



West Lothian  
Council

## ***West Lothian Council***

West Lothian Civic Centre  
Howden South Road  
LIVINGSTON  
EH54 6FF

26 August 2014

A meeting of West Lothian Council will be held within the **Council Chambers, West Lothian Civic Centre, Livingston on Tuesday 2 September 2014 at 10:00am.**

For Chief Executive

### **BUSINESS**

#### **Public Session**

1. Apologies for Absence
2. Order of Business, including notice of urgent business
3. Declarations of Interest - Members should declare any financial and non-financial interests they have in the items of business for consideration at the meeting, identifying the relevant agenda item and the nature of their interest.
4. Minutes -
  - (a) Confirm Draft Minute of Meeting of West Lothian Council held on Tuesday 24 June 2014 - Due to rules prohibiting the publication by the council of certain material in the run up to the referendum, this document is not being published or uploaded to the internet or made available to the general public except in response to a specific request.
  - (b) Correspondence Arising From Previous Decisions - Due to rules prohibiting the publication by the council of certain material in the run up to the referendum, this document is not

being published or uploaded to the internet or made available to the general public except in response to a specific request.

(c) Note Minutes of Meeting of Employee Appeals Committee (Private) held on 17 January 2014 (herewith).

(d) Note Minutes of Meeting of Employee Appeals Committee (Private) held on 17 January 2014 (herewith).

### **Public Items for Decision**

5. Election Business
6. Final Treasury Management Report 2013-14 - Report by Head of Finance and Estates (herewith)
7. Notice of Motion - Glasgow Commonwealth Games - Submitted by Depute Provost Dave King (herewith)
8. Notice of Motion - Control of Education Services - Submitted by Councillor Fitzpatrick (herewith)
9. Notice of Motion - West Lothian Against Tax Dodging - Submitted by Councillor Frank Toner (herewith)
10. Notice of Motion - SNP Sums Don't Add Up - Submitted by Councillor Dodds - Due to rules prohibiting the publication by the council of certain material in the run up to the referendum, this document is not being published or uploaded to the internet or made available to the general public except in response to a specific request.
11. Documents for Execution

### **Public Items for Information**

12. Refurbishment of Blackridge Primary School - Question to Executive Councillor for Education submitted by Councillor Borrowman and Answer Submitted by Executive Councillor for Education (herewith)
13. Armadale and Blackridge Ward Applications for Nursery Places 2014-15 - Question to Executive Councillor for Education submitted by Councillor Borrowman and Answer Submitted by Executive Councillor for Education (herewith)
14. Independent Review of the Operation of the Council as Planning Authority - Question to Executive Councillor for Development and Transport submitted by Councillor Borrowman (herewith)
15. Opportunities Afforded by the Next Local Development Plan - Question to Executive Councillor for Development and Transport submitted by Councillor Borrowman and Answer Submitted by Executive Councillor for Development and Transport (herewith)

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**NOTE      For further information please contact Anne Higgins, Tel No.01506  
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MINUTE of MEETING of the EMPLOYEE APPEALS COMMITTEE (PRIVATE) of WEST LoTHIAN COUNCIL held within COUNCIL CHAMBERS, WEST LoTHIAN CIVIC CENTRE, on 17 JANUARY 2014 at 9.00am

Present – Councillors John McGinty (Chair), Frank Anderson, Tony Boyle, Harry Cartmill, George Paul, John Muir, Cathy Muldoon

1. DECLARATIONS OF INTEREST

Councillor Frank Anderson declared a non-financial interest in that he was an ordinary member of PCS union.

2. MINUTES

- a) The committee confirmed that Minute of its meeting held on Friday 15 November 2013 at 9.00am as a correct record.
- b) The committee confirmed the Minute of its meeting held on 15 November 2013 at 11.00am as a correct record.
- c) The committee confirmed the Minute of its meeting held on 28 November 2013 as a correct record subject to amendment of typing error to Councillor Anne McMillan's surname.

3. PRIVATE SESSION

The committee resolved in terms of Paragraph 1 of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973, that the remaining items of businesses be taken in private.

4. APPEAL AGAINST DISMISSAL

The committee was invited to consider an appeal against dismissal by a former employee of IT Services under the council's Sickness Absence Management Policy and Procedure.

The management was represented by Julie Whitelaw (Acting Head of Corporate Services), Lesley Watson (HR Advisor). Wendy Lister (IT Service Manager) and Dr Mary Blatchford (Occupational Health Physician) were in attendance as witnesses.

The appellant was present and Katrina Warren was present as a witness.

The committee heard the management representatives and witnesses speak in relation to the appeal.

The appellant was given the opportunity to question the management

representatives and witnesses.

The committee was given the opportunity to question the management representatives and witnesses.

The management representatives were given the opportunity to re-examine their witnesses.

The committee heard the appellant and his witness speak in relation to the appeal.

The management representatives were given the opportunity to question the appellant and his witness.

The committee was given the opportunity to question the appellant and his witness.

The appellant was given an opportunity to re-examine his witness.

Finally, each side summed up their case.

All parties then left the room to allow the committee to consider its decision in private.

After reaching its decision, the parties returned to hear the decision from the Chair.

### Decision

1. Agreed that officers had applied the terms of the council's Sickness Absence Management Policy and Procedure properly and reasonably.
2. Agreed therefore that the grounds of the appeal had not been substantiated and that the appeal not be upheld.
3. Agreed that nevertheless in the circumstances of this case, the appellant should return to work with the council on the following basis:-
  - a) The appellant was to be reinstated to the post held prior to dismissal.
  - b) The appellant was to be paid any loss of earning suffered since the date of dismissal as if the dismissal had not occurred.
  - c) There was to be no interruption to the appellant's period of continuous service.
  - d) The appellant was to return to work on Stage 2 of the council's Sickness Absence Management Policy and Procedure.

