DATA LABEL: Public

West Lothian Council

West Lothian Civic Centre
Howden South Road
LIVINGSTON
EH54 6FF

1 March 2017

A meeting of West Lothian Council will be held within the **Council Chambers, Civic Centre, Livingston** on **Tuesday 7 March 2017** at **10:00am**.

For Chief Executive

BUSINESS

Public Session

1. Apologies for Absence

2. 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.

3. Order of Business, including notice of urgent business

4. Minutes -

   (a) Confirm Draft Minute of Meeting of West Lothian Council held on Tuesday 24 January 2017 (herewith)

   (b) Confirm Draft Minute of Special Meeting of West Lothian Council held on Monday 20 February 2017 (herewith)

   (c) Correspondence Arising from Previous Decisions (herewith)

   (d) Note Minute of Meeting of Employee Appeals Committee (Private) held on Thursday 10 November 2016 (herewith)

   (e) Note Minute of Meeting of Employee Appeals Committee

(Private) held on Wednesday 14 December 2016 (herewith)

(f) Note Minutes of Meeting of Education (Quality Assurance) Committee held on Tuesday 01 November 2016 (herewith)

(g) Note Minute of Meeting of Joint Consultative Group (Teaching Staff) (Private) held on Friday 19 February 2016 (herewith)

(h) Note Minute of Meeting of Joint Consultative Group (Private) held on Monday 07 November 2016 (herewith)

Public Items for Decision

5. Election Business

6. Treasury Management Plan 2017/18 - Report by Head of Finance and Property Services (herewith)

7. Notice of Motion - Tam Dalyell MP - Submitted by Councillor John McGinty (herewith)

8. Notice of Motion - Avon Gorge Link - Submitted by Councillor John McGinty (herewith)

9. Documents for Execution

Public Items for Information

10. PV (Solar) Panels - Question to the Executive Councillor for Community Services - Submitted by Councillor John McGinty (herewith)

11. Community Safety - Question to the Executive Councillor for Community Services - Submitted by Councillor Dave King (herewith)

NOTE **Fo further information contact Anne Higgins, Tel: 01506 281601 or email: anne.higgins@westlothian.gov.uk**

MINUTE of MEETING of the WEST LOTHIAN COUNCIL held within Council Chambers, Civic Centre, Livingston, on 24 January 2017.

Present – Provost Tom Kerr (Chair), Depute Provost Dave King, Council Leader John McGinty, Councillors Frank Anderson, Stuart Borrowman, Tony Boyle, William Boyle, Diane Calder, Janet Campbell, Harry Cartmill, Tom Conn, Alexander Davidson, Jim Dickson, Mary Dickson, Jim Dixon, David Dodds, Lawrence Fitzpatrick, Carl John, Peter Johnston, Sarah King, Danny Logue, Greg McCarra, Anne McMillan, Angela Moohan, John Muir, Cathy Muldoon, George Paul, Barry Robertson, David Tait, Frank Toner, Jim Walker

Absent – Robert De Bold, Andrew Miller

1. DECLARATIONS OF INTEREST

There were no declarations of interest made.

2. MINUTES

(a) The Council approved the minute of meeting of West Lothian Council held on 13 December 2016.

(b) The Council noted the correspondence arising from previous decisions.

(c) The Council noted the minute of meeting of the Audit and Governance Committee held on 26 September 2016.

3. DOCUMENTS FOR EXECUTION

The Chief Solicitor presented 64 documents for execution.

Decision

That the deeds be executed.

MINUTE of SPECIAL MEETING of the WEST LOTHIAN COUNCIL held within Council Chambers, Civic Centre, Livingston, on 20 February 2017.

Present – Provost Tom Kerr (Chair), Depute Provost Dave King (Vice-Chair), Leader of the Council John McGinty, Councillors Frank Anderson, Stuart Borrowman, Tony Boyle, William Boyle, Diane Calder, Janet Campbell, Harry Cartmill, Tom Conn, Alexander Davidson, Robert De Bold, Jim Dickson, Mary Dickson, Jim Dixon, David Dodds, Lawrence Fitzpatrick, Carl John, Peter Johnston, Sarah King, Danny Logue, Greg McCarra, Anne McMillan, Andrew Miller, Angela Moohan, John Muir, Cathy Muldoon, George Paul, Barry Robertson, David Tait, Frank Toner, Jim Walker.

1. DECLARATIONS OF INTEREST

Councillor Danny Logue declared an interest arising from (i) his position as Chair of West Lothian Integration Joint Board and (ii) as an employee of NHS Lothian.

2. REVENUE BUDGET 2017/18

The Council was required to approve its revenue budget for 2017 before 11 March to comply with statutory obligations. In terms of the Prudential Code for Capital Finance in Local Authorities, the Council was also required to agree prudential indicators annually, through the same process established for setting the council's revenue budget.

The Council considered a report (copies of which had been circulated) by the Head of Finance and Property Services seeking approval of the annual Revenue Budget and council tax levels for 2017/18. In addition the Head of Finance and Property Services outlined additional issues for consideration.

The Council was informed of the council's duty arising from the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. The Act required the council to have due regard to equality when exercising functions in relation to persons covered by the protected characteristics of the Act. The Head of Finance and Property Services reported that the equality impact assessment process of considering the impact of current and future savings was well established in West Lothian Council. This was the seventh consecutive financial year where an equality impact assessment had been conducted on the draft budget measures prior to approval by the Council. A detailed equality impact assessment of the 2017/18 revenue budget was contained in Appendix 3 to the report.

The report recalled that, in February 2016, budget savings of £20.955 had been agreed for 2016/17 and 2017/18 to deliver balanced revenue budgets in these years. Following the outcome of the Draft Scottish Budget 2017 and the Local Government Finance Settlement 2017/18, officers had revised budget model assumptions for 2017/18 to incorporate the updated funding position, Scottish Government commitments and latest expenditure estimates.

