connection with these with a view to ensuring that the Council has a clear, transparent and robust process for dealing with any future applications of a similar nature.

Recommendations made cover a range of themes and are underpinned by a requirement to develop a draft policy and set of procedures which provide clear guidance and instruction in relation to the Council's requirements of any potential purchaser and which outlines transparent governance and decision making arrangements.

25 FEBRUARY 2016

CASTLE TOWARD SCRUTINY REPORT

2.0 INTRODUCTION

2.1 This report provides comments and recommendations arising from the Committee's scrutiny of the Council's decision making process in relation to the community right to buy application in respect of Castle Toward submitted by South Cowal Community Development Company

3.0 Detail:

3.1 The Committee noted that applications to purchase Council property by community organisations, whether made informally or in accordance with the provisions of Part 2 of the Land Reform (Scotland) Act 2003 have been dealt with on an ad-hoc basis. The Committee view is that the Council approach to dealing the SCCDC proposal was very much transactional in nature which did not demonstrate, or perhaps was not conducive to supporting a more collaborative approach. A more open and responsive style may not have altered the outcome of the application but could have negated what is seen by many as, a perceived lack of political will in progressing the application.

In order to facilitate a shift to a more collaborative approach the Committee considers that it would be appropriate for the Council to further develop guidance, policies and procedures to deal with such applications. The policies and procedures should also relate to asset transfer requests which may be submitted by community groups once the relevant provisions of the Community Empowerment (Scotland) Act 2015 are in effect.

Arising from the Committee's scrutiny of the handling of the application by South Cowal Community Development Company, a number of themes were identified and it is considered that the policies and procedures should deal with, amongst other things, the following aspects:-

3.2 Issue 1 – Governance

It is important to identify where the appropriate decision making is to lie in relation to such applications and whether there is to be any delegation to area committees and/or officers. It may be that the extent of any delegation could relate to the both the amount and/or percentage of any discount and include guidance on decision making route(s) which are aligned to the value of the property.

3.3 Issue 1 – Recommendation

The Council should request officers to provide for Member consideration and approval draft policies and procedures relating to requests by community groups to purchase Council property, whether made informally or in accordance with the provisions of Part 2 of the Land Reform (Scotland) Act 2003, and in relation to asset transfer requests submitted by community groups in accordance with the provisions of the Community Empowerment (Scotland) Act 2015.

The Council should invite officers as part of their development of draft policies and procedures for Council approval to provide options in relation to a proposed scheme of delegation in relation to such matters.

3.4 Issue 2 –: Valuation Guidance/Limitations on discounts

Valuation information was an important element of proposal. From the outset there was a difference of opinion as regards the value of the property and this underpinned much of the discussion throughout the process. The Council had a valuation figure, provided by the Scottish Government appointed District Valuer, of £1.75m. SCCDC were working to an alternative figure of £850,000 provided by Savills. There seemed to be little attempt to reconcile these figures and it could be viewed that both parties positions became entrenched as a result.

Audit Scotland in their annual report stated “it is our view that it was for the Council to decide on whether to accept or reject the purchase proposal for Castle Toward from the SCCDC. In making this decision it is appropriate that the elected members considered a range of factors including the details of the proposal, the District Valuer’s valuation of the property, and the appropriateness of alternative valuations”

3.5 Whilst acknowledging Audit Scotland’s view, as part of the draft policies and procedures it may be that the Council would wish to consider indicative amounts of discount or percentages of discount that will be available to suitable applicants. This would assist in the management of expectations of community bodies in relation to such applications. It may be that the limitations in terms of percentages available could be greater for smaller value discounts. It should of course be made clear to applicants that there is no guarantee of the indicative discount or indeed any discount being agreed and that the decision in each case will depend on its own individual facts and circumstances. It is important that parameters are defined from the outset and where proposals or application do not meet requirements the relevant parties are notified accordingly and timeously.

3.6 Issue 2 – Recommendation

It is recommended that as part of the draft policies and procedures officers should present to members options in relation to limitations on the percentages and amounts of any available discounts.

3.7 Issue 3 –Mediation

Although South Cowal Community Development Company did not produce a formal valuation of the property until January 2015, it was clear from early on in the process that there was a dispute between the Council and the community

body in relation to the valuation of the property. Whilst it is recognised that the appropriate legislation both in relation to the community right to buy and asset transfer requests provides an appeal process, it is considered that the Council should as part of its policies and procedures include an informal and quick mediation process whereby the issues in dispute are identified and the different positions of the parties involved are presented outlining any rationale which underpins a particular stance. I.e. legal or statutory obligations.

The suggested process would be used for matters in dispute which are material to the sale or disposal of an asset or progression of a project or initiative. The Committee acknowledges that it will not be possible to resolve every issue by such a procedure but considers that since the Council is dealing with local communities, it is appropriate to endeavor to seek such a solution though such a procedure without it being necessary for community bodies or group to exercise the appeal processes or complaints processes available to them.

3.8 Issue 3 –Mediation - Recommendation

It is recommended that as part of the policies and procedures to be developed, officers provide options on a quick and informal mediation procedure with a view to avoiding the necessity of community bodies or group requiring to exercise formal appeal or complaints processes available to them.

3.9 Issue 4 – State Aid

State Aid was an issue which was also the subject of much discussion during the proposal. Again as with valuation, differing interpretations and viewpoints were evident and it is the Committee's view that confusion remains in relation to the extent of which state aid applies and which party bore the residual risk. The Committee recognised that there is a disparity between the requirements contained within the Scottish Government's guidance in relation to the Disposal of Land by Local Authorities (Scotland) Regulations 2010 and the nature and content of advice provided by the Scottish Government's specialist State Aid Unit. The guidance requires authorities to ensure "that the nature and amount of subsidy complies with the State Aid rules particularly if there is no element of competition in the disposal process". The State Aid Unit provides advice on a risk basis so that rather than stating that the nature and amount of the subsidy complies with the State Aid rules the advice will be along the lines of the risk of successful challenge is low to medium or medium to high or whatever. This disparity causes difficulties in the decision making process.

3.10 Issue 4 – State Aid - Recommendation

Whilst the superiority of the EU in determining such issues is recognised it is recommended that officers are instructed to contact the Scottish Government, highlighting the disparity referred to and seeking Scottish Government assistance whether by amending the relevant guidance to accord with the type of advice issued by the State Aid Unit or amending the nature of the advice provided by the State Aid Unit so that authorities are able to ensure following advice from the State Aid Unit that they are complying with the requirements of the Guidance.

3.11 Issue 5 – Reports

Timely availability and clarity of information presented to members was identified as an issue. The Committee recognises that of necessity, applications particularly for larger amounts of discount will involve considerable research and investigation and there will be a considerable number of documents and other information which requires to be assessed by officers before the matter is referred to Members for their decision.

It is noted however that officers will carry out the assessment of the documentation and it is therefore appropriate that they should report in clear and concise terms on their findings. Reports should also make it clear, where appropriate, matters where decisions require to be made by Members. It should be recognised that reports, on occasion, may identify multiple policy options where a decision is required by members and a recommendation from officers would be inappropriate. This should reduce the possibility of it being considered that the reports are equivocal or ambiguous because alternative decisions may be open to members.

It is also noted that some Members consider that additional information (e.g. the full business case presented by applicants) should be available for consideration by Members whereas other Members would be content to receive clear and concise conclusions on information which has been the subject of an assessment carried out by officers. It is important also that Members have a sufficient period of time to consider the information available to them.

3.12 Issue 5 – Reports - Recommendation

It is recommended that as part of the draft policies and procedures, a pro-forma style of report should be developed which sets out clearly and concisely the information required by Members, including the conclusions of any officer assessments of information provided by applicants, to enable them to make fully informed decisions. Although not an exhaustive list the assessment process should ensure information is provided on a range of areas including valuations, economic benefits, alignment with corporate objectives, community benefits, sustainability, equalities, risk and third party funding levels. The availability of the report should be such that Members have a sufficient period to allow them to consider fully the terms of the report. Members should also be provided with a link to an online repository of detailed information should they require more than the basic information provided in the report.

3.13 Issue 6 – Information

The Committee noted that reports were presented for Members' consideration when not all of the information which Members required to enable them to make their decision had been made available to the Council. It is important that efforts should be made to ensure that all the necessary information is available to Members in a single report and that there should be no need for Members to defer a decision to a later date. Applicants should be advised that unless all the required information is made available for the purposes of preparation of report, then the report will not be presented to Members until such time as the required information is available. There may still be occasion whereby a request for further information which could not have been reasonably predicted results in

decisions being deferred. The matter of the content of the required information is one that could perhaps be subject to the mediation procedure referred to in paragraph 4.1.3) above.

3.14 Issue 6 – Information – Recommendation

It is recommended that as part of the draft policies and procedures, guidance should be made available to applicants which provides, amongst other things, that (1) the relevant report will not be presented to Members unless all the information required by officials has been provided by applicants and (2) should there be any dispute as to the requirement for a particular information required by officers, other than matters of an operational matter or professional judgement, then such a dispute is a matter which may be referred to the mediation resolution procedure to be put in place in respect of these matters.

3.15 Issue 7 – Capital Monitoring

The wider financial implication of disposing of Castle Toward at less than market value was recognised as an issue. The Council as part of Capital planning assumptions and protocols had factored in an anticipated capital receipt within its Capital programme. Although this is standard practice in the public sector and accords to accounting regulations, the interpretation of this approach led to some confusion with various differing views on whether disposing of the asset at less than market value was a real “loss” or a paper based transaction.

During the course of its scrutiny of the Castle Toward matter, the Committee became aware that capital receipts are intended to form a significant part of the finance for the Council’s capital programme during the financial year 2016/17. The Committee was unable to ascertain if there was any Member monitoring of capital programme income/receipts and programme expenditure. Given both the significance of receipts to the ability of the Council to undertake the full capital programme, the Committee considered it appropriate to recommend that the Council reviews existing arrangements for Member monitoring of capital programme income/receipts and programme expenditure ensuring that progress updates provide any associated implications.

3.17 The current process also fails to recognise on-going revenue costs such as maintenance and security which may have a material impact on overall realisation value and are an important consideration in any decision making.

3.18 Issue 7 Capital Monitoring Recommendation: Officers to review capital monitoring reporting arrangements to ensure Members are provided with timely information in relation to capital receipts including underlying detail, disposal timeline, on-going costs and their impact on realisation value and progress status.

4.0 RECOMMENDATIONS

- 4.1 It is recommended that the Council should request officers to provide for Member comment and approval draft policies and procedures relating to requests by community groups to purchase Council property, whether made informally or in accordance with the provisions of Part 2 of the Land Reform (Scotland) Act 2003, and in relation to asset transfer requests submitted by community groups in accordance with the provisions of the Community Empowerment (Scotland) Act 2015.
- 4.2 It is recommended that the Council should invite officers as part of their development of draft policies and procedures for Council approval to provide options in relation to a proposed scheme of delegation in relation to such matters.
- 4.3 It is recommended that within the draft policies and procedures, officers should present to Members options in relation to limitations on the percentages and amounts of any available discounts to be available in respect of such requests.
- 4.4 It is recommended that as part of the policies and procedures to be developed, officers provide options on a quick and informal mediation resolution procedure with a view to avoiding the necessity of community bodies requiring to exercise appeal rights in terms of the relevant legislation.
- 4.5 It is recommended that officers are instructed to contact the Scottish Government, highlighting the disparity referred to and seeking Scottish Government assistance whether by amending the relevant guidance to accord with the type of advice issued by the State Aid Unit or amending the nature of the advice provided by the State Aid Unit so that authorities are able to ensure following advice from the State Aid Unit that they are complying with the requirements of the Guidance.
- 4.6 It is recommended that as part of the draft policies and procedures, there should be developed a pro-forma style of report which should set out clearly and concisely the information required by Members, including the conclusions of any officer assessments of information provided by applicants, to enable them to make fully informed decisions on all matters on which they require to make decisions and that the availability of the report should be such that Members have a sufficient period to allow them to consider fully the terms of the report. Members should also be provided with a link to an online repository of detailed information available to Members should they require more than the basic information provided in the report.
- 4.7 It is recommended that as part of the draft policies and procedures, guidance should be made available to applicants which provides amongst other things that (1) the relevant report will not be presented to Members unless all the information required by officials has been provided by applicants and (2) should there be any dispute as to the requirement for a particular information required by officers, then such a dispute is a matter which may be referred to the dispute resolution procedure to be put in place in respect of these matters.

- 4.8 Given the significance of receipts to the ability of the Council to undertake the full capital programme during 2016/17, it is recommended that the Council instruct Officers to review capital monitoring reporting arrangements to ensure Members are provided with timely information in relation to capital receipts including underlying detail, disposal timeline and progress status

5.0 Conclusion

It was the Council's democratic prerogative to determine the response to the SCCDC bid for Castle Toward. It is the view of the committee that the Council's approach to the SCCDC bid was transactional in nature and a more collaborative approach could have been beneficial. The proposed policy and process recommendations should enable the necessary shift in approach, promote transparency, facilitate engagement and ensure the Council is best placed to deal with Community Empowerment requirements.

6.0 IMPLICATIONS

- 6.1 Policy: Potential for impact on Asset Management Strategy and financial policies.
- 6.2 Financial: Potential for impact on Capital Program
- 6.3 Legal:
- 6.4 HR:
- 6.5 Equalities:
- 6.6 Risk: There are financial, legal and reputational risk associated with these recommendations. The Council must ensure it is best placed to meet the needs of their community whilst balancing legal obligations and fiscal prudence.
- 6.7 Customer Service: Revised policies and processes should improve customer engagement experience.

25 FEBRUARY 2016

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01369 708505

ARGYLL AND BUTE COUNCIL**PERFORMANCE REVIEW AND SCRUTINY
COMMITTEE****STRATEGIC FINANCE****25 FEBRUARY 2016**

Performance Review and Scrutiny Committee Handbook.