MINUTE of MEETING of the EMPLOYEE APPEALS COMMITTEE (PRIVATE) of WEST Lothian Council held within Council Chambers, West Lothian Civic Centre, on 17 January 2014 at 11.00am.

Present – Councillors John McGinty (Chair), Frank Anderson, Tony Boyle, Harry Cartmill, John Muir, Cathy Muldoon, George Paul

1. DECLARATIONS OF INTEREST

Councillor Frank Anderson declared a non-financial interest in that he was an ordinary member of PCS union.

2. PRIVATE SESSION

The committee resolved in terms of Paragraph 1 of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973, that the remaining items of business be taken in private.

3. APPEAL AGAINST DISMISSAL

The committee was invited to consider an appeal against dismissal by a former employee of Education Services under the council's Sickness Absence Management Policy and Procedure.

The management was represented by James Cameron (Head of Education Service) and Lesley Watson (HR Advisor). Frances Rosevar (Head Teacher, Winchburgh Primary School) and Dr Mary Blatchford (Occupational Health Physician) attended as witnesses.

The appellant was present with his union representative Martin Murray (Unison). The appellant did not call any witnesses.

The committee heard the management representatives and witnesses speak in relation to the appeal.

The appellant and his representative were given the opportunity to question the management representatives and witnesses.

The committee was given the opportunity to question the management representatives and witnesses.

The management representatives were given the opportunity to re-examine their witnesses.

The committee heard the appellant and his representative speak in relation to the appeal.

The management representatives were given the opportunity to question the appellant and his representative,

The committee was given the opportunity to question the appellant and

his representative.

Finally, each side summed up their case.

All parties then left the room to allow the committee to consider its decision in private.

#### Decision

1. Agreed that officers had applied the terms of the council's Sickness Absence Management Policy and Procedure properly and correctly.
2. Agreed therefore that the grounds of the appeal had not been substantiated and that the appeal not be upheld.





West Lothian  
Council

**WEST LoTHIAN COUNCIL**

**TREASURY MANAGEMENT – ANNUAL REPORT FOR 2013/14**

**REPORT BY HEAD OF FINANCE AND ESTATES**

**A. PURPOSE OF REPORT**

To inform the Council of the activities and results of treasury management operations for the year to 31 March 2014.

**B. RECOMMENDATION**

The Council is asked to note the attached report on the treasury management operations for 2013/14 and on the exercise of the Head of Finance and Estates delegated treasury management powers.

**C. SUMMARY OF IMPLICATIONS**

<b>I Council Values</b>	Being honest, open and accountable Making the best use of our resources
<b>II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)</b>	Complies with the council's Treasury Policy Statement, the CIPFA Prudential Code for Capital Finance in Local Authorities, the CIPFA Treasury Management in Public Services – Code of Practice and Cross Sectional Guidance Notes and the Local Government Investments (Scotland) Regulations 2010.
<b>III Implications for Scheme of Delegations to Officers</b>	No proposed changes to the Scheme of Delegation to Officers.
<b>IV Impact on performance and performance Indicators</b>	None.
<b>V Relevance to Single Outcome Agreement</b>	None.
<b>VI Resources - (Financial, Staffing and Property)</b>	The annual treasury plan provides a framework for treasury management activities that aims to minimise risk and the council's future borrowing costs.
<b>VII Consideration at PDSP</b>	Financial monitoring reports are presented directly to the Council for consideration. The Annual Treasury Plan for 2013/14 was considered by the Partnership and Resources Policy Development and Scrutiny Panel on 1 March 2013.

## **VIII Other consultations**

The council's treasury advisers have been consulted in relation to the forecasts and recommendations included in the treasury plan.

### **D. TERMS OF REPORT**

The annual report on the council's treasury management activity during 2013/14 is attached for reference and information.

### **E. CONCLUSION**

The actions taken during the year complied with the Annual Plan for 2013/14 approved by Council on 26 March 2013 and the Treasury Management Policy Statement in the Financial Regulations.

### **F. BACKGROUND REFERENCES**

CIPFA Treasury Management in Public Services Code of Practice and Guidance Notes

West Lothian Council Treasury Policy Statement and Treasury Management Practices

Annual Strategy for 2013/14 (approved by West Lothian Council 26 March 2013)

Treasury Management 2013/14 Interim Report to West Lothian Council on 15 October 2013

CIPFA Prudential Code for Capital Finance in Local Authorities

Local Government Investment (Scotland) Regulations 2010

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**Donald Forrest**  
**Head of Finance and Estates**  
Date: 2 September 2014

DATA LABEL: PUBLIC

**WEST LOTHIAN COUNCIL**  
**TREASURY MANAGEMENT**

**Annual Report for 2013/14**

**Donald Forrest**

**Head of Finance and Estates**

**2 September 2014**

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## 1.0 Introduction

In accordance with the council's Standing Orders, Financial Regulations, and the Local Government Investments (Scotland) Regulations 2010 an annual report on the operation of the treasury management function must be presented to the Council for consideration. The requirement to report to the Council complies with the revised Treasury Management Code and Scottish Investment Regulations.

Treasury management is defined in the CIPFA Code of Practice for Treasury Management in the Public Services as "the management of the organisation'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."

The Annual Treasury Plan approved by the West Lothian Council on 26 March 2013 set out the treasury management plans for 2013/14. This report assesses the implementation and outcome of the plan for the year.

## 2.0 Current Portfolio Position

The council's debt and investment position at the beginning and end of the financial year was as follows:

1 April 2013		DEBT	31 March 2014	
Principal £m	Rate %		Principal £m	Rate %
458.4	4.4%	Fixed Rate Funding	479.4	4.5%
0.9	3.7%	Variable Rate Funding	0.9	3.8%
10.0	0.6%	Temporary Funding	10.0	0.4%
469.3	4.3%	Total Debt	490.3	4.4%
	28.7 years	Average Life of Debt		29.4 years
£m	Rate %	INVESTMENTS	£m	Rate %
110.6	2.24%		114.4	1.55%
		Cash Deposits		

Debt during the period has increased by £21 million. The increase comprised of new fixed rate borrowing of £45 million and £33.6 million in new temporary borrowing, offset by maturing fixed rate and temporary debt of £57.6 million.