The Local Government Finance Settlement 2017/18 provided detailed grant funding figures for local authorities and showed that the council's general revenue grant would decrease by £5.851 million from the equivalent 2016/17 position. Attainment Scotland ring fenced funding of £5.052 million was provided for direct use by schools as part of a new Pupil Equity Fund.

The Head of Finance reported that officers had undertaken an exercise to review all income and expenditure assumptions within the revenue budget model for 2017/18. Proposed expenditure increases of £15.671 million in 2017/18 included a number of key assumptions, and these were listed in the report. In addition, the Council was informed that the key funding assumptions in the budget model for 2017/18 were:-

- Scottish Government revenue grant funding of £308.137 million would be received in 2017/18, including the Council's estimated share of funding for the Teachers Induction Scheme, Council Tax Reduction Scheme and Discretionary Housing Payments for which the Scottish Government was still to confirm the exact distribution to individual authorities.

- Health and Social Care funding of £3.060 million, which would support delivery of the living wage to social care providers, and cover the cost of disregarding war pensions from financial assessments and pre implementation work for the new carers' legislation.

- Council tax income from house completions would increase by £728,000 during 2017/18.

Taking account of the council's updated expenditure and funding assumptions for 2017/18, the council would be required to address a budget gap of £12.682 million in 2017/18. The position was set out in a table within the report.

The report went on to advise that total budget reduction measures of £9.058 million were proposed for 2017/18. This was consistent with the strategic approach to financial and corporate planning agreed as part of the five year budget strategy in January 2013, which ensured that the council could respond proactively to the magnitude of the challenge in delivering essential services whilst financial resources were constrained. Following a review of the budget measures approved in February 2016, it had been assessed that the youth services saving of £60,000 and the saving from exchanging a public holiday for annual leave of £36,000 were no longer deliverable, and these had not been included in the proposed budget.

Savings of £850,000 were incorporated in the proposed reduction measures for health and social care integration in 2017/18. These savings were based on a review of the staffing and operation of various business and care support functions across Social Policy, taking into account integration and changes to operational processes and staffing teams. The review would incorporate vacancies currently available and would be subject to council organisational changes processes, delivering savings of £750,000. In addition, a saving of £100,000 was proposed through removing the Alcohol Diversionary Fund, with the focus of resources being through the West Lothian Alcohol and Drugs

Partnership.

In relation to income and concessions, the council had agreed a schedule of fees, charges and concessions for 2015/16 to 2017/18 on 29 January 2015. The income in the current report was in line with the increases approved in January 2015 and it was proposed to retain all concessions.

The report went on to examine the position in relation to Council Tax Income. It was reported that additional council tax income of £2.880 million would be received in 2017/18 from the Scottish Government revision of council tax banding weightings for properties in bands E to H, which would take effect from 1 April 2017. In addition, there was flexibility for councils to raise council tax by up to a maximum of 3% in 2017/18. Taking account of the budget gap facing the council, the report had been prepared on the basis that council tax was increased by 1% in 2017/18, which would raise additional recurring income of £744,000. The report provided a table showing a balanced revenue budget position for 2017/18.

If agreed, the updated revenue budget for 2017/18 would enable the council to plan effectively to deliver the council's Corporate Plan outcomes. The Corporate Plan was directly influenced by the priorities that had been agreed following the DBO Consultation in 2012.

A breakdown of the proposed increase in the Council Tax bands for 2017/18 was shown in a table within the report. The Head of Finance and Property Services also provided commentary in relation to the Council Tax Reduction Scheme. It was noted that a budget allowance of £417,000 had been included in the proposed council budget to fund the increase cost of the Council Tax Reduction Scheme.

The report provided the following appendices:-

Appendix 1	Revenue Budget 2017/18 – Detailed Analysis of Budget Change
Appendix 2	Statement on General Fund Balance and Other Reserves
Appendix 3	2017/18 Revenue Budget Equality Impact Assessment
Appendix 4	2017/18 Prudential Indicators

The Head of Finance and Property Services concluded that the revenue budget for 2017/18 took into account previous decisions by the council and Council Executive, including budget reduction measures and time limited investment, known cost pressures and the results of the Local Government Finance Settlement.

Taking account of increased council tax income from Scottish Government changes to Band E to Band H weightings and 1% increase to all council tax bands, the council would be required to deliver budget reduction measures of £9.058 million in 2017/18.

Agreement of the revenue budget for 2017/18 would enable the council to build on the established strategic approach to financial planning and to meet the challenges of funding restrictions and spending pressures. If agreed, the proposals would enable the council to balance the budget and continue to deliver Corporate Plan priorities.

The report also recommended maintaining the uncommitted general fund balance at a minimum of £2 million and asked the Council to approve the mandatory prudential indicators contained in the Prudential Code.

Finally, it was reported that the Council had a robust process for conducting equality impact assessment on changes to policy and resources related to the budget setting process. Officers had given due regard to the findings of the equality impact assessment in the development of individual service level budget proposals and the analysis had been considered as part of the process for finalising the proposed revenue budget for 2017/18.

It was recommended that the Council:-

1. Note the budget pressures for 2017/18 as a result of Scottish Government grant funding not being sufficient to meet the increased costs faced by the Council;

2. Agree the annual revenue budget for 2017/18, including the budget reduction measures, as set out in Appendix 1 of the report;

3. Agree the 2017/18 level of resources associated with the functions delegated to the West Lothian Integration Joint Board (IJB) of £69.274 million, taking account of West Lothian IJB's share of Scottish Government funding for social care, as set out in section D.2.4 of the report;

4. Set a council tax level for 2017/18;

5. Approve a strategy of maintaining a minimum uncommitted general fund balance of £2 million;

6. Note the position in relation to the General Fund Balance and other reserves as set out in Appendix 2 of the report;

7. Note the equality impact assessment, as set out in Appendix 3 of the report;

8. Approve prudential indicators, as set out in Appendix 4 of the report;

9. Agree that the council would continue to adopt the approach of integrating corporate planning and financial planning over the next five year period 2018/19 to 2022/23, with a Corporate Plan, revenue plan, capital plan and treasury management plan to be considered at the same Council meeting, to ensure a joined up approach was taken.