1. Executive Summary

- 1.1 This report introduces a draft Performance Review and Scrutiny Handbook for member approval.
- 1.2 Audit Scotland in their 13/14 Annual report identified that "Scrutiny still needs to demonstrate improvement under the new committee structure". This handbook has been prepared at the request of the Committee and as part of an Improvement Strategy Action plan.
- 1.3 The handbook has been prepared using the format of existing Scrutiny documents which are available within other Local Authorities and incorporates elements of best practice. The handbook provides a framework to undertaking effective scrutiny and is a starting point for the Committee. It is specifically focused on the Scrutiny role of the Committee. It is a live document and will evolve as scrutiny processes mature.
- 1.4 The main content includes:
- How does the Committee Operate
 - Requirements of Members
 - Topic Selection and review criteria
 - Approach to Scrutiny
 - Process
 - What happens at meetings and after meetings
 - Reporting arrangements.
- 1.5 Members are asked to note the content and approve the document as a reference point to undertaking their scrutiny role.

2. RECOMMENDATIONS

- 2.1 Members to note the content of the report.

Members to approve the PRS Committee Handbook as a reference point to undertaking effective scrutiny.

3 CONCLUSION

- 3.1 This report introduces a Committee Handbook to assist members in undertaking their scrutiny role. It is acknowledged that this is a working document and may/will evolve as scrutiny processes mature within the Council.

4. IMPLICATIONS

- 4.1 Policy – None directly but the handbook should be used to assist the Committee in setting and reviewing its strategic direction and performance.
- 4.2 Financial – None
- 4.3 Personnel – None
- 4.4 Equal Opportunities – None
- 4.5 Legal – None.
- 4.6 Risk – A formal framework outlining approach to Scrutiny should contribute to overall risk assurance levels within the organisation.
- 4.7 Customer Service – None.

Kevin Anderson
Chief Internal Auditor

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APPENDICES

Appendix 1 – Performance Review and Scrutiny Committee Handbook

Performance Review and Scrutiny Committee Handbook

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INTRODUCTION

Since its establishment in 2012, Argyll and Bute's Performance Review and Scrutiny Committee has been in a continual process of development. Its greatest strengths lie in its members who devote time and commitment to the work of the committee.

As the individuals who serve on the Committee change, bringing their own skills and abilities to the process, the operational practise will continue to evolve, but the key principles should remain constant. In carrying out its work, the Committee will seek to be Deliberative, Outward looking, Investigative, Inclusive, Open, Influencing, Evidence based, Proactive, Transparent, Flexible, Accountable, Non-partisan and Responsive.

This handbook seeks to pull together, in a single document, the various processes and protocols which will underpin the Committee's activity. It also provides a narrative of the processes which the Committee follow in order to undertake its work, and, in particular, focuses on how the formal reviews are undertaken.

This handbook will be kept under review and will be updated on a regular basis to reflect any amendments to practice or procedure. This is the first issue and will focus on the Scrutiny element of the PRS Committee.

Argyll and Bute Council is committed to Openness and Transparency and the work of the PRS Committee should support this aim with a focus on continuous improvement and development.

Ian M M Ross
Chair,

Cllr Sandy Taylor
Vice-Chair,

Sally Loudon,
Chief Executive,

WHAT IS THE PERFORMANCE REVIEW AND SCRUTINY COMMITTEE?

The Performance Review and Scrutiny Committee is a central Committee of Argyll and Bute Council. It is made up of 7 councillors, 4 from the opposition and 3 from the administration, reflecting the political spread across the authority. The Committee also has an Independent Chairperson together with 3 representatives from Community Planning partners who are full and equal members. The Committee's terms of reference include:

Performance Review

- (1) Reviewing performance when viewed against policy objectives arising from:
 - a) The Planning and Performance Management Framework and the quarterly performance reports to committee.
 - b) External inspection reports e.g. School Inspections.
 - c) The Community Planning Partnership and other major partnership projects.
 - d) Specific performance reports requested by the committee.
 - e) Ad hoc performance reports presented to the Committee by Chief Officers.
 - f) Any other reports of a performance-related nature.
- (2) Making recommendations to the Council on performance matters in relation to (1) above.

Scrutiny

- (1) Monitoring the delivery of corporate improvement programmes and ensuring that they are progressing in line with corporate aims and objectives. Reporting the findings and recommendations to the Council.
- (2) Commenting on decisions and policies agreed by the Council and other committees and the impact they have on Argyll and Bute as an area, and making recommendations as appropriate to the Council.
- (3) Inviting Policy Lead Councillors to attend and elaborate on Council decisions or proposals.

The Committee also has Scrutiny duties arising from the Police and Fire Reform (Scotland) Act 2012

The Scottish Police Authority (SPA) and the Scottish Fire and Rescue Service (SFRS) will be under a statutory duty to ensure adequate arrangements for policing and fire and rescue services in all local authority areas.

The local authority will have statutory powers to monitor the delivery of police and fire and rescue functions in the area.

The local authority will have statutory powers to provide feedback to the Local Commander and Local Senior Officer and to make recommendations for improvements.

Sections 45-47 of the Act outline scrutiny of police service requirements.
Sections 114-116 of the Act outline scrutiny of fire service requirements.

<http://www.legislation.gov.uk/asp/2012/8/contents/enacted>

The Committee has adopted the following principles of operation:

Open	Transparent	Investigative
Deliberative	Evidence-based	Accountable
Responsive	Inclusive	Influencing
Flexible	Proactive	Non-partisan
	Outward Looking	

What does it do?

The Committee has Argyll and Bute-wide responsibilities in relation to Scrutiny and has 3 main tasks:

- 1 Monitoring the delivery of corporate improvement programmes and ensuring that they are progressing in line with corporate aims and objectives.
Reporting the findings and recommendations to the Council.
- 2 Commenting on decisions and policies agreed by the Council and other committees and the impact they have on Argyll and Bute as an area, and making recommendations as appropriate to the Council.
- 3 Inviting Policy Lead Councillors to attend and elaborate on Council decisions or proposals.

To ensure scrutiny works effectively, the Centre for Public Scrutiny (www.cfps.org.uk) has put forward four key principles. In their view, Scrutiny should:

1. Provide 'critical friend' challenge to executive policy makers and decision makers
2. Enable the voice and concerns of the public and its communities to be heard
3. Be carried out by 'independent minded members' who lead and own the scrutiny process
4. Drive improvement in public services

These principles underpin the work of Performance Review and Scrutiny Committee.

It will not work effectively if it is conducted on a purely party-political basis. For Scrutiny to be effective, the process must be open, fair, constructive and positive. Scrutiny should be challenging, as its aim is to identify areas for improvement, but the process should not be confrontational or simply a means through which to apportion blame when things go wrong.

Scrutiny bodies are all party and because they are politically balanced, the party or parties which form the political administration will usually, but not always have a majority on each committee. The arrangements agreed for the Performance Review and Scrutiny Committee provide for a majority of the Councillor members to be drawn from the opposition groups. The Scrutiny function should always rely on evidence rather than opinion and work together to ensure that decisions taken and policies referred to the committee for consideration are properly tested and reviewed and work in the interest of the people of Argyll and Bute.

The Scrutiny process should be inclusive and a forum through which all those who wish to contribute, whether as Members, officers, co-optees, partners or members of the public, are able to give evidence and feel that their views are valued and that they are able to speak.

What does it not do?

The Committee does not make policy and does not take decisions about the operation of Council services. It may make recommendations to Council on how a policy may operate and/ or specific service delivery matters that are within its terms of reference.

The Committee is not there to re-determine decisions made by Council but rather to reflect on the process followed and to make recommendations where appropriate on the impact of the decisions.

How does it operate?

The Performance Review and Scrutiny Committee has a programmed workload. Formal meetings of the Committee are held quarterly as part of the standard schedule of council committees. However as part of the Committee's work involves carrying out an annual programme of reviews or reviews into aspects of the Council's policy implementation and service delivery, it is anticipated there will be a number of additional informal meetings. Some of these will be in the form of evidence gathering sessions; some are workshops, round table discussions with officers on particular issues; others are occasions when the Committee draws its conclusions from the evidence provided by review

In order to carry out its research work successfully, the Committee needs to seek information from a range of sources including, Members, Management, Council employees, etc and will be supported in this respect by an officer who will have had no prior involvement with the matter or policy under consideration .

Requirements of Members of the Committee

For all members and partners sitting on the Performance Review and Scrutiny Committee, including the Chair and Vice-chair, the workload, and the nature of the work, can be particularly onerous – both in terms of time commitment and also in the skills which are necessary to undertake the particular areas of work. The commitment will in some respects mirror the additional training requirements for members who serve on the Planning Protective Services and Licensing committee

To be able to undertake the scrutiny process, a greater provision for induction and training may be necessary for those Councillors and partners who sit on the Committee. This will allow members to develop the skills required for effective scrutiny, including subjects such as good and bad practice, the assessment of evidence in its various forms and useful questioning techniques.

The Committee has traditionally used Away /Development Days on an annual basis in order to focus on more specific training requirements on particular issues relating to the Committee's operation. In February, 2015, John Cade from the University of Birmingham, led members in a session looking at successful scrutiny and the importance of a non-political approach.

Officer Support

The Committee is also supported in its work by a team of officers, located in several services. The Chief Internal Auditor and Scrutiny officer also work closely with the Committee and shall have responsibility for drafting reports for the Committee to assist them with the formal reporting of scrutiny matters. The Business Improvement Manager and the Head of Improvement and HR work closely with the Committee on the formal reporting of Performance. The Committee's formal processes are undertaken by a committee officer, based in Governance and Law within Customer Services. Officers ensure that all possible steps are taken to make the Committee's operation effective.

The operation of the Committee also depends on the work of the officers throughout the Council who may be called to report to the Committee on a variety of matters.

Choice of topic for Scrutiny Review

Choosing a topic to be scrutinised is one of the most important parts of the Scrutiny process. The subject chosen does not need to be ground breaking or innovative but it does need to be significant and focus on issues that will have a positive impact on improving the Council's performance and the services it provides for its residents.

Suggested Approach

On an annual basis, usually in January or February of each year, all Councillors and senior Council officers are contacted to ask if there are any matters which they would wish to have considered for review by the Performance Review and Scrutiny Committee. In thinking about possible topics to suggest, they are encouraged to consider:

- Internal and external audit reports;
- Issues raised by residents, local community groups and external organisations;
- Government policies and priorities;
- Complaints;
- Previous Scrutiny and Audit reports;
- Repeated budget over and underspend; and
- Performance Management information.

In suggesting a potential topic, the proposer is asked to explain why they are putting the topic forward and identify some key questions which they would like the review to consider.

The Scrutiny Committee then meets, in March or April, to consider all the suggestions put forward. It seeks background information from officers about the proposed topics and, in particular, will ask if there are any other reviews, current or planned, relevant to the proposed topics. This, it is hoped, would avoid unnecessary duplication of review. The proposed topics are then ranked against a set of criteria, and, on the basis of this ranking, the Committee will agree on 3 or 4 topics for review in the coming year. The Committee may also request reports on some potential topics not selected for full review, or determine that the most effective way to consider the topic would be through a workshop style detailed discussion with the relevant officers. This process is beneficial in clarifying the specific focus of any review which might arise.

Criteria for consideration

The criteria for assessing proposed review topics include the following:

- Issue identified by members as a key issue for the public (via members' surgeries and contact with constituents);
- Issue raised by staff as key matter for review;
- Poor performing service (evidence from performance indicators/ bench marking);
- Service ranked as important by Council's community (e.g. through market surveys/citizens' panels);
- High level of user/general public dissatisfaction with the service (market surveys/ citizens' panel/complaints);
- Public interest issue covered in local media;
- High level of budgetary commitment to the service/policy area (as percentage of total Council expenditure);
- Pattern of budgetary overspends/underspends;
- Council corporate priority area;
- Central government priority area;
- Issues raised by External Audit management letters/ Internal Audit reports;
- New government guidance or legislation; and
- Key reports or new evidence provided by external organisations on key issues.
- Review of the effectiveness of a new policy after it has been introduced and has been operating for a reasonable period of time

Topics proposed for review should be rejected if:

- The issue is already being examined by an officer group, with changes imminent;
- The issue is being examined by another internal body;
- The issue will be addressed as part of a Best Value Review within the next year or so; or
- New legislation or guidance is expected within the next year.
- This issue has been formally reported via another assurance provider.

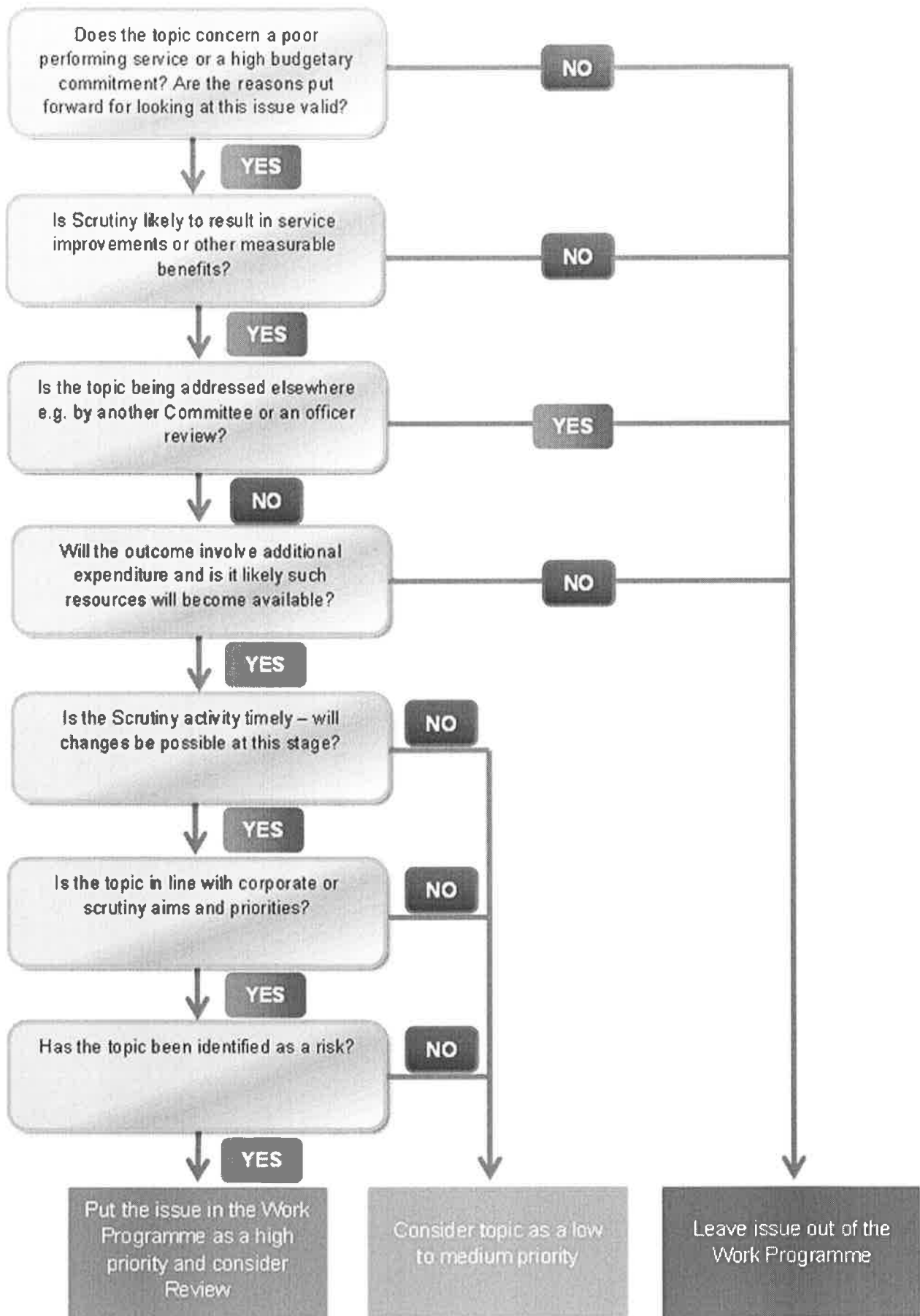
Topics which feature highly on the first list of criteria are then further examined on a graded assessment to evaluate their:

- (a) Efficiency potential,
- (b) Effectiveness potential and
- (c) Evidence, or perception, of current problems.