Investments increased by £3.8 million during the year and the average rate decreased by 0.69% since the start of the financial year. This is a result of investment rates available to local government dropping considerably during 2013/14. Although the council's average rate has fallen, West Lothian Council continues to be the highest performer in the Capita Investment Benchmarking Club. This is because the council has been able to secure attractive rates from government backed banks for investments up to one year. The ability to secure investments for 12 month periods attracts better rates of interest than shorter term products, although it is acknowledged that the rates available in the market are considerably lower than the levels previously available. Full details of the portfolio are provided in Appendix 1.

### 3.0 Performance Measurement

The CIPFA Directors of Finance Best Value Working Group and the Treasury Forum Group recommend the reporting of the following performance indicators.

2012/13	Headline Performance Indicator	2013/14
4.19%	Average Cost of Servicing Loans Fund Advances in Year	4.20%
0.06%	* Loans Fund Interest Rate	0.06%
4.25%	* Loans Fund Expenses Rate	4.26%
18.22%	<b>Local Performance Indicators</b>	19.68%
28.87%	* Percentage of Debt at year end which is Short Term or Variable	25.80%
3.54%	* Percentage of Debt at year end repayable in each of the next two years	4.08%
18.2 years	* Average Interest Rate of Longer Term Borrowing raised in year	17.7 years
	* Average Maturity of Longer Term Borrowing raised in year	

There has been a small increase in the council's average cost of funding borrowing in 2013/14, however the council's cost of delivering the treasury function has remained the same at 0.6% of total borrowing. The percentage of debt which is short term or repayable in each of the next two years is at a level which will not expose the council to any loan maturity risks.

### 4.0 The Strategy

#### 4.1 Interest Rate Forecasts

The basis of the treasury management strategy lies with determining appropriate borrowing and investment decisions in the light of the anticipated movement in both long and short term interest rates. The strategy for 2013/14 was structured around the general forecasts for interest rates, although there was a need for some flexibility of application dependent on prevailing economic conditions.

When the annual plan was approved, the average City view suggested that bank rates would rise from 0.5% to 0.75% in quarter one of 2015, with low short term rates expected to continue in 2013/14. During the year, it was expected that rates would not increase until quarter three 2016, however the forecast has now returned to the original expectation of the first increase in quarter one of 2015. The forecast for PWLB rates in the annual treasury plan was 1.5% to 2% for five years and 2.5% to 3% for ten years.

#### 4.2 Capital Finance Strategy

The annual strategy in March 2013 reported a new borrowing requirement of £14.3 million with replacement borrowing of £34 million. This gave a total borrowing requirement for 2013/14 of £48.3 million. Following approval of the updated General Services capital programme in June 2013, the new borrowing requirement was updated to reflect the decision to defer use of the capital fund and update programme phasing. The new borrowing requirement approved by Council on 15 October 2013 was £36.4 million, which amended the total borrowing requirement for 2013/14 to £70.4 million.

Forecasts showed a range of options available to implement the borrowing strategy in 2013/14. Short temporary and variable rate borrowing was expected to be cheaper than longer term borrowing and, as such, would remain attractive throughout the financial year. It was planned to borrow a spread of short and medium term loans from the Public Works

Loan Board (PWLB) at the most opportune moments during the year with an option to use Lender Option Borrower Option market loans for fixed periods if they became readily available in the market and offered attractive rates compared to PWLB borrowing.

## **5.0 The Economy and Interest Rates**

The following table provides details of interest rates at the start and end of the financial year:

	<b>At 2 April 2013</b>	<b>At 31 March 2014</b>
Bank Rates	0.50%	0.50%
5 Year PWLB	1.75%	2.50%
10 Year PWLB	2.84%	3.66%
50 Year PWLB	4.23%	4.48%

The Bank of England's Monetary Policy Committee (MPC) reduced the bank rate to 0.5% in March 2009. The bank rate has remained at this level since then and, at the end of 2013/14, it was projected to stay at 0.5% until quarter one 2015. Although UK economic growth was relatively flat during 2012/13, Gross Domestic Product (GDP) did improve in 2013/14. On that basis there was no additional quantitative easing during 2013/14.

While inflation, as measured by the Consumer Price Index (CPI), remained over the MPC's inflation target of 2% in 2013, the rate fell to 1.9% in January 2014. The rate fell further to 1.7% in March 2014. It is expected that the rate will remain below target for most of 2014 and 2015. The Retail Price Index (RPI), which includes mortgage rates and taxes, was 2.7% in March 2014, a reduction of 0.5% from the RPI in March 2013.

Until 2013, the UK's economic recovery since 2008 had been the slowest recovery in recent history. However, growth during 2013/14 has exceeded expectations, based on recovery in consumer spending and the housing market. The UK economy grew by 1.7% in 2013 and growth has continued in 2014 with both quarter one and quarter two growing by 0.8%. This represents the sixth consecutive quarter of growth.

The introduction of the Funding for Lending Scheme by the UK Government resulted in cheap borrowing being available to banks. This reduced the banks requirement for deposits, therefore the rate available to investors reduced dramatically during 2013/14. It is expected that investment rates will continue to be low in 2014/15.

PWLB rates varied during 2013/14 as geopolitical and economic events caused corresponding fluctuations in safe haven flows in and out of the UK. Gilt yields, and therefore the rates the council can access borrowing from the PWLB, continued to increase during 2013 but the return of volatility in the markets in the first quarter of 2014, saw large decreases in rates as investors turned to UK gilts.