10. Agree that, in accordance with Audit Scotland and CIPFA Best Practice, the Council would prepare a priority based revenue financial plan for 2018/19 to 2022/23, to set out how the Corporate Plan priorities would be delivered over the period.

Motion

"West Lothian Council agrees that the 2017/18 revenue budget settlement from the SNP Scottish Government continues to undermine the purpose and performance of Scottish Local Government.

Council notes that the block grant settlement from the UK Parliament to the Scottish Parliament in respect of the 2017/18 financial year represents an increase of £924m coming to the Scottish Government from the UK Government.

However, the revenue budget settlement to Scotland's Local Councils represents a further revenue grant decrease for West Lothian Council of £5.851m from the equivalent 2016/17 position and SNP Scottish Government cuts have taken £92.1891m from Council services in West Lothian since 2007, the equivalent of £1,176 for every household.

In spite of the effects of SNP budget cuts, West Lothian Council continues to perform well and deliver a wide range of high quality services, whilst maximising the protection of services valued most by West Lothian's communities.

Council commends the record of the Administration over the last five years and highlights the outstanding improvement in educational attainment for West Lothian pupils, investment in our schools and nurseries, the New Council House building programme which will deliver a new home for 1000 West Lothian families, West Lothian Council achieving Living Wage employer status, and protecting services at St John's Hospital for West Lothian people, the record of an administration that keeps its promises to the voters and delivers on their priorities.

Council again places on record its thanks to all Council staff for all that they do in sustaining high quality services for West Lothian's communities and citizens, and restates its commitment to no use of compulsory redundancies.

Council therefore:

1. Notes that West Lothian Council again faces additional budget pressures for 2017/18 as a result of SNP Scottish Government cuts;

2. Agrees the annual revenue budget for 2017/18 as set out in Appendix 1 of the report and as amended by the changes set out in the annex to this motion;

3. Agrees the 2017/18 level of resources associated with functions delegated to the West Lothian Integration Joint Board (IJB) of £69.396 million, taking account of West Lothian IJB's share of funding for Social Care as set out in D2.4 of the report, and calls upon NHS Lothian to fully fund its share of the IJB budget for 2017/18;

4. Agrees to utilise £744,000 of the insurance fund surplus to deliver a Council Tax freeze for 2017/18, delivering the manifesto promise of the Council administration and instructs officers to prepare a consultation

with West Lothian citizens, to include Council Tax levels to be set over the next five years;

5. Notes that SNP Scottish Government increases in Council Tax will increase Council Tax bills for West Lothian residents by 7.5% for Band E home owners, 12.5% for Band F home owners, 17.5% for Band G home owners and by 22.5% for Band H homeowners in 2017/18;

6. Approves a strategy of retaining a minimum uncommitted general fund balance of £2m; and a Modernization Fund of £3.764m as a key plank of the Council's commitment to no compulsory redundancies;

7. Notes the position in relation to the General Fund Balance and other reserves as set out in Appendix 2 of the revenue budget report, subject to the changes set out in the annex to this motion;

8. Notes the Equality Impact Assessment as set out in Appendix 3 of the report;

9. Approves the prudential indicators, as set out in Appendix 4 of the report;

10. Agrees to continue the existing commitment to no compulsory redundancies in 2018/19 and beyond;

11. Agrees that the council will continue to adopt the approach of integrating corporate planning and financial planning over the next five year period 2018/19 – 2022/23, with a Corporate Plan, revenue plan, capital plan and treasury management plan to be considered at the same Council meeting, to ensure a joined up approach is taken;

12. Agrees that, in accordance with Audit Scotland and CIPFA best Practice, the council will prepare a priority based revenue financial plan for 2018/19 to 2022/23, to set out how the Corporate Plan priorities will be delivered over this period.

13. Agrees to write to the First Minister, the Cabinet Secretary for Finance, West Lothian Constituency MSP's and Lothian list MSP's prior to the Scottish Government final budget setting meeting to call upon them to support a budget that will remove all cuts for Scotland's Councils in 2017/18.

I can confirm that the Head of Finance and Property Services has verified the financial implications of this budget motion. "

Labour Group Revenue Budget Motion 2017/18 – Annex

Additional Investment	**Total 2017/18 £'000**
1% Council Tax Balance	744
Rent freeze for Homeless properties	72
Rent freeze for Sheltered Housing properties	20
Freeze school meal prices	61

Reinstate alcohol diversionary fund	100
Freeze lunch club fees	2
Reinstate/extend DHP top up	100
Reinstate payment to WLSEN	35
Reinstate payment to WLYAP	20
Additional time limited funding for anti-poverty work	250
Additional time limited funding for early years numeracy and literacy	500
Expansion of school holiday club scheme	200
Time limited 3rd sector ambition fund	200
Time limited Gala Day and festivals support fund	150
Additional support for foodbanks/credit union	100
Extend council graduate apprenticeship scheme	150
Time limited social care/health initiatives	296
Total Expenditure for 2017/18	**3000**
Funded by:	
Application of Insurance Fund surplus	(2000)
Application of Winter Maintenance Fund	(1000)
Net Budget Movement	**0**

Moved by Council Leader John McGinty, seconded by Councillor Muldoon.

Amendment

West Lothian Council SNP Group – Revenue Budget 2017/18

Delivering Equality, Fairness and Social Justice for West Lothian

“West Lothian Council SNP Group assert that the greatest challenge facing public services in this difficult financial climate is to effectively combat the negative outcomes for individuals and communities arising from the deep-rooted inequalities and accepts that the most effective response to this challenge is to prioritise preventative actions and early interventions to most effectively tackle the root causes of inequality and negative outcomes and so deliver equality, fairness and social justice.

West Lothian Council SNP Group believes that our communities must be at the very heart of our local democracy, with power built upwards from our communities and not imposed from above.