The topics which come top on this second assessment are those chosen for further review. In this process, there is an element of judgement applied by the members of the Committee.

It is not possible for Performance Review and Scrutiny Committees to do everything that might be suggested by members and the community. Members involved in Scrutiny must therefore be selective and ask particular questions to identify only the very best topics for more in-depth consideration. It is increasingly important for Scrutiny Committees to show why it has been decided to conduct a Review into a particular topic and Members will need to consider the arguments both for and against conducting a review before making a decision.

The diagram on the following page may be helpful in making a decision.



Approach to Scrutiny

This may not be appropriate for all topics and the following might be considered as alternatives to an officer written report or presentation:

- Organisation of a themed workshop
- Dedicating a meeting to consideration of a single “big” issue
- Undertaking site visits
- Whether to consider an issue over several meetings or to recommend that a Scrutiny Review be carried out

For most of the proposed topics, a written report will be requested initially from the relevant service, as opposed to a full review. Where required, topics dealt with in this way may be subsequently been considered for full review. Alternatively, workshop sessions can be held to explore, with officer support, other topics which may then progress to further scrutiny.

Defining the remit

Initially a topic may be quite loosely defined. If chosen for review, the definition of the issue is clarified to allow a precise focus. Comments from the various services are considered in this process and guide the Committee as to the validity of the proposed topic. As mentioned above, workshop sessions or business days may also be used to focus and define the area of interest.

Additional information will be sought which will further define the remit of any subsequent review. This work is carried out by the lead officer in consultation with the proposer of the issue, with advice provided by the appropriate service. When the lead service is contacted initially, the service is provided with briefing information (as in Appendix 1). This does not replace continuous dialogue between the lead officer and the chief officers of the service, but is intended to give services an awareness of the processes and procedures which will be followed.

A terms of reference schedule should be completed, and submitted for formal committee approval. This will define the specific target of the review, identify potential experts and witnesses who it is thought may advance the review and indicate potential costs and time implications which may be incurred in completing the review (see Appendix 2). The terms of reference statement defines the intent, as it is perceived at the start of the process, of how the review will proceed, but may need to be amended to allow the Committee to pursue additional evidence sources or lines of questioning which arise during the review timetable.

Background papers

When review remit has been agreed, the lead officer, in discussion with the appropriate service(s) and any external partners, if applicable, will identify information on the topic to be made available to the Committee in advance of its deliberations. This may take the form of internal spreadsheets, policy documents or committee reports, published research, or other external information. The purpose in providing these background papers is to allow the Committee to have a general

awareness of, and access to information on the matter to be considered. This process is also intended to ensure that all members have access to the same information to assist their deliberations.

Process

- Topic selection
- Terms of reference
- Background papers have been made available to the Committee
- Workshop
- Hearings
- Questionnaires

Hearings begin with a session lead by the service(s) concerned, which identifies the current situation relating to the topic under discussion. This session is intended to allow members of the Committee to increase their awareness of the current status of the issue under review in addition to providing a service perspective.

Hearing potential witnesses

Once a general grounding has been provided by the relevant lead and background information has been made available to the Committee, evidence gathering sessions hear from witnesses, either individually or in groups. The witnesses will have been identified, albeit not exclusively listed, in the terms of reference adopted for the review. Witnesses may be either external to the authority, or may be drawn from its staff resources. This may include the undernoted:-

- Councillors and council employees, at any level, asked to attend because they have particular knowledge or expertise relevant to the review topic.
- Representatives of the Council's partner organisations invited to give an external viewpoint on the area being reviewed. This is an important opportunity to develop relationships with partner and external organisations and to increase the Council's understanding of their work.
- Representatives of service users, invited to attend to give their views on how services are meeting their needs and possible improvements.

Reviews may involve fact-finding visits to council offices or facilities to meet service users and employees on the front line. On occasion, visits to other local authorities or providers of similar services may be undertaken.

Potential witnesses are contacted, initially by telephone, by the lead officer for an informal discussion prior to a formal letter of invitation being issued. This allows for a more immediate relationship to begin, and helps the identification of the lead officer as a support and provider of information on the work of the Committee. It also allows some prior discussion of witness availability for evidence gathering sessions, and may suggest replacement witnesses if the one originally contacted is unable to attend. Discussions in advance may be very helpful to both the lead officer and the witnesses. Witnesses are also informed that the meeting will provide them an opportunity to express their views on any strengths, weaknesses and possible areas for improvement of the topic being reviewed.

Preparing relevant questions

When a list of witnesses to be heard has been established, discussions take place, coordinated by the lead officer, which seek to identify the most appropriate questions to draw out the particular experience of witnesses on the issue at hand. These are generally provided to witnesses as areas of interest to be covered, allowing the discussion on the day to flow more as a conversation. All areas of interest are approved by the Committee before being issued to the witnesses.

The questions to be asked are aimed to allow the Committee to explore the issues which prompted the review in the first place. The list of questions to be addressed is issued to the witnesses in advance of the evidence gathering session. Ideally this happens at least a week before the meeting. This is intended to allow the witnesses to come prepared and seek out any information that they may need in advance. Witnesses are encouraged to send an initial written response to these questions before the meeting takes place.

The list of key questions is not fixed. Supplementary issues may be raised depending on the information provided. If a witness is unable to answer a question at the meeting, they are invited to provide it in writing or, if necessary, attend another meeting of the Committee. In addition, it may be that the discussions at the evidence gathering session identify supplementary documentation to be accessed for the Committee. Some of this information may be provided by the witnesses; some may be sourced by the lead officer.

The list of key questions may also be seen as providing a framework for the dialogue which it is hoped will take place between those giving evidence and the members of the Committee.

The lead officer should ensure that all witnesses, including members of staff, are given good advance notice of any invitation to meet members, are properly briefed about the arrangements for the meeting and receive adequate notice of the questions to be discussed at the meeting. Officers are also responsible for taking notes of evidence and ensuring that these are agreed with witnesses and members before they become matters of public record.

What happens at the meeting?

The meetings are informal and are conducted in an open and friendly manner and usually last no more than a couple of hours. Officers, who support the Committee and any independent external expert, if being used for the review, will be present. The Chair or nominated lead will open the meeting by welcoming and introducing those present and outlining the process. The key questions will be discussed, with supplementary questions being asked where appropriate. Witnesses are encouraged to be open and honest in their responses and to feel free to raise additional issues related to the topic.

Notes will be taken of the discussion at the meeting however these will not be released until the witnesses have agreed to them.

In most cases, the evidence gathering sessions are not held in public. This is

intended to allow the witnesses greater comfort to give an honest and frank response. A summary of the meeting may be published alongside any report, action plan or lessons learned document arising from the review.

What happens after the meeting?

After the meeting, witnesses are sent a summary note of the discussion, so that they can check that what they said was properly understood. Witnesses are entitled to make any additions, deletions or amendments to this note and these should be highlighted and the document returned to the support officer. Those councillors attending the sessions are also afforded the opportunity to comment on the accuracy of the record. The summary note is confidential until it has been agreed by all witnesses.

In addition, those who have given evidence to the Committee are asked to complete a questionnaire (see Appendix 3) to give feedback on their experience of the evidence gathering process.

REPORTING

Once the Committee has heard all the evidence, and drawn its conclusions and recommendations, a formal review report is prepared. This process may involve “wrap-up” day(s), where the Committee meet informally, with all the agreed and draft witness evidence available to them, and discuss what has been learnt in the review. The lead officer, who has assisted in the review process, will support the Committee in its deliberations. Key themes or issues are highlighted, and the Committee analyse the evidence which has been presented to it to identify the information which has led them to particular conclusions. When this has been completed, the lead officer, in consultation with the Committee, drafts the review report or briefing.

The draft review report or briefing is then considered by the Committee, again meeting informally or via electronic review, on as many occasions as required until all are satisfied that the report accurately reflects the conclusions of the review.

The report format may vary subject to the individual topic and/or findings. However as a general rule reports should, amongst other things, include the following:

- An Executive Summary stating the purpose of the report, highlighting recommendations and conclusions.
- An Introduction which covers the subject matter, selection process and approach to undertaking the review or review
- A Detail section which outlines any themes or issues arising together with associated recommendation or observation.
- A conclusion which provides the consensus opinion of the committee.
- An Acknowledgement section thanking those who have contributed to the review process.

Reports will be in the name of the lead officer.

There may be occasions when reports do not conform to the above, i.e. where a simple briefing paper will suffice which introduces analysis of evidence or feedback.

After the review report or briefing has been agreed. The Chair or Vice Chair will present the lead officers report to the formal meeting of the PRS Committee as it is expected that the process outlined above should ensure that the Report accurately reflects the views of the Committee .If the Head of Service/SMT with responsibility for the policy wishes to comment on the Report then that will appear as section b of the item before the Committee and the Committee shall hear from the relevant officer prior to concluding their deliberations.

The recommendations of the Performance Review and Scrutiny Committee review shall be submitted to full Council for formal consideration. The Council may delegate consideration and or determination to the appropriate Strategic committee for consideration.

What happens next?

The Committee's role shifts to monitoring the implementation of the recommendations that have been accepted by Council. Every review outcome is to be reported back to the Committee formally 12 months after the adoption of the recommendations, although interim update reports may be received before the anniversary. Action points which are unresolved will be further highlighted for consideration, in particular, the reasons for delay in implementation.

If the Committee consider that some matters are not being progressed as it had expected, it may request Council to consider what action to take in the light of circumstances which may have altered.

Appendix 1 – Service Briefing Information

The Role of the Committee

The Performance Review and Scrutiny is a Committee of Argyll and Bute Council and under the terms of the Council's Scheme of Delegation is empowered to:

In carrying out its reviews, the Committee is able to:

- Call upon any Policy Lead of the Council, or Chair/Vice-Chair of the Council's Committees, to give evidence or provide written reports, as appropriate; and
- Call upon the relevant Chief Officer to provide a report on any matter within the competence of the Committee

Selection of Topics for Review

Potential topics for review are identified by the Committee members using a variety of sources of information including:

- Residents' and Employees' Surveys;
- Internal and external audit reports;
- Previous Scrutiny and Audit Reports
- Issues raised with Councillors by constituents, local community groups and external organisations;
- Government policies/priorities; and
- Comments, compliments and complaints system.

The Current Review

The Scrutiny and Audit Committee are currently reviewing <topic>.

The purpose and objectives for the review are set out in the attached brief.

Details of the background documents and research, together with an indicative list of witnesses are also provided in the brief. The Committee may also want to consult with service users where appropriate and information on possible consultation activities is also included in the brief. An approximate timescale for the review is given. The names of the officers in the project team for the review are also included.

The Process

At the beginning of the review process, the officer supporting the review meets with the senior officer in the area being reviewed, usually the Service Director or a Head of Service, to brief the service about the scope of the review, the background information required and the arrangements for meeting with officers, external witnesses and members of the public. This briefing also provides the Service with an opportunity to comment on the proposed arrangements and make suggestions about evidence and witnesses.

The review officially begins with the relevant senior officer being asked to give a presentation to members of the Committee, setting out the current position relating to the review topic and providing some information about how Argyll and Bute Council fits into the national context.

Chief Officers and/or senior managers with relevant knowledge and/or expertise are invited to meet with Committee members to discuss areas of enquiry the Committee wishes to explore. The staff members should be fully briefed about how the Committee operates and what is expected of them (see attached briefing note). To enable staff to prepare for the meeting, approximately a week before the meeting, they are sent four or five key questions which will form the basis of the discussion at the meeting. Witnesses are encouraged to send an initial written response to these questions to the Committee Officer in advance of the meeting. It is expected that Officers will be familiar with the matter as they will have contributed to the initial service report to the committee

The Committee likes to conduct these meetings in an open and friendly manner. Staff members are normally invited in groups of two or three to provide a more relaxed atmosphere. The Chair or nominated lead will open the meeting by welcoming and introducing those present and outlining the process. The key questions are then discussed, with supplementary questions being asked where appropriate.

Once the Committee has considered the information gathered members of the Committee hold a workshop meeting to draw up their conclusions and recommendations. A report is drafted by the lead officer, in consultation with the Chair and Vice-Chair, on behalf of the Committee. The senior officer in the relevant service is sent a copy of the draft report so that he or she can make any comments on factual accuracy.

Once the Committee have reviewed and formally agreed the final report, it is submitted to full Council for consideration when there are recommendations that require further consideration.