## **6.0 Capital Finance Activities**

The original forecast new borrowing requirement for 2013/14 of £14.3 million was revised in the interim treasury management report to Council on 15 October 2013 to £36.4 million. Including replacement borrowing of £34 million, the revised borrowing position was £70.4 million. The actual borrowing requirement for 2013/14 was £58.3 million as both the General Services and Housing capital programmes received more income than had previously been forecast. This increased income to fund investment creates a reduced level of borrowing required to finance the 2013/14 capital programmes. Full details of actual borrowing undertaken in 2013/14 are shown in Appendix 2.

## 7.0 Debt Rescheduling

The annual strategy stated that due to the introduction of different rates for new borrowing and the early repayment of debt, the spread in rates significantly restricted opportunities for debt rescheduling. Based on this, there were no opportunities available to schedule long term fixed PWLB debt to short variable and temporary debt in 2013/14.

## 8.0 Management of Cash Flows and Investments

### 8.1 *Internally Managed Investments*

Cash flows are monitored daily to allow temporary investment of any surplus funds. The procedure allows for same day lending of cash surpluses to institutions approved in the Treasury Management Practices and leaves the bank current account balance at the optimum level of zero. The security of the council's funds is paramount and investment in 2013/14 was restricted to the major UK Clearing Banks, including the council's bankers Lloyds Banking Group, certain designated building societies, other local authorities, UK Government treasury bills and AAA rated money market funds.

### 8.2 *Investment Strategy*

The plan approved by the Council on 26 March 2013 included application of the capital fund as a General Services capital programme funding stream, however this was amended following the Council Executive decision on 25 June 2013 to defer use.

As investment rates for short periods are low, the plan considered that a proportion of investments relating to cash backed balances and reserves not required for 2013/14 could be invested for longer than one year.

### 8.3 *Investment Results*

The annual plan highlighted that the council's policy of investing only in appropriately rated money market funds and UK banks and building societies was considered risk adverse, particularly in light of the recapitalisation of certain UK banks by the Government in October 2008 and January 2009. The decision of the Council Executive in June 2013 to defer use of the capital fund and maximise borrowing, automatically required the retention of investments, however it is considered, in light of a reduced number of UK financial institutions on the council's approved counterparty list, that any risk to investments are minimal. Detailed below are the results of the investment strategy undertaken during the year:

<b>Average Investment</b>	<b>Rate of Return</b>	<b>Benchmark Return*</b>
£108.3 million	1.55%	0.35%

\* The benchmark is the 7 day London Interbank Bid (LIBID) Rate, which is the benchmark suggested by Sector Treasury

The majority of investments were fixed for up to twelve months, when interest rates were significantly higher, and have resulted in a return of 1.2% above the benchmark.

During the year, the amount lent to approved organisations ranged from a low of £85.6 million to a high of £129.3 million. Investments at 31 March 2014 were £114.4 million, which has been invested throughout the year for fixed periods of twelve months at an average daily rate of return of 1.55%. This represents a robust return on investments as rates have continued to drop considerably over the course of 2013/14.

Authorised institutions and investments at 31 March 2014 are detailed in Appendix 3.



## **9.0 Monitoring of Prudential Indicators**

The CIPFA Prudential Code was introduced to ensure the capital plans of local authorities are prudent, affordable and sustainable. To demonstrate compliance with these objectives, the Code establishes nine indicators designed to support and record local authority decision making. The 2013/14 indicators were originally approved by the Council in 29 January 2013 and revised on 15 October 2013. Performance against the approved indicators for 2013/14 is included in Appendix 4.

## **10.0 Conclusion**

This report outlines the treasury activities undertaken in 2013/14. Actions taken complied with the annual plan for 2013/14, approved by the Council on 26 March 2013 and the Treasury Management Policy Statement. Activities completed during the year also ensured that best value was secured in the delivery of the treasury function of the council.

**Donald Forrest**  
**Head of Finance & Estates**  
Date: 2 September 2014

**WEST LoTHIAN COUNCIL**

## Current Portfolio

1 April 2013				31 March 2014		
Principal £m	£m	Rate %	DEBT	Principal £m	£m	Rate %
			<b>Fixed Rate Funding</b>			
397.8			PWLB	418.8		
60.6			Market	60.6		
<u>0.0</u>	458.4	4.4%	European Investment Bank (EIB)	<u>0.0</u>	479.4	4.5%
			<b>Variable Rate Funding</b>			
-			PWLB	-		
0.9			Municipal Bank	0.9		
<u>-</u>	0.9	3.7%	Covenant	<u>-</u>	0.9	3.8%
			<b>Temporary Funding</b>			
	<u>10.0</u>	<u>0.6%</u>	Market		<u>10.0</u>	<u>0.4%</u>
	<u><u>469.3</u></u>	<u><u>4.3%</u></u>	Total Debt		<u><u>490.3</u></u>	<u><u>4.4%</u></u>
		<u>28.7 yrs</u>	Average Life of Debt			<u>29.4 yrs</u>
£m	Rate %	INVESTMENTS		£m	Rate %	
110.6	2.2%	In-House		114.4	1.6%	

## WEST LoTHIAN COUNCIL

## Borrowing in 2013/14

Date	Amount Advanced £m	Details	Repayment Period
<u>PWLB</u>			
14 October 2013	10.0	3.95%	14 years 6 months
4 November 2013	10.0	3.94%	16 years 6 months
14 February 2014	10.0	4.24%	19 years 6 months
27 March 2014	15.0	4.15%	19 years 6 months
<u>Temporary Borrowing – Local Authorities</u>			
25 May 2013	5.0	0.43%	1 year
10 June 2013	5.0	0.43%	1 year
24 September 2013 *	5.0	0.28%	1 month (repaid in year)
26 September 2013 *	3.0	0.27%	1 month (repaid in year)
25 September 2013 *	4.4	0.28%	1 month (repaid in year)
10 December 2013 *	2.0	0.45%	2 months (repaid in year)
10 December 2013 *	6.2	0.43%	2 months (repaid in year)
16 December 2013 *	3.0	0.45%	2 months (repaid in year)
<b>Total Borrowing</b>	<b>78.6</b>		