West Lothian Council SNP Group wants our communities to have a new experience of local government as active participants and problem solvers and assert that;

- **Our public services must be built around people and communities, their needs, aspirations, capacities and skills.**
- **Public service organisations must work together more effectively to achieve better outcomes.**
- **Our public services must constantly seek to improve performance and reduce costs and must be open, transparent and accountable.**
- **Everything we do must be focussed on delivering equality, fairness and social justice.**

West Lothian Council SNP Group further assert that these principles must be applied to a comprehensive review of this councils services and decision making process to ensure the views of our communities are fully respected and to empower our communities to help shape council services and deliver local solutions to local issues and a brighter future for all and instructs officers to report to the Partnership and Resources PDSP on how this can be best achieved.

West Lothian Council SNP Group welcomes the Scottish Government's budget proposals for 2017/18 and its protection of our vital public services. The SNP Scottish budget delivers;

- **Record additional investment of £321m in NHS Board budgets in 2017/18**
- **£72m invested in improvements to Primary Care and GP services.**
- **Progress towards the £200m commitment to create five elective care centres – one in Livingston.**
- **A 39.2% increase in mental health spending in 2017/18**
- **£60m of new investment in 2017/18 to support the expansion of early learning and childcare and the commitment to meeting the additional costs to deliver 1140 hours of nursery provision and the recruitment of up to 20,000 additional qualified staff.**
- **Maintaining the existing £50m Attainment Scotland funding**
- **£120m of new investment for schools to use to close the attainment gap.**
- **£21m of additional funding for colleges**
- **£82m to increase the number of Modern Apprenticeships to progress to 30,000 new starts by 2020.**
- **£22.6m of additional resource for the Police Scotland Operational Budget.**
- **A further £36m to equip police services for the challenges for the future.**
- **£25m additional funding for the Police Reform and Change fund.**
- **£22m of additional resource for the Scottish Fire Service Operational Budget.**
- **£47m to continue to fully mitigate the effects of the Bedroom Tax.**
- **£38m to sustain funding of the Scottish Welfare Fund.**
- **£114m for fuel poverty and energy efficiency issues.**

West Lothian Council SNP Group welcomes the Scottish Governments strong settlement for local government and notes:

- **£111m of additional income raised by councils as a result of Council Tax banding changes.**
- **£357m of support for social care through the Integration Fund.**
- **£100m to support delivery of improved health and social care outcomes through the Integrated Care Fund.**
- **£120m of additional funding for schools to support measures to close the attainment gap**

West Lothian Council SNP Group welcomes the additional funding streams being provided for West Lothian Council for 2017/18 and notes:

- **£5.052m additional funding for West Lothian schools through the Pupil Equity Fund**
- **£3.060m additional funding for West Lothian integrated social care**
- **£2.880m additional income for West Lothian through Council Tax reform**
- **£2.232m additional income for West Lothian through a 3% Council Tax Increase.**

West Lothian Council SNP Group notes that these additional funding streams for West Lothian Council totals **£13.224m for 2017/18.**

West Lothian Council SNP Group further notes that **overall** revenue funding for West Lothian Council in 2017/18, including Scottish Government grant funding and Council Tax income, will result in an increase of **£8.101 million** for West Lothian Council.

West Lothian Council SNP Group welcomes this additional funding and notes that for 2017/18 the total recurring funding for West Lothian Council Services is **£395.569m** and that the total increase, in recurring resources, to support West Lothian Council services in 2017/18, assuming a 3% Council Tax increase, is **£8.101m – a 2.1% increase from 2016/17.**

West Lothian Council SNP Group therefore propose additional funding of **£2m** be made available in 2017/8 for a "**Transforming Telecare Services**" fund to maintain independent living for the elderly and vulnerable through the use of enhanced technology, including smart phones and smart televisions, to provide the very best quality of care to support people to live in their own homes and to better manage their health conditions.

West Lothian Council SNP Group further propose additional funding of **£1.104m** be made available in 2017/18 for an **"Integrated Early Learning and Childcare"** fund to deliver a pilot, working with parents and partners, to provide local, co-ordinated, affordable, universal pre-school, after school and holiday childcare from nursery to P7 , 8am to 6pm all year round.

West Lothian Council SNP Group further proposes a **£20.00** increase in **School Clothing Grants** for both primary and secondary sectors.

West Lothian Council SNP Group further proposes additional provision of **£162,000** to fund an increase in the **Street Cleaning** through the provision of 6 additional operatives and two additional vehicles.

West Lothian Council SNP Group further proposes a **freeze** to general fund rents for sheltered housing and homeless properties in 2017/18.

It is therefore recommended that the Council:

1. Notes the budget position for 2017/18 as set out in the report;

2. Agrees the annual revenue budget for 2017/18, including the budget reduction measures, and as amended in Appendix 1 of this budget amendment;

3. Instructs officers to report back to Education Executive with options for a pilot programme which aims to provide affordable and flexible integrated early learning and childcare between 8am to 6pm all year round, which will be funded in 2017/18 through establishment of an Integrated Early Learning and Childcare Fund of £1.104 million

4. Agrees the 2017/18 level of resources associated with the functions delegated to the West Lothian Integration Joint Board (IJB) of £71.294 million, taking account of West Lothian IJB's share of Scottish Government funding for social care, as set out in section D.2.4 of the report, a rent freeze for Sheltered Housing properties, and which is increased by £2 million by this budget amendment through establishment of a Transforming Telecare Services fund in 2017/18

5. Agrees a 3% increase across all council tax bands

6. Approves a strategy of maintaining a minimum uncommitted general fund balance of £2 million;

7. Notes the position in relation to the General Fund Balance and other reserves as set out in Appendix 2 of the report;

8. Agrees to utilise the £2 million Insurance Fund surplus, as set out in Appendix 1 of this budget amendment

9. Notes the equality impact assessment, as set out in Appendix 3 of the report;

10. Approves prudential indicators, as set out in Appendix 4 of the report;

11. Agrees that the council will continue to adopt the approach of integrating corporate planning and financial planning over the next five year period 2018/19 to 2022/23, with a Corporate Plan, revenue plan, capital plan and treasury management plan to be considered at the same Council meeting, to ensure a joined up approach is taken;

12. Agrees that, in accordance with Audit Scotland and CIPFA Best Practice, the council will prepare a priority based revenue financial plan for 2018/19 to 2022/23, to set out how the Corporate Plan priorities will be delivered over this period.