Committee Responsibilities

The Performance Review and Scrutiny Committee undertake to conduct itself according to the following principles of operation:

Open, Transparent, Investigative, Deliberative, Evidence-based, Accountable, Responsive, Inclusive, Influencing, Flexible, Proactive, Non-partisan and Outward Looking.

Service Responsibilities

The Service(s) should assist the Committee in its review in every possible way. It is therefore necessary for all members of staff, who are involved in the area under review, to be made aware of:

- the issue under consideration, its remit, timescale;
- the possibility that they may be invited to attend a meeting with Committee members; and
- The possibility that they may be asked to provide relevant documentation and information.
-

Scrutiny [Lead Officer] Officer Responsibilities

Each review has a project team. The team includes the Scrutiny Support Officer who is responsible for overseeing the review and writing the review report. The support officer's responsibilities include briefing the senior officer(s) in the Service about the review, briefing and being the main point of contact with the independent external expert, (see information on next page), providing guidance and support to the Committee and carrying out research on the Committee's behalf.

The Scrutiny Support Officer is XXXXX XXXXXX, based in Internal Audit within Chief Executives Unit and may be contacted on 01546 60.

The other member of the project team is the Committee Officer based in Governance and Law with Customer Services. That post supports, coordinates and undertakes an administrative role for all aspects of the Committee.

These officers are responsible for ensuring that witnesses, including members of staff, are given good advance notice of any invitation to meet committee members, are properly briefed about the arrangements for the meeting and receive adequate notice of the questions to be discussed at the meeting. The Assistant Committee Officer is also responsible for taking notes of evidence and ensuring that these are agreed with witnesses.

Monitoring Follow Up

The Committee monitors progress with the implementation of scrutiny review recommendations. This normally involves the relevant Service or, if it is a cross-service topic, a lead officer designated by Management Team, providing a progress report approximately one year after the submission of the report. If considered necessary, the Committee may require further progress reports.

Feedback Questionnaires

A questionnaire about the operation of the committee will be available at the end of the review. It should be completed by the main Service contact for the review.

A separate questionnaire will be sent to all witnesses taking part in the review to provide feedback on the format and administration of the meeting.

In order that we can effectively support scrutiny arrangements and make any necessary improvements, feedback forms should be completed and returned to Scrutiny Officer at: Scrutiny@argyll-bute.gov.uk as soon as possible after receipt.

Further Information

If you need any further information or advice please contact, Scrutiny Support Officer,) on 01546 60 . Alternately, xxx may be contacted at the undernoted email address: Scrutiny@argyll-bute.gov.uk

Appendix 2 – Terms of Reference Pro-forma

Performance Review and Scrutiny Committee – Scrutiny Brief	
1. Subject to be reviewed	SCRUTINY REVIEW NO.
Purpose and objectives of review	
1.1 Review methodology	
Background documents/evidence/research	
Witnesses to be invited to provide evidence	Chief Officers External Staff
Site Visits	
Consultation process	
Trade Unions Contribution	
Project Team (Officers)	SCRUTINY OFFICER COMMITTEE MANAGER SERVICE OFFICER
Other estimated costs	
Review Timetable	
Agreed by Committee	

APPENDIX 3

SCRUTINY AND AUDIT REVIEW EVALUATION FORM – COMMITTEE MEMBERS

Review Title:

Review Number:

To evaluate how effective this review has been, please answer the following questions to assist in the continuous improvement of the Performance Review and Scrutiny Committee. Please circle the response which most closely matches your experience.

1. Planning the review

1(a) How well do you think the Committee planned this review in terms of setting clear terms of reference and timescales for completion?

Very effectively	Effectively	Not very effectively
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1(b) How could the planning be improved next time?

2. Conducting the review and gathering evidence

2(a) Did the Committee have the right background information to gain sufficient knowledge and understanding of the subject being investigated?

Yes	Could have been better	No
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How could it have been better?

2(b) Did the Committee see a sufficient number of, and the right balance of, witnesses in order to conduct a fair, transparent and objective inquiry?

Yes	Could have been better	No
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How could it have been better?

2(c) How satisfied were you with the questioning techniques used by the Committee when interviewing witnesses?

Very satisfied	Satisfied	Dissatisfied	Very dissatisfied
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How could they have been improved?

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2(d) If the Committee conducted any site visits during the course of this review, what was learnt from them and how did they “add value” to the evidence gathering process?

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3. Performance

3(a) How well did the Committee perform in terms of working to the timescales set out for the review?

Very effectively	effectively	Not very effectively
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Could this have been improved, and if so, by what means?

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3(b) Did the Committee meet its objectives?

Yes	Partially	No
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Could this have been improved, and if so, by what means?

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3(c) How well did the Committee communicate with and engage key partners in this review?

Very effectively	effectively	Not very effectively
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Could this have been improved, and if so, by what means?

--

3(d) How well did the Committee communicate with and engage users of the service under review in its processes?

Very effectively	effectively	Not very effectively
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Could this have been improved, and if so, by what means?

--

3(e) Do you think the Committee had the right skills to undertake this review?

Yes	Partially	No
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Could this have been improved, and if so, by what means?

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3(f) Have any areas been highlighted as potential future topics for training and development?

Yes	No
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Please give details:

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4. The final report and recommendations

4(a) How satisfied were you with the quality of the Committee's final report in terms of content, structure and clarity of the Committee's findings and conclusions?

Very satisfied	Satisfied	Dissatisfied	Very dissatisfied
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How could it have been improved?

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4(b) How satisfied were you with the recommendations put forward by the Committee?

Very satisfied	Satisfied	Dissatisfied	Very dissatisfied
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How could they have been improved?

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5 Monitoring and follow-up work

5(a) How much impact do you think this review will have on improving the lives of the people of Argyll and Bute Council?

Significant positive impact	Little impact	No impact
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5(b) How will you monitor the implementation of the recommendations and their impact? How will you know if this review has made a difference?

6. What lessons can be learnt from this review? What could be done differently to make the next review more effective?

7. If you have other comments, please use the space below:

Name (Optional)

Date:

Thank you for taking the time to complete this evaluation form. Please return it to Committee Services Manager



**POLICE
SCOTLAND**
Keeping people safe

Argyll & Bute

Local Policing Plan 2014 – 2017

Quarterly Report / Q3 – 2015/16



Local Police Commander, Chief Superintendent Grant Manders

As Divisional Commander for Argyll and West Dunbartonshire division I am pleased to present the third quarterly report for Argyll and Bute for 2015/16 performance year. This report details crime issues identified over the previous 3 months and sets out our priorities for the forthcoming period.

As outlined in the Local Policing Plan for Argyll and Bute our focus - **Keeping People Safe** – and the policing principals which it encapsulates continue to be at the centre of all police activity carried out across Argyll and Bute. Public consultation, partnership working and our own detailed crime analysis has determined that the priorities for local police during the last quarter of 2015/16 will continue to be as follows:-

- ❖ **Road Safety & Road Crime**
- ❖ **Violence, Disorder & Antisocial Behaviour**
- ❖ **Public Protection**
- ❖ **Major Crime and Counter Terrorism**
- ❖ **Acquisitive Crime**

These priorities are aligned to Argyll & Bute's Single Outcome Agreement 2013 – 2023. National performance frameworks have been developed in order to measure progress, monitor activity, identify key areas where resources need to be focused and demonstrate how successful we are in meeting our key priorities and objectives. Policing plans that were put in place for each of the Multi Member Wards within the Argyll & Bute boundary are in the process of being reviewed to ensure new and emerging issues within local towns and communities within Argyll & Bute continue to be addressed.

Integrity, Fairness and Respect are our policing values and the touchstones for all our interactions, forming the basis of everything we do and every decision we reach. By applying our values, we continue to receive public consent through improved relevancy, trust and support.

Introduction

During the current performance year (30th March – 30th December 2015) crime levels across Argyll and Bute have continued to reduce. Compared to the same period last year the total number of crimes recorded has reduced by around 15.4%. When considering Group 1 – 4 crimes categories, there has been an overall reduction of 3.8% despite increases previously reported in terms of violent crime and crimes of indecency.

Local Area Commanders Chief Inspector Marlene Baillie and Chief Inspector Paul Robertson continue to have responsibility for addressing crime issues and concerns as they arise on a day to day basis. Chief Inspector Baillie has the responsibility for Oban and Lorn and Mid Argyll, Kintyre and the Islands supported by dedicated Area Inspectors Julie McLeish (Campbeltown & Lochgilphead) and Mark Stephen (Oban). Similarly Chief Inspector Robertson is currently supported by Inspector Ewan Wilson (Dunoon & Rothesay) and Inspector Coleen Wylie (Helensburgh).

As well as ensuring our efforts and attention remain focused on the needs and expectations of the local community, local officers are required to respond to developing events and seasonal demands where there is clearly potential for increased levels of antisocial and violent behaviour. In Quarter 3, there were two significant events in terms of operational planning; the Mull Rally and the National MOD at Oban. The Mull Rally is one of only two 'closed roads' Motor Rallies in the UK. Sadly this year, there was a fatal accident involving a 47 year old male co-driver which also resulted in the 26 year old male driver being seriously injured. Police Scotland launched a full investigation into the incident. The National MOD at Oban attracted thousands of competitors and spectators to this celebration of Gaelic Music and Culture. There were no adverse incidents at the event and a number of Gaelic speaking officers were drafted into assist with the policing operation. Additional officers were also deployed to address increased demand in the lead up to firework/bonfire night, Halloween and the festive period. Resources are strengthened utilising the services of Special Constables, with there being 25 currently operational across the area.

Benchmarking

Benchmarking is a process used by organisations to compare their processes and performance metrics against like organisations that are recognised as being the leader in their respective field. This offers organisations the opportunity to learn from the information and experience developed by those considered to be 'best in class'. Benchmarking ensures that organisations maintain both an internal and external perspective on their relative performance and challenges potential organisational complacency over results achieved.

Local authorities in Scotland have been engaged in benchmarking over the past four years as part as of the Scottish Local Government Benchmarking Framework (LGBF). They have been working with the Improvement Service (IS) over the last four years on developing a common approach to benchmarking.

Further research into this topic is required in order that the most accurate comparisons can be drawn particularly given that the geographic and demographic profile of an area is a significant factor in determining the nature and volume of crimes reported therein. Similar to the previous report, comparative data has been included in relation to the Highlands Local Authority however this information **MUST** only be used for guidance purpose.

Road Safety & Road Crime

Road Safety and Road Crime continues to be the top policing priority identified by local communities across Argyll and Bute, specifically speeding and dangerous driving. The Divisional Road Policing Unit, based locally throughout Argyll and Bute, continues to facilitate routine patrolling the main crash routes and locations in order to influence driver behaviour and prevent road crashes. As well as continued support from the Force with the Trunk Road Policing Unit, local officers also contribute to road safety through dedicated patrols to detect and deter offenders.

Work continues through the Argyll and Bute Multi Agency Road Safety Group in relation to planning, maintenance and ensuring a joined up approach is taken to road safety. Through proactive reporting of engineering defects and the assessment of engineering solutions to identified problems through our dedicated Traffic Management Team, many areas have been identified for improvement to surfaces, signage and sight lines, all delivered by our partners at BEAR Scotland and Argyll and Bute Council. Current examples are the surface management of stretches of the A83 from the Loch Fyne Oyster Bar to Dunderave Castle.

In anticipation of poor weather conditions over the winter months, the 'Get Ready for Winter' Campaign was launched in October and led to a week of dedicated road checks at various sites across Argyll and Bute. The focus of this campaign was to encourage drivers to understand the importance of good vehicle maintenance throughout the winter months. This campaign underpins the over arching strategy of safer vehicles used on the roads during the often challenging periods of the Argyll winter. This year's campaign saw a significant rise in the detection of vehicle defects compared to same period last year. The vast majority of defects were dealt with by use of the Vehicle Defect Rectification Scheme. This allows drivers the opportunity of having their defects rectified with no penalty, which would only come into play if the defects were not rectified within 21 days.

The Festive Road Safety Campaign also took place during the current reporting period (4th December 2015 and 1st January 2016) which focused on drink/drug driving and vehicle safety in order to detect and deter offenders. Whilst the number of drivers tested increased compared to last year, the number of persons detected remained on par with the figure in 2014.

The last year saw expansion of the Pass Plus system to assist young drivers with road safety taking place in Campbeltown and Oban High Schools. Road safety talks are also planned by the Local Authority and Scottish Fire and Rescue aimed at 5th and 6th year secondary school pupils in relation to "Young Drivers" and "Cut it out" campaigns.

During March, there will be a multi agency event at Inverary aimed at motorcycle safety. This traditionally is at the start of the motorcycle season and is designed to have a positive influence on motorcycle riders in relation to manner of riding and make them aware of others who may cause them danger.

In terms of performance, the total number of persons killed and seriously injured within Argyll and Bute has increased by one compared to the same period year. As shown in the table below the number of casualties seriously injured has reduced considerably (34.1%) and those slightly injured has reduced 2.4%. Figures recorded in relation to children killed or seriously injured remain static.

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The table below shows noticeable reductions in road traffic offences being detected across the area with the exception of dangerous driving which has increased by 9.1% year on year. Speeding offences, although reduced from last year, continue to account for the bulk of offenders detected.

Road Traffic Casualty Statistics	Apr 2015 – Dec 2015	Apr 2014 – Dec 2014	Victims	% Change
People Killed	5	4	1 more	25.0%
People Seriously injured	27	41	14 fewer	-34.1%
People Slightly Injured	163	167	4 fewer	-2.4%
Children (aged<16) Killed	0	0	None	-
Children (aged<16) Seriously Injured	1	1	same number	0.0%
Road Safety & Road Crime	Apr 2015 – Dec 2015	Apr 2014 – Dec 2014	Victims	% Change
Dangerous driving	72	66		9.1%
Speeding	1,496	1,646		-9.1%
Disqualified driving	5	5		0.0%
Driving Licence	44	93		-52.7%
Insurance	84	142		-40.8%
Seat Belts	91	290		-68.6%
Mobile Phone	87	171		-49.1%

Local Authority Comparison

As at the end of Quarter 2, the total number of road casualties within Argyll and Bute remained significantly lower than Highland Local Authority at 140 versus 238. In terms of Road Traffic offences, the total number recorded per 10,000 head of population in Highland remains higher at 321.4 compared to 226.6 within Argyll & Bute however the road network in Highland also covers around 6754 kilometres compared to just 2600 kilometres in Argyll and Bute. Despite these geographical differences it is pertinent to note that Dangerous Driving and Drink/Drug Driving offences are higher at 6.5 and 8.9 respectively, per 10,000 head of population whereas speeding offences are lower at 124 compared to 141.4 in the Highlands.