\* Temporary borrowing undertaken during the financial year for cash flow purposes

The Average Rate and Life of Long and Short Term Debt Undertaken in 2013/14

Average rate – 2.5%

Average life – 10.27 years

## APPROVED ORGANISATIONS FOR INVESTMENT

	2013/14 Investment Limit £	Investment at 31 March 2014 £
<b><u>Council Bankers</u></b>		
Lloyds Banking Group (inc Bank of Scotland)	70,000,000	70,000,000
Maximum fixed rate investments with the balance as overnight funds as a contingency	70,000,000 Maximum balance	
<b><u>WLC Rating Category 1*</u></b>	<b>20,000,000</b>	
No institutions in this category		
<b><u>WLC Rating Category 2*</u></b>	<b>17,500,000</b>	
No institutions in this category		
<b><u>WLC Rating Category 3*</u></b>	<b>15,000,000</b>	
HSBC Bank plc		0
<b><u>WLC Rating Category 4*</u></b>	<b>12,500,000</b>	
No institutions in this category		
<b><u>WLC Rating Category 5*</u></b>	<b>8,000,000</b>	
No institutions in this category		
<b><u>WLC Rating Category 6*</u></b>	<b>5,000,000</b>	
Barclays Bank plc		5,000,000
Nationwide Building Society		5,000,000
<b><u>Local Authorities, Public Bodies &amp; DMO</u></b>	<b>10,000,000</b>	
All UK Local Authorities		0
UK Public Bodies		0
Debt Management Office – Deposit Account		0
<b><u>UK Nationalised Banks</u></b>	<b>35,000,000</b>	
Royal Bank of Scotland		5,000,000
<b><u>Money Market Fund – AAA rated</u></b>	<b>10,000,000</b>	
Goldman Sachs Money Market Fund		9,373,000
Federated Sterling Money Market Fund		10,000,000
Ignis Money Market Fund		10,000,000
	<b>TOTAL</b>	<b>114,373</b>

\* As rated by the lowest credit rating of the three agencies - Fitch, Moody's and Standard & Poors

## MONITORING OF PRUDENTIAL INDICATORS – 2013/14

### CAPITAL EXPENDITURE INDICATORS (Items 1 and 2)

#### 1. CAPITAL EXPENDITURE

##### Purpose of the Indicator

The purpose of this indicator is to inform Council of actual capital spend in 2013/14.

	2013/14 £'000 Estimate	2013/14 £'000 Actual
General Services	37,438	37,861
Housing	31,292	31,827
<b>Total</b>	<b>68,730</b>	<b>69,688</b>

##### Performance

The indicators for both General Services and Housing are greater than the revised 2013/14 estimate agreed by Council on 15 October 2013. This is a result of accelerated expenditure in both programmes, with projects making good progress and advancing more quickly than anticipated. The accelerated spend has been incorporated into the revised capital programmes from 2014/15 to 2017/18.

#### 2. CAPITAL FINANCING REQUIREMENT

##### Purpose of the Indicator

The capital financing requirement measures the council's underlying need to borrow for a capital purpose. This is, at a high level, the council's total outstanding debt required to finance planned capital expenditure.

	2013/14 £'000 Estimate	2013/14 £'000 Actual
General Services	440,192	439,503
Housing	148,885	148,715
<b>Total</b>	<b>589,077</b>	<b>588,218</b>

##### Performance

The year end capital financing requirement is below the estimate reported in October 2013 for the both General Fund and Housing. The requirement is below estimate as both programmes received more income to fund investment than had previously been forecast. The additional income creates a reduced level of borrowing required to finance the 2013/14 capital programmes.

## **AFFORDABILITY INDICATORS (Items 3 and 4)**

### **3. RATIO OF FINANCING COSTS TO NET REVENUE STREAM**

#### **Purpose of the Indicator**

This indicator provides a measure of the proportion of the budget that is being allocated to financing of capital expenditure. For the General Fund, this is the ratio of financing costs of borrowing against net expenditure financed by government grant and local taxpayers. For Housing, the indicator is the ratio of financing costs to gross house rental income.

	<b>2013/14 Estimate</b>	<b>2013/14 Actual</b>
General Fund	7.1%	7.3%
Housing	22.2%	20.8%

#### **Performance**

For both General Services and Housing, interest savings generated were generated during the year in addition to lower than anticipated borrowing in 2013/14. The General Services indicator was slightly higher than forecast as a result of Housing level of borrowing reducing more than the General Services level of borrowing (financing costs are allocated between the two funds on the basis of total outstanding borrowing).

### **4. ESTIMATES OF INCREMENTAL IMPACT OF NEW CAPITAL INVESTMENT DECISIONS ON COUNCIL TAX AND HOUSE RENTS**

#### **Purpose of the Indicator**

This is a key indicator that demonstrates the incremental impact that planned capital expenditure and associated borrowing has on Council Tax and Rent levels.

<b>Incremental impact of capital spending on:</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Council Tax (Band D)	Nil	Nil	Nil
Average Weekly House Rents	Nil	Nil	Nil

#### **Performance**

There are no monitoring implications for these indicators as they were approved by Council prior to the start of the financial year.

## **FINANCIAL PRUDENCE INDICATOR (Item 5)**

### **5. GROSS BORROWING AND THE CAPITAL FINANCING REQUIREMENT**

#### **Purpose of the Indicator**

This indicator records the extent that gross external borrowing is less than the capital financing requirement (indicator 2 above). This is a key indicator of prudence and is designed to ensure that, over the medium term, external borrowing is only for a capital purpose. The values are measured at the end of the financial year.