13. Agrees that officers will report back to Partnership and Resources PDSP on options for how communities can become more active participants in shaping council services and delivering local solutions to local issues.

Appendix 1

SNP Revenue Budget 2017/18

	£'000	£'000
Total Revenue Budget as per Budget Report 2017/18		395,867
<u>SNP Budget Amendments</u>		
Housing – Maintain a rent freeze for Homeless properties 2017/18	72	

IJB – Maintain a rent freeze for Sheltered Housing properties 2017/18	20	
Education – Increase School Clothing grants by £20 in 2017/18	130	
Operational – Street Cleaning – 6 additional operatives and two vehicles	162	
Education – Establishment of an integrated early learning and childcare fund	1,104	
IJB – Telecare time limited investment to maintain independent living for the elderly and the vulnerable	2,000	
Total SNP Budget Amendments		3,488
Total SNP Revenue Budget Expenditure 2017/18		**399,355**

Funded as Follows:

Total Recurring Funding as per Budget Report 2017/18		394,081
Time Limited funding from earmarked reserves as per Budget Report 2017/18		1,786
Total Funding as per Revenue Budget Report 2017/18		395,867
Amend the proposed Council Tax increase from 1% to 3%	1,488	
Use of the Insurance Fund surplus in the General Fund Balance	2,000	
		3,488
Total SNP Budget Revenue Budget Funding 2017/18		**399,355**

Based on the above SNP budget position, the Council Tax Bands for 2017/18 will be as follows:

Council Tax Band	2016/17 Council Tax Level £	2017/18 Council Tax Level £
A	752.00	774.56
B	877.33	903.65
C	1,002.67	1,032.75
D	1,128.00	1,161.84
E	1,378.67	1,526.53
F	1,629.33	1,887.99
G	1,880.00	2,275.27
H	2,256.00	2,846.51

Moved by Councillor Johnston, seconded by Councillor Muir

It was agreed that a roll call vote be taken which resulted as follows:

Motion	Amendment
Stuart Borrowman	Frank Anderson
Tony Boyle	Willie Boyle
Harry Cartmill	Diane Calder
Tom Conn	Janet Campbell
Alex Davidson	Robert De Bold
Jim Dixon	Jim Dickson
David Dodds	Mary Dickson
Lawrence Fitzpatrick	Carl John
Tom Kerr	Peter Johnston
Dave King	Sarah King

Danny Logue
John McGinty
Anne McMillan
Angela Moohan
Cathy Muldoon
George Paul
Barry Robertson
Frank Toner

Greg McCarra
Andrew Miller
John Muir
David Tait
Jim Walker

Decision

The motion was successful by 18 votes to 15 votes and it was agreed accordingly.

3. GENERAL SERVICES CAPITAL PROGRAMME 2017/18

The Council considered a report (copies of which had been circulated) by the Head of Finance and Property Services seeking approval of an updated General Services capital programme for 2017/18.

The Head of Finance and Property Services recalled that, on 29 January 2013, the Council had approved a five year General Services capital programme for 2013/14 to 2017/18. The report provided details of the capital programme that had been delivered from 2013/14 to 2016/17, outlined a proposed capital programme for 2017/18 and sought approval for future work to be undertaken to begin to prepare a new ten year capital programme and a corporate asset management strategy.

The Head of Finance and Property Services reported that investment in the property asset category over the four year period was £124 million and included a number of education projects. The roads and related assets category included capital expenditure of £41 million. and in the open space asset category, £18.9 million had been spent over the four years. There had been capital investment of £22.9 million over the four years relating to Information and Communication Technology.

The capital programme had been updated each year to take account of latest circumstances, including available funding. Taking the various changes into account, as well as the latest estimated phasing for approved projects, the proposed updated investment by asset category for 2017/18 was as follows:-

Asset Category	**2917/18 Proposed Programme £'000**
Property Assets	25,429
Roads and Related Assets	14,796
Open Space Assets	3,267
ICT Assets	6,335
Total	**49,827**

A detailed breakdown of the proposed capital programme for 2017/18 was provided in Appendix 1. This included committed investment for 2018/19.

The Head of Finance and Property Services considered that the capital programme for 2017/18 would upgrade and maintain existing assets while investing in new assets which would benefit the communities of West Lothian. A summary of key investment for each asset category over the period was set out in the report.

The Council noted that, as with the revenue budget, capital funding resources were constrained. This was due to various factors, including the Scottish Government's decision to cease funding for new supported borrowing. There were also reduced resources from capital receipts. The updated resources position was outlined in a table within the report, and took account of £890,000 of grant funding announced on 2 February 2017. The updates resources position was as follows:-

Revised Funding Source	**2017/18 £'000**
Resources from Capital Fund/Modernisation Fund	8,632
Resources from Developer Contributions	2,547
General Capital Grant Funding	15,633
Specific Grant Funding	1,648
Borrowing	12,555
Capital Receipts	8,812
Total Resources	**49,827**

The Head of Finance and Property Services provided details of other factors to be taken into account. It was noted that the delivery of the capital programme would be undertaken in compliance with the agreed Best Value framework.

The Prudential Code required the council to take account of a number of factors when agreeing capital spending. The Head of Finance and Property Services assessed that the capital budget for 2017/18 was affordable. The proposals within the capital programme had been considered for their impact on equality in conjunction with the Council's Equality Officer. No specific issues had been identified from an equality perspective. The equality relevance assessment was provided in Appendix 2 to the report.