Priorities determined by the Local Policing Plan 2014 – 2017 continue to be at the forefront of operational activity:-

- ❖ ***To work with partners to develop a strategy to reduce the numbers of those killed and seriously injured on the Argyll and Bute road network.***
- ❖ ***To increase enforcement activity to improve driver behaviour.***
- ❖ ***To improve road safety through enhanced partnership working and preventative initiatives within the community.***

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Details of operational police activity targeted toward achieving these outcomes are detailed below.

FOCUSED POLICE ACTIVITY

Crimebreaker Road Checks

The DRPU, in partnership with L Division Response Policing and CID sections, have carried out several high profile road checks to detect and deter those who use motor vehicles as part of their criminal activity. These checks have detected stolen property, vehicles and controlled drugs destined for supply within the local area.

Operation Mermaid

This operation took place between 5th and 11th October 2015 and focussed on those in the haulage industry who endanger others through the use of defective vehicles or whose drivers fail to observe driver hours governed by tachograph legislation. These drivers and operators make financial gain through dangerous practices.

Dangerous Goods

Regular checks are made on those operators whose business is in the transportation by road of dangerous goods such as petrochemicals, gas and other dangerous substances. These vehicles are very common within Argyll and Bute and to prevent dangerous situations from developing or operators engaging in dangerous practices, this is an area of regular activity.

All these area of enforcement are continually underpinned by regular patrols and checks across the Argyll and Bute area with particular focus on those areas which have a higher threat through history of injury collisions. Policing of events such as the recent MOD held in Oban and other local events ensures that when people are present on roads they are kept safe.

Violence, Disorder and Antisocial Behaviour

Year to date the total number of Group 1 crimes of violence remains significantly higher than the figure recorded for the comparative period last year. Increased crime levels are predominately due to an increase in the number of serious assault and robbery crimes noted in Quarter 1. The detection rate for Serious Assault remains high at 86.4% and whilst the figure for Robbery is currently 50% this reflects the low number of crimes recorded.

In the current 3 month period (Quarter 3), crimes involving 'serious' violence remained low. Serious Assaults and crimes pertaining to the Children & Young Persons (S) Act 1937 s. 12 accounted for 7 and 5 crimes respectively. One possible emerging issue involves victims being coerced into sending sexually explicit videos via social media and then attempts by the perpetrators being made to extort money from them in relation to publishing the material. Four such crimes were recorded across Argyll and Bute in December 2015.

Lower level violence and incidents of antisocial behaviour (ASB) continue in a downward trend. Common Assaults have reduced by 6.5% which equates to 33 fewer victims and complaints relating to disorder have reduced by 21.9%, which is slightly lower than the figure recorded at the end of Quarter 2. In line with the geographical profile of the area, ASB incidents remain concentrated within the town centre areas with a slightly higher volume noted in Helensburgh, Dunoon and Oban.

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Violence and ASB	Apr 2015 – Dec 2015	Apr 2014 – Dec 2014	Victims	% Change
Total No Group1: Crimes of Violence	62	40	22 more	55.0%
Murder	0	1	1 fewer	-100.0%
Attempted Murder	4	1	3 more	300.0%
Culpable Homicide (common law)	0	1	1 fewer	-100.0%
Culpable Homicide (other)	1	2	1 fewer	-50.0%
Serious Assault detection rate	89.7%	95.0%		-5.3%
Serious Assault	29	20	9 more	45.0%
Robbery detection rate	50.0%	100.0%		-50.0%
Robbery	4	1	3 more	300.0%
Common assault detection rate	84.5%	86.4%		-1.9%
Common assault	476	509	33 fewer	-6.5%
Number of complaints regarding disorder	1,949	2,494	545 fewer	-21.9%

Local Authority Comparison

As a result of the unusual increase in Group 1 crime levels within Argyll and Bute noted in the Quarter 1, figures remain slightly higher than those recorded in the Highlands Local Authority area. At the end of Quarter 2, the number of crimes recorded per 10,000 head of population is 4.9 compared to 4.5 in the Highlands. Rates recorded in relation to crimes of Serious Assault and Robbery in both Local Authority areas are the same at 2.5 and 0.5 respectively.

In terms of low level violence and ASB, trends remain unchanged. Argyll and Bute recorded a lower rate per 10,000 head of population in relation to Common Assault at 37.3 compared to 51.2 in the Highlands, whereas for public reported incidents of ASB the Highlands recorded a lower figure of 154.4 compared to 170.3 in Argyll and Bute.

Police Scotland continues to work towards achieving the objectives set out in the Argyll and Bute Local Policing Plan to reduce violence, disorder and antisocial behaviour :-

- ❖ ***To reduce the number of victims of violent crime.***
- ❖ ***To reduce the number of reported incidents of antisocial behaviour.***
- ❖ ***To impact on alcohol related violence, antisocial behaviour and disorder with particular emphasis in and around licensed premises.***

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- ❖ ***To increase the number of people detected for violent and domestic crime.***

Effective use of the Divisional Violence Prevention Strategy and Directed Policing Plans, which are informed by analytical products produced at a local level, continues to ensure local officers manage the threat and risk posed by specific individuals and at identified problematic locations.

FOCUSED POLICE ACTIVITY

Operation Saar

Over recent months there has been a significant level of youth related disorder, anti social behaviour and vandalisms occurring within Helensburgh Town Centre area. A number of young persons from the Helensburgh area (aged between 15 – 18 years) have been arrested in relation to this and enquiries are ongoing to identify and take enforcement action against all those involved. In addition, there has been recent intelligence regarding possible gang fighting between Helensburgh and Dumbarton youths within Hermitage Park, Helensburgh, and proactive work has already undertaken over the past few weeks to issue warnings to all persons involved.

Those arrested recently have been released on Police Undertaking not to enter the area of Helensburgh Town Centre and although early days, this has so far shown a decrease in complaints/reported vandalisms. There have been Multi Agency Meetings involving Social Work Department, British Transport Police and community groups to collectively tackle the situation. A media appeal has also been issued requesting local residents report any antisocial behaviour and urging parents to be aware of where their teenage children are at weekends.

Increased uniformed and plain clothes patrols, alongside focussed interventions with the main offenders will continue to deter further disorder.

Kirkmichael Development Group

Residents from the Kirkmichael area of Helensburgh recently highlighted some quality of life issues such as antisocial behaviour, youth disorder and lack of activities for young people within the area. Following some negative media reporting and increases in agencies referrals for this area, a multi agency group was established to collectively engage with Kirkmichael residents to identify and address these issues. Using tried and tested partnership working deployed within the West Dunbartonshire area, the group are now adopting the 'Public Reassurance' model which enhances community engagement and builds effective relationship with community and partners to achieve long terms solutions. Key partners meet with the residents group on monthly basis to listen to concerns and provide updates on ongoing work. The Multi Agency Group also meets monthly to review any current issues and agree ownership. Whilst the group are still in the very early stages, all partners are committed to working together towards improving the area.

Dunoon Pubwatch Scheme

The Divisional Licensing Department attended at Dunoon in November 2015 and despite initial scepticism from some local landlords, have set up a successful Pubwatch scheme. Initial concerns were raised by them that previous similar schemes had failed, however, with reassurance and guidance from officers from the Licensing Department, the Licensees recognised that the Pubwatch would be run solely by them allowing them to make their own decisions in relation to the issues

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arising. Assistance has been provided on an ongoing basis by the Police and Council Licensing Departments.

The Pubwatch is now into its third month and attendance is consistent and the feedback from the licensees is that the patrons from the town are openly talking about and asking them about the Pubwatch scheme and how it works. The Area Inspector, Ewan Wilson, has engaged with the local media to raise awareness within the local community.

Protecting Vulnerable People

Across the YTD period the total number of Group 2 crimes of indecency remains significantly higher than the figure recorded for the same period last year. In line with previously reported trends, increased crime levels are due to an increase in the number of Rape and Sexual Assault crimes. A significant proportion of crimes recorded are historical reports which accounted for 35% of all crimes reported in Quarter 3. In comparison with the previous YTD period and indeed Quarter 2, detection rates for sexual crime overall and crimes of Rape continue to show significant improvement at 83.7% and 80% respectively.

Group 2 Sexual Crime	Apr 2015 – Dec 2015	Apr 2014 – Dec 2014	Victims	% Change
Number of Sexual Crimes	98	67	31 more	46.3%
Sexual Crime detection rate	83.7%	73.1%		10.6%
Rape detection rate	80.0%	41.2%		38.8%
Number of Domestic Abuse Incidents Reported to the Police	501	468		7.1%
Total Crimes and offences in domestic abuse incidents	397	351		13.1%

Whilst geographical analysis indicates that no specific area within Argyll and Bute has experienced a higher concentration of crime, Oban North and Lorne, Cowal and Helensburgh Central Multi Member Wards (MMW) recorded a higher volume of crime than other areas.

Local Authority Comparison

Despite increased crime levels shown in the previous table, comparisons with figures recorded in the Highlands Local Authority area indicates Group 2 crimes recorded per 10,000 head of population within Argyll and Bute remain lower at 6.7 compared to 10.6 in the Highlands. Rates relating to crimes of Rape compare favorably at 2.4 in Argyll and Bute versus 2.0 in the Highlands.

As set out in the Local Policing Plan 2014 – 2017, our priorities for the forthcoming period remain unchanged:-

- ❖ ***To work with our partners to identify those children, young people and vulnerable adults who are most at risk and through joint action reduce that risk.***

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- ❖ *To continue to develop proactive strategies to deal with managed offenders, particularly those that present the greatest threat, risk and harm.*
- ❖ *To increase the number of persons detected for sexual crimes.*
- ❖ *Together with partner agencies, strive to provide a better quality of service to the victims of sexual crime.*

Details of operational police activity targeted toward achieving these outcomes are detailed below:

FOCUSED POLICE ACTIVITY

Risk and Concern Hub

The advocacy service ASSIST (Advocacy, Support and Safety Information Services Together) and the Social Work Department have both now moved into the Hub. This was a long anticipated move and extremely welcome. The co-location of these partners greatly assists in the functionality of the Hub and the service to the public.

Disclosure Scheme for Domestic Abuse Scotland

As of 1st October 2015, Police Scotland has rolled out the Disclosure Scheme which had previously been piloted in two other divisions. The scheme operates two entry pathways that may lead to disclosure being made:

- ⇒ **Right to Ask** – This is when a person makes a direct application to Police Scotland for information about an individual who they suspect may have a history of violent or abusive behaviour towards a previous partner or
- ⇒ **Right to Tell** – This is triggered when Police Scotland receive indirect information or intelligence about a person thought to be at risk and where the Police judge that a disclosure should be made.

To date, Argyll and West Dunbartonshire Division has received 13 requests. This breaks down to 9 “Right to Ask” and 4 “Power to Tell” applications. Of these, 8 have already been referred to the Decision Making Forum. Of those discussed, 4 disclosures have been made.

Staff from the Domestic Abuse Investigation Unit has undertaken a series of inputs to partners in Health, Education and Social Work around the Disclosure Scheme. These inputs have been well received and the feedback is that they have been extremely worthwhile in highlighting awareness.

Multi Agency Risk Assessment Conference (MARAC)

Work continues with Police, Local Authority and ASSIST in relation to establishing a MARAC in Argyll and Bute. The focus now is on identifying a suitable Coordinator in order to allow the process to be fully implemented.

Major Crime and Counter Terrorism

Keeping people safe by reducing the threat posed from organised crime groups and terrorism across Argyll and Bute remains a high priority for all local police officers. In respect of terrorism, recent events in other countries highlight the necessity for vigilance at all times and the division continues to be involved in the implementation

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of the UK Governments CONTEST strategy with local and national partners. Police Scotland continues to target and disrupt the activities of those involved in organised crime at a local level through focused and robust interventions based on the objectives set out in the local policing plan:-

- ❖ ***To disrupt organised crime groups by targeting individuals, the businesses they operate and their access to public contracts.***
- ❖ ***To target those individuals who are intent on supplying drugs.***
- ❖ ***Through education and partnership, reduce the impact that serious and organised crime and terrorism has on our communities.***
- ❖ ***Through the Multi-Agency Serious and Organised Crime and Contest Group, raise awareness and improve information sharing between agencies.***

The most recent intelligence assessment undertaken at the beginning of December relating to Serious and Organised Crime (SOC) indicates that the threat/risk posed to the communities within Argyll and Bute remains Low. There continues to be 2 identified SOC Groups in operation within the area and pro-active and reactive intelligence and evidence gathering opportunities continue to be fully exploited in an attempt to reduce the threat and harm posed by individuals linked to these groups and to identify new and emerging groups. Police activity will continue to focus on arresting individuals linked to these groups, depriving them of cash and assets through full use of POCA legislation, and as well as depriving them of legitimate enterprise to ensure the maximum impact.

In line with trends identified across Scotland, the primary function of these groups continues to be assessed as drug supply and distribution within the local area. As shown in the table below, detections relating to drug supply crimes have improved significantly compared to last year.

	Serious & Organised Crime	Apr 2015 - Dec 2015	Apr 2014 - Dec 2014		% Change
Number of detections for drugs supply, drugs productions, drugs cultivation		59	35		68.6%

Local Authority Comparison

Within the Argyll and Bute area the total number of drug crimes recorded per 10,000 population was 39.2 at the end of Quarter 2 compared to 27.8 within the Highlands Local Authority area, whereas in the previous period these figures were comparable.

FOCUSED POLICE ACTIVITY

SOC Interventions

Recent work carried out to deprive persons linked to SOC from legitimate enterprise resulted in one of the SOC crime groups being deprived of contracts linked to the security industry worth around £13,000.

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NOT PROTECTIVELY MARKED**Enforcement Activity**

Intelligence development and executive police action has led to the arrests of several individuals linked to one of SOC groups known to be operating within Argyll and Bute.