	2013/14 £'000 Estimate	2013/14 £'000 Actual
Gross External Borrowing	589,077	569,601
Capital Financing Requirement	589,077	588,218
Under limit by	-	18,617

### Performance

The council's total gross external borrowing is below the capital financing requirement, demonstrating that external borrowing is only for capital purposes.

## **TREASURY AND EXTERNAL DEBT INDICATORS (Items 6 to 9)**

### **6. AUTHORISED LIMIT FOR EXTERNAL DEBT**

#### **Purpose of the Indicator**

The authorised limit for external debt is required to separately identify external borrowing and other long-term liabilities such as covenant repayments, finance lease and PPP obligations. This limit provides a maximum figure to which the Council could borrow at any given point during each financial year.

Authorised Limit for:	2013/14 £'000 Limit	2013/14 £'000 Actual
Gross External Borrowing	554,418	496,924
Other Long Term Liabilities	74,426	72,677
External Debt	628,844	569,601

### Performance

The level of external debt (including long term liabilities such as finance lease and PPP obligations) at the end of the financial year was £59.243 million below the authorised limit approved by Council on 15 October 2013.

### **7. OPERATIONAL BOUNDARY FOR EXTERNAL DEBT**

#### **Purpose of the Indicator**

This is a key management tool for in year monitoring and is lower than the Authorised Limit as it is based on an estimate of the most likely level of external borrowing at any point during the financial year.

Operational Boundary for:	2012/13 £'000 Limit	2012/13 £'000 Actual
Gross External Borrowing	544,418	496,924
Other Long Term Liabilities	73,426	72,677
External Debt	617,844	569,601

### Performance

The level of external debt, including long term liabilities such as finance lease and PPP obligations, at the end of the financial year was £48.243 million below the operational boundary approved by Council on 15 October 2013.

## 8. ACTUAL EXTERNAL DEBT

### Purpose of the Indicator

This is a factual indicator showing actual external debt for previous financial years.

	31 March 2012 £'000	31 March 2013 £'000	31 March 2014 £'000
Actual External Borrowing	468,110	475,688	496,924
Actual Other Long Term Liabilities	77,127	74,649	72,677
Actual External Debt	545,237	550,337	569,601

### Performance

The increase in actual external borrowing, excluding other long term liabilities, includes new borrowing of £78.6 million, offset by repayment of debt of £57.6 million. Actual external borrowing includes accrued loan interest at 31 March 2014, consistent with accounting treatment for loans.

## 9. TREASURY MANAGEMENT INDICATOR

This indicator intends to demonstrate good professional practice is being followed.

### 9.1 Adoption of the CIPFA Treasury Management Code

The CIPFA Treasury Code was adopted on 25 March 1997 as an indication of good practice. In line with the fully revised Treasury Code, the council's Annual Treasury Plan is reported to full Council for approval.

### 9.2 Upper limits for fixed and variable rate borrowing

The limit for fixed rate borrowing is 100% and the limit for variable rate borrowing is 35%. These limits mean that fixed rate exposures will be managed within the range of 65 to 100% and the maximum exposure to variable rate borrowing will be 35% of total debt. This is a continuation of current practice.

Level of fixed rate borrowing at 31 March 2014 – 99.82%

Level of variable rate borrowing at 31 March 2014 – 0.18%

### 9.3 Maturity structure of fixed rate borrowing for 2013/14

	Approved Upper Limit	Approved Lower Limit
Under 12 months	35%	0%
12 months and within 24 months	35%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and over	100%	25%

The maturity levels of debt at the year end were comfortably within these upper and lower limits.

### 9.4 Total principal sums invested for periods longer than 364 days

Following changes from the new Investment Regulations applicable from 1 April 2010, the council can make investments for periods longer than 364 days. At 31 March 2014, the council had no investments greater than one year.



The treasury management indicator confirms sound professional practice is being followed by the council in undertaking treasury management. The approved values and parameters provide sufficient flexibility in undertaking operational treasury management.

## **CONCLUSION**

In monitoring the above prudential indicators, the council is fulfilling its duty under the Prudential Code. The monitoring indicates that spending plans remain affordable, prudent and sustainable, and that treasury management is operating in line with the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services.



## **WEST LoTHIAN COUNCIL LABOUR GROUP**

**Notice of Motion from Councillor Dave King  
For the Council Meeting on 2 September 2014**

### ***Glasgow Commonwealth Games***

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West Lothian Council notes the outstanding success of the 20<sup>th</sup> Commonwealth Games hosted by the City of Glasgow.

Council congratulates and thanks all those from the Council, Partner Organisations, Local Community Groups and the people of West Lothian for their contribution to making the visit of the Queens Baton Relay to West Lothian one of the most memorable and successful in Scotland with over 30,000 spectators supporting our 100 local baton bearers.

Council also congratulates and thanks the young people from West Lothian who participated in the Games as Young Ambassadors representing the young people of West Lothian and Scotland, and the volunteers from West Lothian who helped the many visitors to the Games as Clydesider volunteers.

Council also congratulates and thanks the Excite staff who volunteered to help out at the Games and those who acted as officials and judges in the range of sporting competitions.

Furthermore, Council congratulates and thanks the 15 athletes from West Lothian who represented their country at the Commonwealth Games, helping Team Scotland gain its highest ever finish of 4<sup>th</sup> place amongst the 71 competing nations with a record of 53 medals, and especially congratulates our 5 West Lothian medal winners, Gold Medallist Neil Spiers for triple Lawn Bowls, Gold Medallist Chris Sherrington for Judo, Silver Medallist Adam Cox for leading Team Scotland to second place in the Team Gymnastics, Bronze Medallist John Buchanan for Judo and Bronze Medallist Connie Ramsay for Judo.

West Lothian records its gratitude and pride in the achievements of each of our 15 Games Competitors and agrees to request that the Provost:

Write to each of the West Lothian Games competitors to thank and congratulate them on their performance for Team Scotland.