Finally, the report provided an update on the Corporate Asset Management Strategy which was agreed in January 2013.

The Head of Finance and Property Services concluded that the ongoing investment would help the council deliver enhanced performance and better outcomes, and would improve the quality of life for communities throughout West Lothian.

It was recommended that the Council:

1. Note the main achievements from the capital programme that had been delivered from 2013/14 to 2016/17.

2. Approve the updated capital programme for 2017/18, as set out ini Appendix 1 to the report.

3. Approve updated capital funding for 2017/18, as set out in section D.4 of the report; and

4. Agree that officers should undertake work on a future capital investment programme and pipeline, asset management st4rategies and asset management plans, as outlined in section D.6 of the report.

Motion

West Lothian Council welcomes the updated General Services capital programme for 2017/18 and in particular the further planned investment in West Lothian's school.

Council agrees recommendations 1, 2, 3 and 4 as detailed in section B of the report and adds a further recommendation:

5. Notes the requirement for capital investment will be kept under review to take account of any evolving issues.

Moved by Council Leader John McGinty, seconded by Councillor Muldoon.

Amendment

"West Lothian Council SNP Group propose that the council agrees recommendations 1 to 4, as set out in the report by the Head of Finance and Property Services, and also agrees the following as recommendation 5:

Agrees that officers should undertake work to determine options for additional homeless accommodation, to be located within the Livingston area, that would help mitigate the need to use Bed and Breakfast accommodation."

Moved by Councillor Johnston.

Prior to consideration of the amendment, the Provost asked the Council Leader and Councillor Johnston to consider adopting a position which would incorporate both the motion and the amendment. The suggestion was accepted by the Council Leader and consideration was given to the wording of a composite motion. A position was agreed without the need for a vote.

Decision

The Council unanimously agreed a position as undernoted:-

"West Lothian Council welcomes the updated General Services capital programme for 2017/18 and in particular the further planned investment in West Lothian's school and nursery estate.

Council agrees recommendations 1,2, 3 and 4 as detailed in section B of the report and adds two further recommendations:

5. Notes the requirement for capital investment will be kept under review to take account of any evolving issues.

6. Agrees that officers should undertake work to determine options for additional homeless accommodation within the Livingston and wider West Lothian area that would help mitigate the need to use Bed and Breakfast accommodation."

4. 2017/18 HOUSING REVENUE ACCOUNT BUDGET AND RENT LEVEL

The Council considered a report (copies of which had been circulated) by the Depute Chief Executive seeking approval of the proposed Housing Revenue Account (HRA) budget, rent and service charges to be applied in 2017/18.

The report recalled that the Council had approved a five year rent strategy, covering the period 2013/14 to 2017/18, on 29 January 2013, including indicative rent levels for 2017/18. In line with statutory and regulatory requirements, the report sought formal Council approval for the 2017/18 HRA budget and an associated rent rise of 3%. Approval was also sought for a 3% increase in garage and garage site rents in financial year 2017/18.

The 3% increase would enable delivery of a balanced HRA revenue budget, and would allow high quality and responsive housing services to be maintained for tenants and ensured continued investment in housing infrastructure, improving existing homes and creating 1,000 new affordable homes. If the rent increase was approved, and based on the latest stock report at 31 December 2016, the average weekly rental for homes would be £70.23, and £6.05 for garages in 2017/18.

In relation to service and support charges, it was proposed that service charges for Sheltered Housing properties be increased by 3% in 2017/18, consistent with the policy agreed by Council in January 20143. A 3% increase for support charges in relation to Homeless Properties for 2017/18 was also proposed.

The report provided a table showing a summary HRA Budget for 2017/18, and the proposed allocation of resources.

The proposed budget took account of a number of cost pressures and assumptions including:

- 3% rental increase for council houses and garages.

- A minimum of 1% pay award for staff and allowance for incremental pay progression.
- Indexation pressures, such as energy costs.
- Updated capital financing charges relating to the Housing Capital Programme.
- Ongoing impact of Welfare Reform and Universal Credit.

The Depute Chief Executive reported that there were a number of risks and uncertainties that could impact on the level of financial resource required. This would include potential variances to pay and price indexation as well as interest rates on capital borrowing requirements. Resources for reactive repairs remained subject to demand for services vagaries of winter weather. Other uncertainties were examined in the report.

In relation to housing reserves, it was noted that a breakeven position was forecast for the HRA revenue budget for 2016/17. It was therefore projected that the HRA reserve at 31 March 2017 would remain at £926,000 and there was no proposal to augment this during 2017/18. It was recommended that the balance be maintained and the level was considered adequate to meet with unforeseen demands on resources. The proposed budget did not assume any use of the reserve.

Finally, the Depute Chief Executive advised that tenant consultation took place prior to the rent strategy being agreed by West Lothian Council in January 2013. Tenants had been consulted on the 2017/18 increase through a range of activities including: Housing Network meetings, Tenant News, through local offices and via the Council website and social media.

The Depute Chief Executive concluded that the HRA revenue budget for 2017/18 would enable the delivery of key priorities and allow the people of West Lothian Council to continue to be supported to find a suitable place to live and have quality housing options available to them.

It was recommended that the Council:

1. Approve the 2017/18 HRA Budget as set out in the report;
2. Approve a rent increase of 3% in 2017/18 in accordance with the previously agreed strategy;
3. Approve a 3% increase in garage rents in 2017/18 in accordance with the previously agreed strategy;
4. Approve an increase of 3% in service and support charges for Sheltered Housing properties for 2017/18 in accordance with the previously agreed strategy;
5. Approve a 3% increase in rents and service and support charges for Homeless properties for 2017/18 in accordance with the

previously agreed strategy.

Motion

"West Lothian Council notes that over the five years of the previous SNP led administration rents in West Lothian rose by 23% at an average rate of 4.6% per annum.