Launch of 'Stay Safe' Public Information Film

December 2015 saw the launch of a police made public safety film which highlights steps the public can take in the event of a firearms and weapons attack. This short film 'Stay Safe: Firearms and Weapons Attack' was developed in 2014 by the National Counter Terrorism Security Office (NaCTSO). It has already been delivered and widely used as part of police-led counter terrorism security advice sessions and industry-led briefings, where it has been well received. The online film which has now been adapted for a wider public audience will be supported by additional public information material. This will provide practical steps to take in the rare event of a firearms or weapons attack, and is focused around three key messages - Run, Hide, Tell.

Rural Watch

The Rural Watch initiative continues to expand with mid Argyll area in the process of setting up 5 groups in their area, inputs to community councils and local groups arranged to gain "buy in".

Acquisitive Crime

Levels of acquisitive crime being recorded across Argyll and Bute have continued in a downward trend during Quarter 3 with reductions noted across most crime types and in particular housebreaking and vehicle crime. Furthermore detection rates continue to improve at 37.4% and 34.5% respectively. Geographically, no significant concentrations of crime have occurred albeit a slightly higher number have occurred within the Helensburgh area.

	Apr 2015 - Dec 2015	Apr 2014 - Dec 2014	Victims	% Change
Theft by housebreaking (including attempts) detection rate	37.4%	31.5%		5.9%
Theft by housebreaking (including attempts)	99	127	28 fewer	-22.0%
Doorstep / Bogus Crimes	8	8	0 fewer	0%

Police Scotland remains committed to achieving the objectives set out in the Local Policing Plan in relation to acquisitive crime. These are as follows:

- **To reduce the number of housebreakings and improve detection rates.**
- **To target individuals involved in doorstep crime and support the victims through partnership working.**

Local Authority Comparison

In terms of Group 3 crime overall, the number of crimes recorded in Quarter 2 per 10,000 head of population was 56.5 compared to 64.1 in the Highlands. Similarly the rate for vehicle crime in the Argyll and Bute is lower at 3.9 compared to 6.5 in the Highlands. Occurrences of housebreaking appear slightly higher however at 8.2

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crimes per 10,000 head of population compared to 7.3 in the Highlands Local Authority area.

Details of operational police activity targeted toward achieving these outcomes are detailed below:-

FOCUSED POLICE ACTIVITY

Acquisitive Crime

The Acquisitive Crime Board continues to meet on a regular basis with a view to identifying any national crime trends that could have an impact on local divisions. Locally, analytical work continues to be carried out in relation to acquisitive crime in the division. Any particular trend/issue identified will be acted upon locally by officers. Preventative messages continue to be sent out via social media.

Rural Crime Governance Group

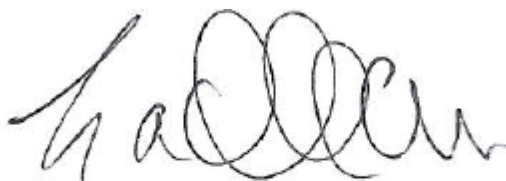
The Rural Crime Governance group continues to be well attended by partners who are working together in relation to various training courses that will be beneficial to the farming communities in relation to prevention around plant/quad theft. The Group continue to look at the year ahead at events within the division that can be attended in order to relay preventative messages. They are also linking in with local media to ensure the prevention message is a priority. Consideration is being given to holding a national Rural Crime Seminar but this has still to be confirmed.

Conclusion

As Local Police Commander, I am delighted to present this update on our Local Policing Plan for Argyll and Bute 2014-17. We are continuing to meet the challenges we face and while our policing performance continues to be strong we will always strive to improve across all areas.

I am happy with our achievements so far and thank our partners from across Argyll and Bute for their support and contribution.

Keeping People Safe is and will remain what we are all about as we continue to deliver the highest possible level of service to the communities of Argyll and Bute.



Grant Manders
Chief Superintendent
Local Police Commander

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SCOTTISH
FIRE AND RESCUE SERVICE
Working together for a safer Scotland

West Service Delivery Area
Argyll & Bute
2015 Q1 - Q3
Scrutiny Report



DISCLAIMER

The figures included in this report are provisional and subject to change as a result of quality assurance and review. The statistics quoted are internal management information published in the interests of transparency and openness.

The Scottish government publishes Official Statistics each year which allow for comparisons to be made over longer periods of time.

Please ensure any external partners in receipt of these reports are aware of this.

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This report provides detail on the performance of the Scottish Fire and Rescue Service (SFRS) in the Argyll & Bute area. In doing so it outlines our progress in the delivery of local priorities as set out within the Local Fire and Rescue Plan and the SFRS framework document.

The Scottish Government provides an overarching vision for public services. This vision is supported by 16 national outcomes, which demonstrate commitment to creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable growth. The SFRS can make a significant contribution to improving these outcomes for Argyll & Bute by contributing to the Community Planning arrangements across the area.

The national priorities for the SFRS are set out in the Fire and Rescue Framework for Scotland. The SFRS Strategic Plan 2013-2016 outlines how the SFRS will deliver against these priorities and the outcomes against which this delivery can be measured.

The SFRS Local Fire and Rescue Plan for the Local Authority Area of Argyll & Bute is the mechanism through which the aims of the SFRS Strategic Plan 2013-2017 are delivered to meet the agreed needs of Argyll & Bute's communities.

The Plan sets out the priorities and objectives for the SFRS within Argyll & Bute for 2014 - 2017 and allows our Local Authority partners to scrutinise the performance outcomes of those priorities. The SFRS will continue to work closely with our partners in Argyll & Bute to ensure we are all "Working Together for a Safer Scotland" through targeting risks to our communities at a local level.

The SFRS aspires to deliver very high standards to our communities and our current performance is testament to the commitment, professionalism and dedication of our staff and the positive local partnerships embedded within Argyll & Bute Community Safety working groups.

We measure how well we are meeting our priorities using 6 key indicators, depicted below

Key performance indicator	Apr to (& incl.) Dec					RAG rating
	2011/12	2012/13	2013/14	2014/15	2015/16	YTD
All accidental dwelling fires	67	58	61	58	36	●
All deliberate dwelling fires	6	7	7	7	2	●
All accidental dwelling fire casualties (fatal & non-fatal)	11	10	8	9	3	●
All deliberate fires	93	77	67	52	40	●
Special Service Casualties - All	70	61	62	67	76	◆
False Alarms - All	905	844	834	828	778	●

RAG rating - KEY		
◆	RED DIAMOND	10% higher than the previous YTD period, or local target not achieved.
▲	YELLOW TRIANGLE	Up to 9% higher than the previous YTD period, or local target not achieved.
●	GREEN CIRCLE	Equal to or improved upon the previous equivalent quarter (or YTD period), or local target achieved.

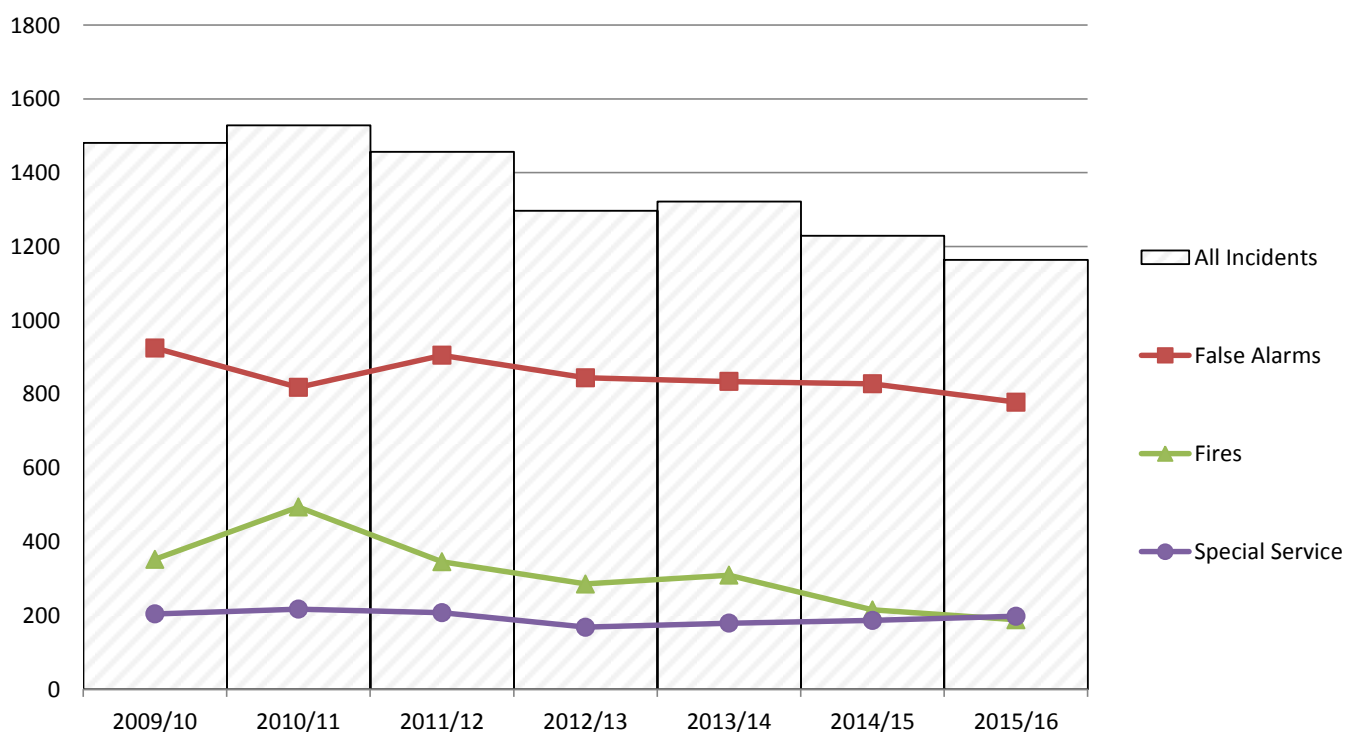
Note

Quarterly Performance RAG rating = the reporting period compared to the average over the previous quarterly reporting periods
 Year to Date RAG rating = the cumulative total of all quarterly performance in the current year compared to cumulative total of all quarterly performance in the previous year

Incident Overview

During the Year to Date period 2015-16 (April to December) SFRS have responded to a total of one thousand and sixty four (1064) incidents. This shows a decrease on the same period last year of one thousand two hundred and twenty nine (1229) incidents, with the Year to Date (YTD) period average for the previous six years of one thousand three hundred and eighty five (1385) showing a continual downward trend over a seven (7) year period.

The chart below illustrates incidents YTD attended within Argyll & Bute council over the last 6 fiscal years



Local Risk Management and Preparedness

The SFRS has a statutory duty under the Civil Contingencies Act 2004 to reduce the risks to our communities and to make certain that they receive the best possible service. The management of risk within our community means:

- Identifying the risks to the community which fall within the scope of responsibility of the SFRS
- Undertaking a process to prioritise these risks locally and map resources to them.
- Ensuring that appropriate Local and National resources capability and trained Fire Service personnel are in place to address them.

Train our staff to deal with our local risks

Operational personnel shall possess the ability to make professional judgements about the appropriate use of available resources, in order to control the risks inherent in the unique circumstances of any emergency situation. In particular, all Operational Personnel shall be:

- Competent to perform tasks assigned
- An effective member of a team
- Possess self-discipline to work within accepted systems of work
- Adaptable to changing circumstances
- Vigilant for his or her own safety and that of colleagues and others
- Able to recognise their abilities and limitations

Gather and analyse risk information

Our operational personnel continue to gather and analyse local risk information and operational intelligence which is used in our preparations to resolve incidents.

Our community engagement teams scrutinise operational statistics to identify trends which will allow SFRS to identify risk and ensure resources are allocated to the point of need in our communities.

Following operational incidents SFRS conduct 'Post Incident Debriefs' using a structured debrief process to identify any lessons that can be learned from our preparedness and response to emergency events.

Work with partners to mitigate risks

SFRS will continue to work with a range of partners in order that, together we can all make a difference to the overall safety within our communities. Our partners include:

Police Scotland, NHS, Social Work, Scottish Ambulance Service, Mountain Rescue, Forestry Commission, RNLI, Local Authority Community Planning Groups, Local Resilience, Partnership Groups, Highlands and Islands Argyll Airports Contingency Planning Liaison Group, Clyde Local Liaison Group, Wildfire Group, Voluntary Sector

Deal with major events

During this reporting period SFRS in Argyll & Bute did not deal with an incident that would be regarded as 'Major'.

Reduction of 'All accidental dwelling fires'

Dwelling fires can have a significant negative impact upon both individuals and the community and are financially costly to house holders and housing providers in terms of repair and the reinstatement of homes. By giving safety advice and fitting smoke detectors, the SFRS can reduce the risk of fire and its associated human and financial costs as well as enhancing community safety.

Results

The same Year to Date (YTD) period average over the previous four years confirms a downward trend in relation to accidental dwelling house fires.

The figure for the 2015-16 reporting period is thirty six (36) incidents which are down from the same reporting period in 2014-15 of fifty eight (58) incidents.