Arrange a Civic Reception for West Lothian athletes and volunteers who contributed so much to the success of the games both for Scotland and West Lothian

Write to the Lord Provost of the City of Glasgow to thank and congratulate Glasgow City Council and the people of Glasgow for hosting an outstanding celebration of the Commonwealth Games, rightly heralded as the best ever.

*Dave King*

**Councillor Dave King**  
**West Lothian Council Labour Group**



*11.20am*  
*V.J.*

## **WEST LOTHIAN COUNCIL LABOUR GROUP**

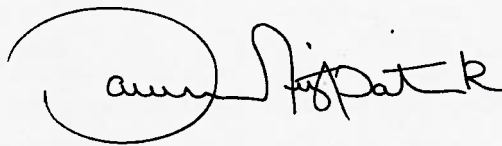
**Notice of Motion from Councillor Lawrence Fitzpatrick  
For the Council Meeting on 2 September 2014**

### ***Control of Education Services***

---

This Council re-affirms its strong sense of value of local government in Scotland in that Council owned and managed schools remain within existing democratic and local framework of accountability.

Further, Council opposes any proposals to remove the current arrangement of education provision to a centralised form directly administered by the Scottish Government.



Lawrence Fitzpatrick  
Executive Councillor for Education



11.20am  
V. J.



## **WEST LoTHIAN COUNCIL LABOUR GROUP**

**Notice of Motion from Councillor Frank Toner  
For the Council Meeting on 2 September 2014**

### ***West Lothian against Tax Dodging***

West Lothian Council notes:

It has been estimated that the UK Treasury loses as much as £12 billion to tax dodging by multinational companies every year and developing countries lose three times more to tax dodging than they receive in aid each year - enough to give a basic education to the 57 million children currently missing out.

The UK has a particular responsibility to end tax dodging, as it is responsible for 1 in 5 of the world's tax havens in the British Overseas Territories and Crown Dependencies. The use of tax havens by UK companies is rife, with 98 of the FTSE 100 companies routinely using tax havens.

Large multinational companies pay as little as 5% in corporate taxes globally, while smaller businesses pay up to 30%.

West Lothian Council believes that as a local authority we have a duty to provide the best possible public services, and that our ability to provide quality local services would be significantly enhanced by the increased revenues from the government tackling tax dodging. All who benefit from public spending should contribute their fair share and The UK must take a lead role in creating a fairer tax system and combatting tax dodging.

West Lothian Council therefore agrees to support the campaign for tax justice, and agrees

"While many ordinary people face falling household income and rising costs of living, some multinational companies are avoiding billions of pounds of tax from a tax system that fails to make them pay their fair share. Local governments in developing countries and the UK alike would benefit from a fairer tax system where multinational companies pay their fair share, enabling authorities around the world to provide quality public services. The UK government must listen to the strength of public feeling and act to end the injustice of tax dodging by large multinational companies, in developing countries and the UK."

  
Councillor Frank Toner  
West Lothian Council Labour Group







**QUESTION TO THE EXECUTIVE COUNCILLOR  
WEST LoTHIAN COUNCIL 2 SEPTEMBER 2014**

What progress has been made on the refurbishment of Blackridge Primary School?



Councillor Stuart Borrowman  
Independent  
Armadale and Blackridge Ward



13.55 hrs  
Dow



**WEST LOTHIAN COUNCIL LABOUR GROUP**

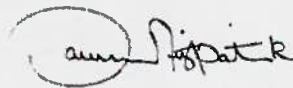
**Response to the Question from Councillor Stuart Borrowman  
for the Council meeting on 2<sup>nd</sup> September 2014**

Thank you for your question.

**Q. What progress has been made on the refurbishment of Blackridge Primary School?**

**A.** Progress on the project has been slower than anticipated as a result of the need to bring in external specialists. This has been necessary in order to investigate the drainage problems at the rear of the school and also for an appraisal of the viability of refurbishing the existing hall. However, initial works were undertaken this summer and were primarily in relation to resolving drainage ie water ingress to the rear of the school. Works were also undertaken to upgrade the school kitchen.

Structural engineers have advised that the existing school hall is unlikely to be suitable for conversion as originally proposed and we are now looking at alternative options, potentially at the rear of the building now that the drainage issue has been addressed. Officers will be reporting back with the options and estimated costs with a view to identifying the most appropriate solution for a revised scheme and will update members in October.



**Councillor Lawrence Fitzpatrick  
Executive Councillor for Education  
West Lothian Council Labour Group**



*Alligins*  
11.50am



**QUESTION TO THE EXECUTIVE COUNCILLOR  
WEST LoTHIAN COUNCIL 2 SEPTEMBER 2014**

How many children resident in Armadale and Blackridge Ward applied for nursery places for 2014-15;

how many were allocated their first choice;

second choice;

another outcome?



Councillor Stuart Borrowman  
Independent  
Armadale and Blackridge Ward



13.55 hrs  
edow



## WEST LoTHIAN COUNCIL LABOUR GROUP

Response to the Question from Councillor Stuart Borrowman  
for the Council meeting on 2<sup>nd</sup> September 2014

Thank you for your question.