Council recognises that the previous rent strategy agreed after consultation with the tenants, of 3% increases over the period 2012/13 to 2017/18, which after further tenant consultation included a one year rent freeze in 2013/14, provided the basis for fully funding the Councils commitment to build 1000 new council houses and ensuring that the Council's housing stock is suitable for 21st Century living.

However, this Labour Administration understands the financial difficulties being experienced by many of our tenants and with the continuing uncertainties over the economy combined with the increased costs of daily living, the Council needs to ensure that it continues to support our tenants through these challenging financial times.

Rent Arrears have also been a challenge for all social landlords over the last few years as a result of the difficulties arising from challenging economic time plus the impact of Welfare Reform.

However this Labour Administration has worked extremely hard to support tenants through these difficult times. It is therefore pleasing to note that the level of rent arrears reported to the Council Executive on 14 February 2017 is less than the level of arrears at the same time last financial year.

This Labour Administration therefore proposes a rent freeze in 2017/18 which in addition to the measures proposed on the Council Tax, will provide financial respite to our tenants in these difficult economic times.

Council therefore agrees to:

- Approve a rent freeze on all council house rents and garage rents for 2017/18.
- Approve a freeze in the service and support charges for Sheltered Housing properties for 2017/18.
- Approve a freeze on the rents and service support charges for Homeless properties for 2017/18.
- Instruct officers to prepare a consultation with tenants to include sustainable rent levels to be set over the next 5 years.

Accordingly the average weekly rent for homes will remain at £68.19 per week, and the average weekly rent for garages at £5.87 per week. Council rents will therefore continue to offer the lowest rent levels for affordable social housing across West Lothian.

The proposed rent freeze will therefore be accommodated through a reduction of £1.388 million in the CFCR contribution, resulting in revised CFCR expenditure of £6.318 million and a revised HRA budget of

£46.712 million.

Given the uncertainties of the risks associated with welfare reform, and other risks the Council considers it prudent to maintain the HRA reserve which will remain at £926,000.

As a result of this proposed rent freeze, over the course of this Labour Administration rents levels within West Lothian will have increased at an average of only 1.7% per annum, whilst at the same time the Council will have invested significant resources in maintaining high quality, affordable social housing across West Lothian, and at the same time delivering on the provision of 1,000 new Council Houses.

I can confirm that the Head of Finance and Property Services has verified the financial implications of this budget motion."

Moved by Councillor Paul, seconded by Councillor Cartmill.

Decision

To unanimously approve the terms of the motion submitted by Councillor Paul.

5. HOUSING CAPITAL PROGRAMME 2017/18

The Council considered a report (copies of which had been circulated) by the Depute Chief Executive seeking approval of the updated 2017/18 Housing Capital Programme.

The report recalled that the Council had approved a five year housing capital programme, encompassing the period 2013/14 to 2017/18, in January 2013. The 2013/14 and 2014/15 were updated in September and December 2013 respectively, with a revised three year programme covering the period 2015/16 to 2017/18 approved by West Lothian Council in January 2015. The most recent update to Council Executive, in June 2016, detailed revised spending plans of £55.653 million for 2017/18.

Expenditure totalling £50.337 million was forecast to be incurred within 2016/17 Housing Capital Programme.

The report went on to advise that the 2017/18 capital budget had been updated for phasing assumptions, and these were outlined in the report.

A housing capital budget of £77.152 million was proposed in 2017/18 and Council was asked to approve this updated investment programme. The proposed investment programme for 2017/18, totalling £77.152 million, was summarised as follows:-

Project	**Planned Expenditure 2017/18 £'000**

New Build 1,000 Houses	**60,659**
Major Refurbishments	2,508
Major Elemental Repairs	2,768
Planned Programmes	6,714
Environmental/External Upgrading	812
Miscellaneous	3,691
Sub-Total Housing Investment	**16,493**
Total	**77,152**

Individual project, comprised within each project heading, were listed in Appendix 1 to the report and further detail on work to be encompassed within the programme was contained in Appendix 2 to the report. Appendix 3 to the report was an Equality Impact Assessment for the Housing Capital Programme 2017/18.

The report provided a table showing the capital resources available fund the housing capital programme 2017/18 and Council executive would be updated on latest assumptions in future monitoring reports.

The report went on to examine the Corporate Asset Management and Future Capital Investment.

The Depute Chief Executive concluded that there was a strong focus within the programme on the 1,000 new build council house project to deliver affordable homes, which alongside open market acquisitions, would increase the availability of social housing within communities for both existing residents and future generations. Alongside investment in new and additional housing stock, there would be continued investment in existing council housing stock and the environment, to improve homes and local amenity. Energy efficiency was recognised as a continuing priority, with an emphasis on meeting the requirements of the Energy Efficiency Standards for Social Housing legislation.

The 2017/18 Housing Capital programme consolidated and updated on movements reported to Council Executive in June 2016 and February 2017, recognising the requirement to refine and phase projects and expenditure during the programme period. It ensured that resources were prioritised effectively, and where appropriate reassessed resource requirement to reflect sustained levels of the demand.

Through the Housing Capital programme, the council continued to maintain quality standards and invest in the suitability and sufficiency of its housing stock to improve the environment within communities and meet the needs of existing and future tenants across West Lothian.

It was recommended that the Council approve the updated 2017/18 Housing Capital Programme and related funding as detailed in the report.

<u>Motion</u>

"West Lothian Council welcomes the proposed 2017/18 housing capital programme of £77.152 million. This significant level of investment will allow the Council to complete the new build programme of a 1000 new houses, which when combined with the 542 houses delivered by this Labour Administration from the previous new build programme, will provide in excess of 1,500 additional affordable homes for social renting across West Lothian.

As well as investing £60.569 million in our new build programme, Council notes that significant resources of £16.493 million will be invested in maintaining the quality standard across the existing housing stock with an increasing emphasis on the Energy Efficiency Standard for Social Housing.