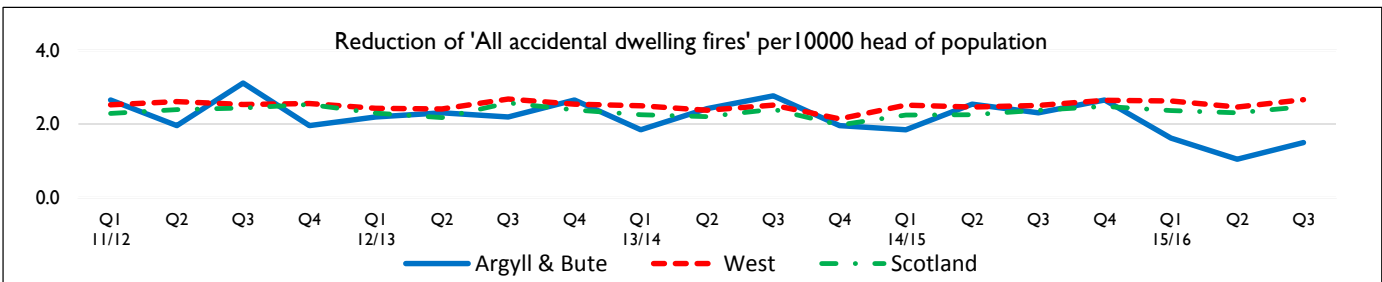
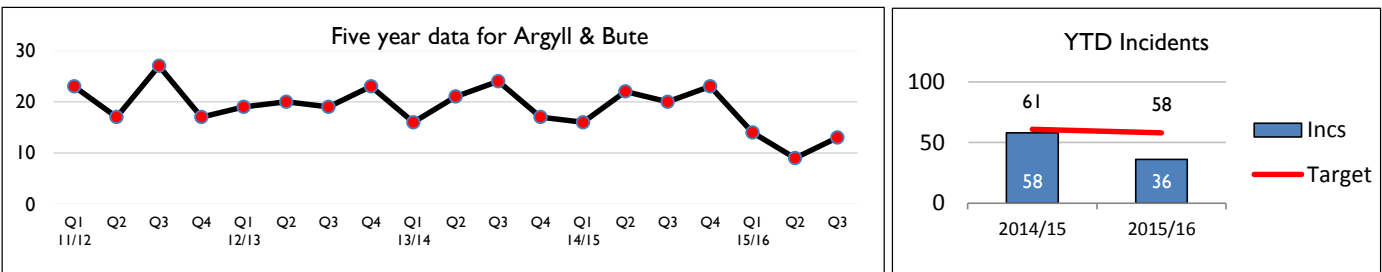
The average over the previous four years for the same reporting period was sixty one (61) which is a downward trend.

Reasons

The area has analysed statistical data to produce a 'Risk Analysis Casualty Reduction Plan' that has identified a root cause as 'cooking appliances'. The 'Plan' will use a targeted approach to promote fire safety, continue and develop our education and awareness programmes, and work with our communities and partners to deliver safety initiatives.

Actions

We reduce the fire risk by targeting higher risk areas and identify higher risk individuals with referrals to and from our partners. Home fire safety visits have increased in our higher risk areas to reduce the risk of fire within the home and ensure individuals in our community, remain safe from fire. Discussions are taking place with the third sector regarding building capacity and using volunteers to raise fire safety awareness within island communities.



YTD ward ave. for Argyll & Bute - 3	2011/12	2012/13	2013/14	2014/15	2015/16	Sparklines
Argyll & Bute	67	58	61	58	36	
South Kintyre	1	1	3	4	2	
Kintyre and the Islands	2	1	5	4	2	
Mid Argyll	3	3	2	7	2	
Oban South and the Isles	23	15	11	11	6	
Oban North and Lorn	6	5	8	5	3	
Cowal	6	3	3	4	2	
Dunoon	7	4	7	8	2	
Isle of Bute	6	7	8	7	6	
Lomond North	2	3	3	0	4	
Helensburgh Central	10	13	10	6	2	
Helensburgh and Lomond South	1	3	1	2	5	

Reduction of 'All deliberate dwelling fires'

Deliberate fires are defined as fires which were ignited deliberately or the Fire and Rescue Service suspect they were started deliberately.

The reduction of deliberate dwelling fires continues to be a priority for the SFRS in Argyll & Bute. The SFRS have a partnership arrangement with 'Crimestoppers Scotland' which encourages the public to report fire crime and vandalism.

Results

The same Year to Date (YTD) period average over the previous four years confirms a downward trend in relation to all deliberate dwelling fires. The figure for the 2015-16 reporting period is two (2) which is down from the same reporting period in 2014-15 of seven (7) incidents. The average over the previous four years for the same reporting period was seven (7) which identifies a continual downward trend. This number is relatively low compared to other local authority areas but SFRS will continue to work with our partners in Police Scotland to ensure that it remains low by ensuring all incidents are fully investigated as to the cause and origin.

Reasons

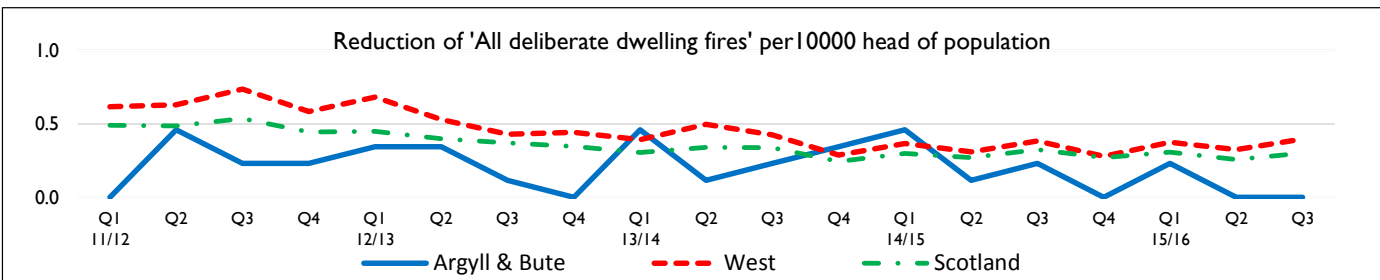
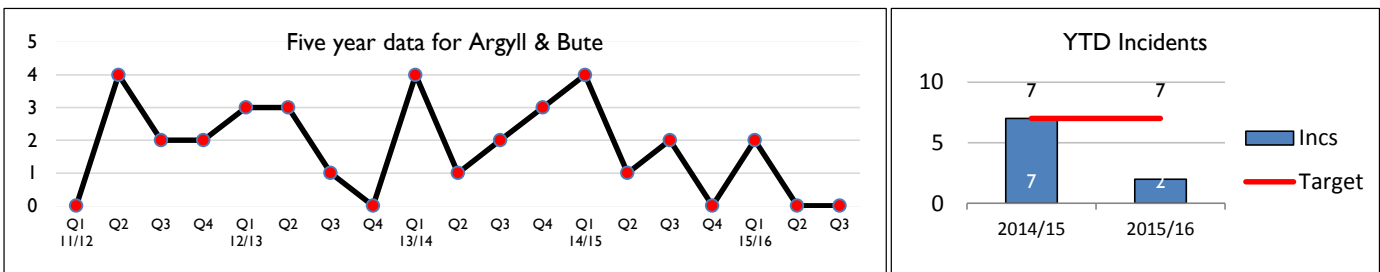
The two (2) incidents recorded relate to the Q1 period and have been reported previously.

For this 'Year to Date' report it is pleasing to note that there have been no incidents of 'Deliberate Dwelling Fires' during the Q3 period.

To reduce the risk of deliberate building fires we are utilising the support of our partners working within the Argyll & Bute area to identify and target resources in the environment of greatest demand.

Actions

We will work with our partners in Police Scotland to ensure that it remains low by ensuring all incidents are investigated. To support individuals and communities affected by fire vandalism 'Crimestoppers Scotland' cards can be issued within communities (as part of Post Incident Response Procedures) where fire setters are known to be active. Working with partners we will identify areas of high operational demand and put in place measures to reduce demand and hold those responsible to account.



YTD ward ave. for Argyll & Bute - 0	2011/12	2012/13	2013/14	2014/15	2015/16	Sparklines
Argyll & Bute	6	7	7	7	2	
South Kintyre	0	0	0	1	0	
Kintyre and the Islands	0	0	0	0	0	
Mid Argyll	0	1	0	0	0	
Oban South and the Isles	0	0	0	1	1	
Oban North and Lorn	0	0	0	0	0	
Cowal	0	1	0	1	0	
Dunoon	1	2	2	1	0	
Isle of Bute	1	1	1	1	0	
Lomond North	1	0	0	1	0	
Helensburgh Central	3	2	3	1	0	
Helensburgh and Lomond South	0	0	1	0	1	

Reduction of 'All accidental dwelling fire casualties (fatal & non-fatal (incl. p/c's))'

The reduction of fire fatalities and casualties is linked to the reduction in dwelling house fires and is at the core of preventative activities. The vulnerable in our communities continue to be those most at risk. Older people, those with disabilities, live alone or alcohol and drugs dependencies provide the SFRS with challenges in engagement and reduction strategies. Working with partner organisations with single shared assessments and signposting of vulnerable persons proves an effective method of identification and engagement. Fire casualties are more likely to occur in the areas with highest operational demand.

Results

The same Year to Date (YTD) period average over the previous four years confirms a downward trend in relation to all accidental dwelling fire casualties.

The figure for the 2015-16 reporting period is three (3) which is down from the same reporting period in 2014-15 of nine (9).

The average over the previous four years for the same reporting period was nine (9) which identifies a continual downward trend.

It is pleasing to note that there have been no fatal fire casualties during this reporting period.

Reasons

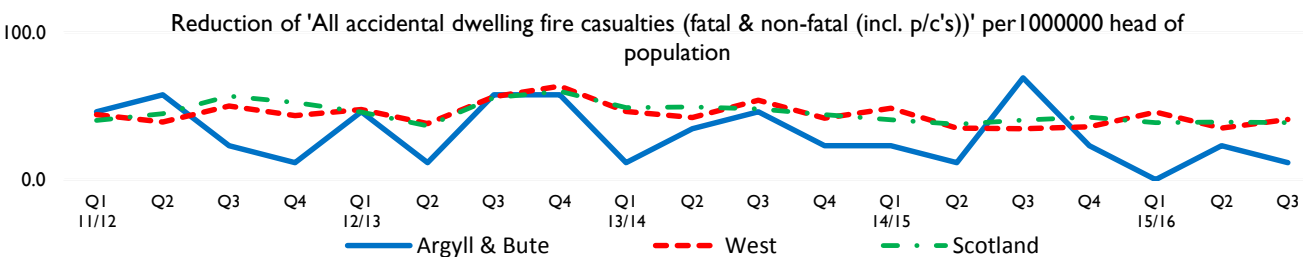
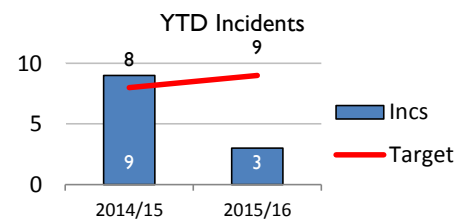
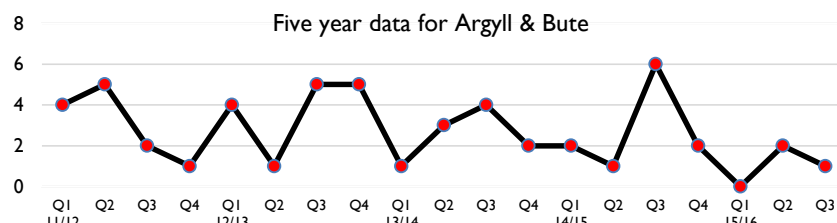
With a reduction in the number of 'Accidental Dwelling Fires' over recent years, the casualties from these type of incidents has followed the same reduction over the same reporting periods.

The three recorded casualties relate to two incidents. Two relate to a small fire in a kitchen and one was a female adult who fell asleep while smoking in bed. It is pleasing to note that there have been no fatal casualties in this reporting period.

Actions

SFRS are not being complacent, we are increasing our community safety activities within areas where there is the highest risk of a dwelling house fire occurring.

By utilising information obtained from our various partners, we will identify community groups with appropriate members and offer to provide fire safety talks to the targeted groups.



YTD ward ave. for Argyll & Bute - 0	2011/12	2012/13	2013/14	2014/15	2015/16	Sparklines
Argyll & Bute	11	10	8	9	3	
South Kintyre	0	0	0	0	2	
Kintyre and the Islands	0	0	3	0	0	
Mid Argyll	1	1	0	0	0	
Oban South and the Isles	3	5	0	0	0	
Oban North and Lorn	0	0	2	2	0	
Cowal	0	0	0	0	0	
Dunoon	1	0	0	2	0	
Isle of Bute	0	1	0	2	0	
Lomond North	0	1	0	0	1	
Helensburgh Central	6	2	3	2	0	
Helensburgh and Lomond South	0	0	0	1	0	

Reduction of 'All deliberate fires'

In the Argyll & Bute Area, deliberate fire setting has historically been a significant problem that can be closely linked to antisocial behaviour. Secondary fires (refuse and grass) are a major priority, and account for a high percentage of our operational activity in the dry seasons placing a huge strain on the SFRS ability to effectively provide its operational response to real emergencies. Working with partners we will identify areas of high operational demand and put in place measures to reduce demand, and where possible, hold those responsible to account.

Results

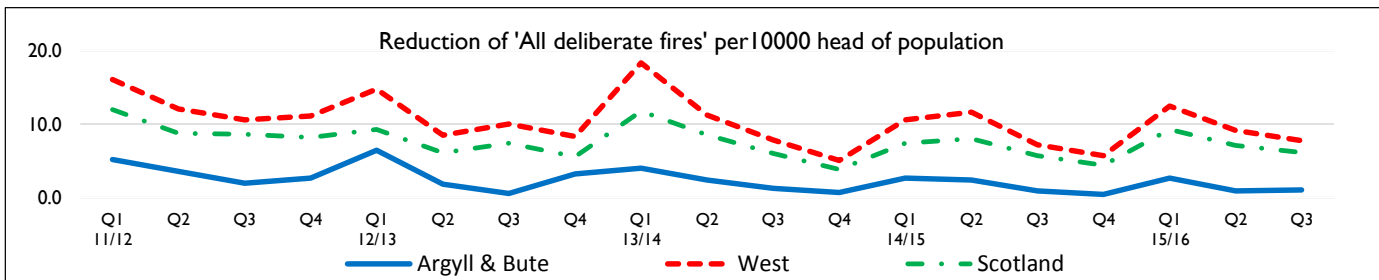
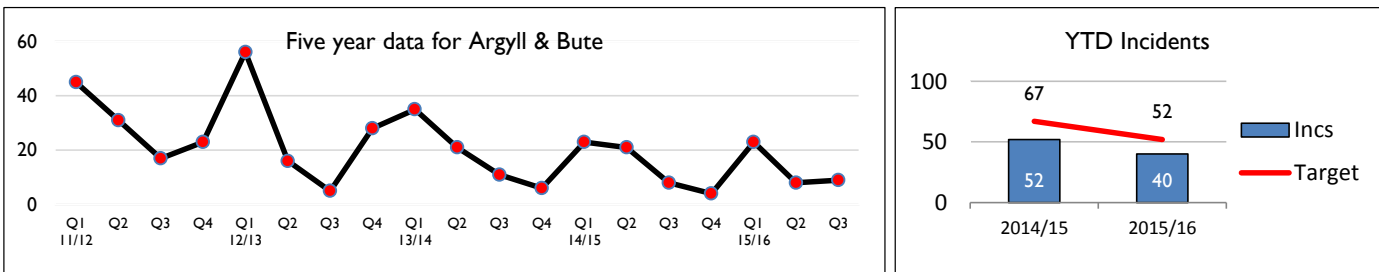
The same Year to Date (YTD) period average over the previous four years confirms a downward trend in relation to 'All Deliberate Fires'. The figure for the 2015-16 reporting period is forty (40) incidents which are down from the same reporting period in 2014-15 of fifty two (52). The average over the previous four years for the same reporting period was seventy two (72) which identifies a continual downward trend.