**Q. How many children resident in Armadale and Blackridge Ward applied for nursery places for 2014-15 and how many were allocated their first choice?**

<b>A. All age groups</b>	<b>Number</b>	<b>%</b>
1 <sup>st</sup> choice estab.	401	94.58
2 <sup>nd</sup> choice estab.	11	2.59
Other estab.	7	1.65
None	5	1.18
 <b>Deferred year</b>	 <b>Number</b>	 <b>%</b>
1 <sup>st</sup> choice estab.	17	100
 <b>Pre-school year</b>	 <b>Number</b>	 <b>%</b>
1 <sup>st</sup> choice estab.	241	97.97
2 <sup>nd</sup> choice estab.	2	0.81
Other estab.	2	0.81
None	1	0.41
 <b>Ante pre-school year</b>	 <b>Number</b>	 <b>%</b>
1 <sup>st</sup> choice estab.	143	88.82
2 <sup>nd</sup> choice estab.	9	5.59
Other estab.	5	3.11
None	4	2.48



**Councillor Lawrence Fitzpatrick**  
**Executive Councillor for Education**  
**West Lothian Council Labour Group**



*AKiggins  
11.50 am*





**QUESTION TO THE EXECUTIVE COUNCILLOR  
WEST LoTHIAN COUNCIL 2 SEPTEMBER 2014**

In May 2012, a commitment was made by the present Administration to an independent review of the operation of the Council as planning authority.

What progress has been made?



Councillor Stuart Borrowman  
Independent  
ArmadaIe and Blackridge Ward



13.55 hrs  
EDow



**WEST LoTHIAN COUNCIL LABOUR GROUP**

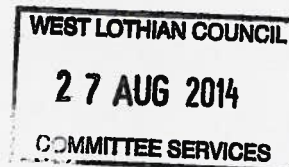
**Response to the Question from Councillor Stuart Borrowman  
for the Council meeting on 2<sup>nd</sup> September 2014**

Thank you for your question.

- Q. In May 2012 a commitment was made by the present Administration to an independent review of the operation of the Council as planning authority. What progress has been made?**
- A. Proposals for a review will be presented to the appropriate Council Committee before the end of this calendar year.**

*C. Muldoon*

**Councillor Cathy Muldoon  
Executive Councillor for Development & Transport  
West Lothian Council Labour Group**



*A Higgins  
11.50am*



**QUESTION TO THE EXECUTIVE COUNCILLOR  
WEST LoTHIAN COUNCIL 2 SEPTEMBER 2014**

Why is Linlithgow Labour's priority for the investment and new opportunities afforded by the next Local Development Plan?

**INCOME DEPRIVATION**

Ward	income deprived pop	rank
Whitburn & Blackburn	17.7%	1
Fauldhouse & Breich Valley	15.2%	2
Armadales & Blackridge	15.0%	3
Livingston South	13.4%	4
Bathgate	13.3%	5
East Livingston & East Calder	12.2%	6
Broxburn & Uphall	11.8%	7
Livingston North	11.4%	8
Linlithgow	6.1%	9

SOURCE: SIMD/West Lothian Council

**UNEMPLOYMENT**

Ward	%unemployed	rank
Whitburn and Blackburn	3.4	1
Armadales and Blackridge	3.0	2
Bathgate	2.7	3=
Fauldhouse and the Breich Valley	2.7	3=
East Livingston and East Calder	2.5	5
Broxburn, Uphall and Winchburgh	2.4	6
Livingston South	2.3	7
Livingston North	1.7	8
Linlithgow	1.1	9

SOURCE: JSA claimant rate July 2014/West Lothian Council

**LOCATION OF HOUSES IN COUNCIL TAX BANDS G AND H**

Ward	%of WL total	rank
Fauldhouse and BV	3.6%	9
Whitburn and Blackburn	3.9	8
Livingston East & EC	4.6	7
Armadales & Blackridge	5.7	6
Broxburn, &c	7.2	5
Livingston North	9.3	4
Bathgate	12.2	3
Livingston South	21.1	2
Linlithgow	32.4	1

SOURCE: West Lothian Council

Councillor Stuart Borrowman  
Independent  
Armadales and Blackridge Ward

WEST LoTHIAN COUNCIL

15 AUG 2014

COMMITTEE SERVICES

13 SS  
FOC



## **WEST LOTHIAN COUNCIL LABOUR GROUP**

**Response to the Question from Councillor Stuart Borrowman  
for the Council meeting on 2<sup>nd</sup> September 2014**

Thank you for your question.

**Q. Why is Linlithgow Labour's priority for the investment and new opportunities afforded by the next Local Development Plan?**

**A.** In approaching the preparation of the West Lothian Local Development Plan (LDP), Labour will seek to maximise opportunities in housing and sustainable economic development in communities across West Lothian, taking into full account a wide range of factors, including availability of land, local factors such as infrastructure and public service capacity. I welcome Cllr Borrowman's interest in the process and encourage all communities and Councillors to be actively involved in the development of the LDP.

Preparation of the LDP is a statutory requirement. The LDP will in time replace the West Lothian Local Plan. The Main Issues Report (MIR) is the first significant stage in bringing forward the new plan and, through the MIR, the council is required to identify a referred strategy and reasonable alternatives.

The preferred strategy set out in the MIR builds upon the strategy of the existing development plan. That strategy focused on the delivery of the core development areas at Winchburgh / East Broxburn; Livingston and the Almond Valley; and Armadale, together with other strategic sites including Heartlands at Whitburn and land at Drumshoreland in Pumpherston and a large number of smaller sites. That plan continued the policy of restraint in Linlithgow and, as a result, few development sites were identified in the town.

A key consideration for the emerging LDP is the approach to Linlithgow and, as required by the approved SESplan Strategic Development Plan (SDP), the Main Issues Report for the LDP must consider if the current policy as an area of restraint should continue. The MIR sets out options for the continuation of the policy of restraint, together with options for supporting development in Linlithgow. Housing development in Linlithgow cannot be supported until new secondary school capacity is available at Winchburgh.

Linlithgow is only one of a number of areas across West Lothian which are identified as potential areas for development in the MIR. In addition, the overall scale of growth must be considered in the context of both existing and proposed allocations for development. Doing so demonstrates that the level of growth which may be acceptable in Linlithgow is still significantly lower than the amount of land already identified for development in other towns such as Armadale, Broxburn, Whitburn and Winchburgh.

*C. Muldoon*

**Councillor Cathy Muldoon  
Executive Councillor for Development and Transport  
West Lothian Council Labour Group**