Reasons

Operational crews and our Community Action Team are engaging in a variety of multi-agency youth diversionary projects e.g. Young Firefighters Schemes and Fire reach programmes. A wetter summer time saw a reduction in the number of grass and heath fires experienced in recent years and this is assumed to be a contributing factor for this reporting period. Analysis shows that these incidents are more prominent in specific locations.

Actions

Operational crews and our Community Action Team are engaging in a variety of multi-agency youth diversionary projects e.g. Young Firefighters Schemes. A wetter summer time saw a reduction in the number of grass and heath fires experienced in recent years and this is assumed to be a contributing factor for this reporting period. Statistical analysis shows that these incidents are currently more prominent in Helensburgh and Dunoon. Our Community Action Team will be distributing 'Crimestoppers' leaflets in these areas to encourage the public to report deliberate fire setting.



YTD ward ave. for Argyll & Bute - 4	2011/12	2012/13	2013/14	2014/15	2015/16	Sparklines
Argyll & Bute	93	77	67	52	40	
South Kintyre	7	3	4	5	0	
Kintyre and the Islands	1	3	2	1	0	
Mid Argyll	3	6	0	2	1	
Oban South and the Isles	10	6	6	4	4	
Oban North and Lorn	5	3	14	4	4	
Cowal	3	8	3	4	3	
Dunoon	8	27	11	8	5	
Isle of Bute	5	3	2	3	2	
Lomond North	9	0	4	12	5	
Helensburgh Central	31	7	11	6	6	
Helensburgh and Lomond South	11	11	10	3	10	

Reduction of 'Special Service Casualties - All'

SFRS respond to non-fire emergencies such as Road Traffic Collisions (RTCs), building collapse, water rescue incidents and flooding. Operational Firefighters are trained to a high standard and have at their disposal the most modern equipment for extricating people in rescue situations and administering first aid to casualties. RTCs are a core role for the SFRS but primary responsibility for road safety lies with Transport Scotland, Police Scotland and Local Authorities. The SFRS has a crucial role in supporting those organisations activities at a local level and can provide access to hard hitting education programmes aimed at the most at risk groups to highlight the consequences of RTCs and dangerous driving.

Results

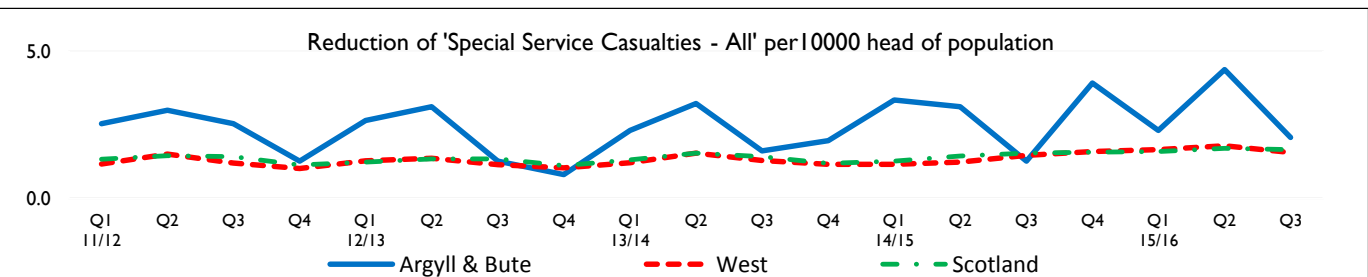
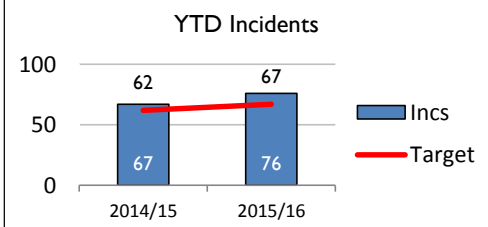
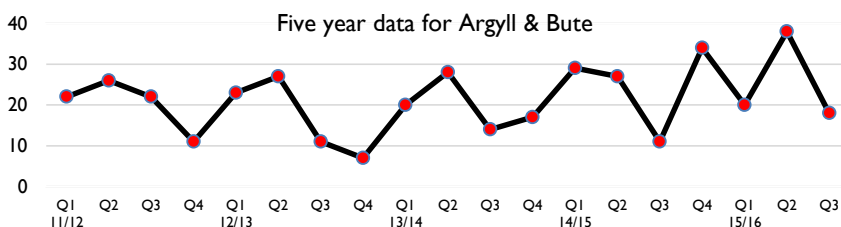
The same Year to Date (YTD) period average over the previous four years shows an increase in relation to 'Special Service Casualties - All'. The figure for the 2015-16 reporting period is seventy six (76) which shows an increase from the same reporting period in 2014-15 of sixty seven (67). The average over the previous four years for the same reporting period is sixty five (65) which identifies an upward trend.

Reasons

Road Traffic Collisions remain a major part of our attendance at 'Special Service' incidents and the major contributor to Special Service Casualties. Analysis shows that Lomond North followed equally by 'Oban North & Lorne' and 'Mid Argyll' remain the most affected roads for RTCs. National statistics identify that the most at risk group are young male drivers who we include in our "Cut it out" programme which is aimed at 5th and 6th year school pupils.

Actions

We have engaged with young drivers in conjunction with the Argyll & Bute Road Safety Team at local secondary schools to reduce the number and severity of this type of incident. There are a number of factors that present a challenge when trying to affect the number of RTC's within a local authority area, these include, the fact that drivers involved in collisions may not be resident within that local authority. SFRS are going to provide a road safety partner to assist driving down RTC casualties.



YTD ward ave. for Argyll & Bute - 7	2011/12	2012/13	2013/14	2014/15	2015/16	Sparklines
Argyll & Bute	70	61	62	67	76	
South Kintyre	0	3	4	1	1	
Kintyre and the Islands	11	7	1	4	3	
Mid Argyll	2	10	5	13	21	
Oban South and the Isles	5	5	6	6	8	
Oban North and Lorn	19	18	17	14	12	
Cowal	4	5	6	10	4	
Dunoon	0	2	1	1	0	
Isle of Bute	2	1	2	3	1	
Lomond North	14	7	8	10	13	
Helensburgh Central	8	1	6	3	1	
Helensburgh and Lomond South	5	2	6	2	12	

Reduction of 'False Alarms - All'

Unwanted Fire Alarm Signals (UFAS) are those occasions when an automated fire alarm activates and results in a mobilisation of SFRS resources, when the reason for that alarm turns out to be something other than a fire emergency. These can be categorised as either UFAS incidents from relevant premises under the Fire (Scotland) Act 2005 or from dwellings.

Other types of false alarm include malicious 999 calls, and 'good intent' emergency calls made when a person believes that an emergency has occurred which requires the attendance of the SFRS, and that belief subsequently turns out to be unfounded.

Results

The same Year to Date (YTD) average over the previous four years confirms a downward trend in relation to 'False Alarms -All'. The figure for the 2015-16 reporting period is seven hundred and seventy eight (778) which is down from the same reporting period in 2014-15 of eight hundred and twenty eight (828).

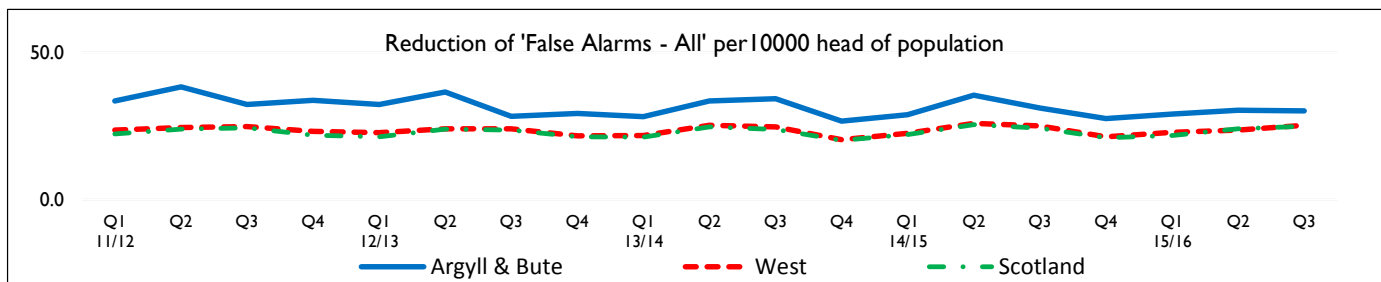
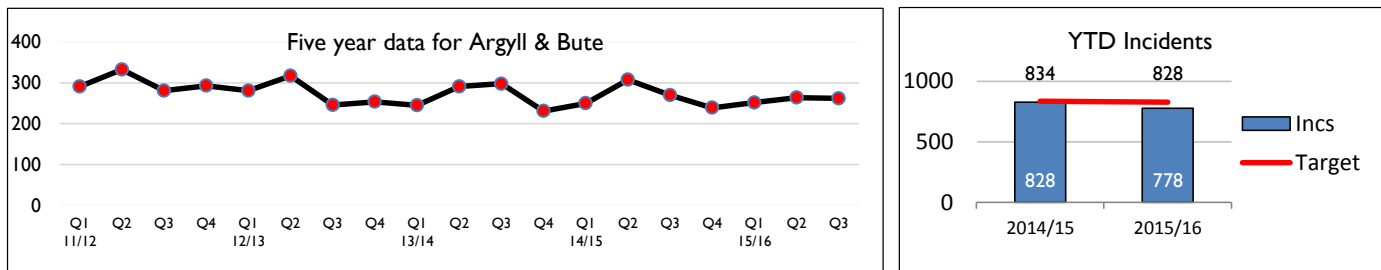
The average over the previous four years for the same reporting period was eight hundred and fifty two (852) which identifies a continual downward trend.

Reasons

The increased prevalence of automatic fire detection systems throughout all classes of building has inevitably contributed to difficulties in terms of system faults and failures. The SFRS has long been aware of the importance of developing a robust process for managing UFAS activity and released a policy and procedure detailing the processes to be used to engage with persons responsible for managing automated alarm systems and the mechanisms available to support them in dealing with identified issues.

Actions

SFRS has developed an electronic system for recording UFAS activity and providing an audit trail for all engagement undertaken. Specific officers have been nominated to manage this system and provide periodic reports on progress achieved. Premises have been identified and shared with various partners for assistance in reducing UFAS from their alarm systems.



YTD ward ave. for Argyll & Bute - 71	2011/12	2012/13	2013/14	2014/15	2015/16	Sparklines
Argyll & Bute	905	844	834	828	778	
South Kintyre	61	75	59	42	60	
Kintyre and the Islands	50	74	92	113	94	
Mid Argyll	113	95	67	92	66	
Oban South and the Isles	182	173	177	155	140	
Oban North and Lorn	119	87	91	82	120	
Cowal	54	55	50	55	39	
Dunoon	77	61	63	65	52	
Isle of Bute	94	99	85	65	63	
Lomond North	50	26	44	48	43	
Helensburgh Central	91	82	91	89	82	
Helensburgh and Lomond South	14	17	15	22	19	

Performance Review and Scrutiny Committee Workplan 2016-17

25 February 2016: This is an outline plan to facilitate forward planning of reports to the Performance Review and Scrutiny Committee					
Committee Date	Report Description	Lead Service	Regularity of occurrence/ consideration	Date for Reports to Committee Services	Additional Comment
25 February 2016					
	Response to Consultation on HMICS Scrutiny Plan 2016-17	Executive Director – Customer Services/Chair of PRS Committee		3 February 2016	
	Annual Treasury Strategy	Strategic Finance	Annual Report	3 February 2016	
	Treasury Management Monitoring Report	Strategic Finance	Quarterly Report	3 February 2016	
	Quarterly performance reports and scorecards	Chief Executive/ Improvement & HR	Quarterly Report	3 February 2016	
	Maximising Attendance: Council Performance October – December 2015	Improvement & HR	Quarterly Report	3 February 2016	
	Post Completion Review Lessons Learned	Facility Services		3 February 2016	
	Castle Toward Scrutiny Report	Presented by Chair of PRS Committee		3 February 2016	
	Performance Review and Scrutiny Committee Handbook	Strategic Finance		3 February 2016	
	Scrutiny of Police Scotland	Improvement & HR/Police	Quarterly Report	3 February 2016	Local Policing Plan performance
	Scrutiny of Scottish Fire and Rescue	Improvement & HR/Fire	Quarterly Report	3 February 2016	Local Fire Plan performance
26 May 2016					
	Treasury Management Monitoring Report	Strategic Finance	Quarterly Report	3 May 2016	
	Quarterly performance reports and scorecards	Chief Executive/ Improvement & HR	Quarterly Report	3 May 2016	
	Attendance Management	Improvement & HR	Annual Report	3 May 2016	

	Performance Review and role of the PRS Committee	Improvement & HR		3 May 2016	
	Scrutiny of Police Scotland	Improvement & HR/Police	Annual Report	3 May 2016	Local Policing Plan performance
	Scrutiny of Scottish Fire and Rescue	Improvement & HR/Fire	Annual Report	3 May 2016	Local Fire Plan performance
Future Items					
	Single Outcome Agreement (SOA) – Annual Report				
	National Audit Report areas for scrutiny				
	Workshop/Seminar on the Strategic Risk Register to which Members of the PRS Committee would be invited.	Strategic Finance			Agreed at PRS Committee held on 26 February 2015
	List of themes for formal scrutiny by PRS	Chair			Agreed at PRS Committee held on 27 August 2015