This will include:

- Over 650 homes benefiting from central heating upgrades and a programme of window replacements, insulation, and photovoltaic panels as we respond to our tenants priority of addressing fuel poverty.
- Over 50% of the planned programmes budget of £6.714m will be invested in measures that contribute to energy efficiency.
- Over 190 homes benefiting from our highly regarded roof and roughcast replacement programme which has made a significant difference to many of our local communities.

At the end of the 2017/18, this Labour Administration will have delivered over £264.504 million of capital investment in existing and new build council houses, compared to the £143.020 million incurred by the previous SNP Administration.

The last 5 years has seen this Labour Administration achieve significant investment for our tenants. Out-with the delivery new build council houses in every ward, other notable developments include all council houses meeting and maintaining the SHQS standard, delivery on the redevelopment of the Deans South Estate in Livingston, and implementation of energy efficiency programmes across a wide range of both private and council properties which will have significant benefits for tenants.

This significant level of investment has been delivered based on an affordable rent strategy which has ensured that new and existing tenants live in high quality homes whilst at the same time benefitting from the lowest rent levels for social housing across West Lothian.

Importantly this Labour Administration has always sought to progress levels of capital investment that are affordable and deliverable, and will seek to bring forward future programmes of new build social housing and investments in energy efficiency measures that are progressive but importantly at the same time realistic and deliverable.

Council further notes that the capital programme will also secure the employment of the workforce in Building Services and assist in their commitment to local employability through their apprenticeship scheme.

Council therefore agrees with the recommendation to approve the 2017/18 Housing Capital Programme.

In accordance with the motion on the Housing Revenue Account and Rent Level a reduction in the CFCR of £1.388 million will be offset by an equivalent increase in the level of borrowing. Consequently the CFCR for 2017/18 will be revised at £6.318 million and borrowing at £54.906million.

I can confirm that the Head of Finance and Property Services has verified the financial implications of this budget motion."

Moved by Councillor Paul, seconded by Councillor Cartmill.

Amendment

"West Lothian SNP Group notes that the New Build Phase 2 Programme failed to ensure that PV panels were installed on all these homes. This would have been a considerably cheaper option, to incorporate within the construction phase, which would have save our tenants money (around £150 per year and rising) and reduced our carbon emissions substantially. This would also have "future proofed" our homes.

The West Lothian SNP Group notes that the total overall resources in the Housing Capital Programme for 2017/18. It is recommended that the council approves the Housing Capital programme, as outlined in the report and as amended below:

It is recommended that the Council:

- Agrees to borrow an additional £8.25 million for a three year investment programme in solar PV panels on our Council houses. We would be able to install panels on approx. 3000 houses.

- Agrees to fund this borrowing by making a recurring adjustment of £675,000 to the CFCR budget. This adjustment is distinct from the CFCR reduction proposed in the HRA revenue amendment.

- Agrees to rephrase £675,000 from the open market acquisitions budget to 2018/19, to offset the reduction in CFCR resources of £675,000 in 2017/18.

- Notes that the installation of solar PV panels on council houses would generate approximately £114,000 Feed in Tariff (FiT) income to the council for each 1,000 houses fitted with PV panels.

- Notes that the solar PV programme will create continuous employment opportunities for up to 50 people and the ability to increase apprenticeships.

- Notes that the solar PV panel programme will directly benefit our tenants with their fuel bills being reduced by approx. £150 per year. This financial saving will increase year on year for our tenants, as utility bills inevitably rise.

- Notes that this budget should be seen as the initial stage in creating “a virtuous green circle” to enable all council houses to be fitted with PV panels. The impact on the environment could initially be a saving of 2500 tonnes of CO_2 per annum and cumulatively, over the 20 year ‘life’ period, bring an additional £18 million into the West Lothian economy.

I can confirm that the Head of Finance and Property Services has verified the financial implications of this budget amendment.”

Moved by Councillor Anderson, seconded by Councillor McCarra.

It was agreed that a roll call vote be taken which resulted as follows:-

Motion	Amendment
Stuart Borrowman	Frank Anderson
Tony Boyle	Willie Boyle
Harry Cartmill	Diane Calder
Tom Conn	Janet Campbell
Alex Davidson	Robert De Bold
Jim Dixon	Jim Dickson
David Dodds	Mary Dickson
Lawrence Fitzpatrick	Carl John
Tom Kerr	Peter Johnston
Dave King	Sarah King
Danny Logue	Greg McCarra
John McGinty	Andrew Miller
Anne McMillan	John Muir
Angela Moohan	David Tait
Cathy Muldoon	Jim Walker
George Paul	
Barry Robertson	
Frank Toner	

<u>Decision</u>

The motion was successful by 18 votes to 15 votes and it was agreed accordingly.

Public Engagement Unit

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Mr Graham Hope

Your ref:
Our ref: 2017/0007207
27 February 2017

Dear Mr Hope

Thank you for your letter to Derek Mackay regarding Revenue Budget 2017/18 received on 27 February 2017.

Your letter has been passed to the relevant office for response or appropriate action. The Scottish Government aims to respond to you within 20 working days. Where this is not possible, we will endeavour to keep you updated on the progress of your response.

Yours sincerely

K McArthur

Kevin McArthur
Public Engagement Unit

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Riaghaltas na h-Alba
gov.scot

Mr Graham Hope

Your ref: CEO/CH
Our ref: 2017/0007182
27 February 2017

Dear Mr Hope

Thank you for your letter to Nicola Sturgeon regarding West Lothian Council budget received on 27 February 2017.

Your letter has been passed to the relevant office for response or appropriate action. The Scottish Government aims to respond to you within 20 working days. Where this is not possible, we will endeavour to keep you updated on the progress of your response.

Yours sincerely

K McArthur

Kevin McArthur
Public Engagement Unit

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INVESTOR IN PEOPLE

POSITIVE ABOUT DISABLED PEOPLE

West Lothian Council

Chief Executive Office

Letter also sent to:-
The Cabinet Secretary for Finance
West Lothian Constituency MSP's
Lothian List MSP's

West Lothian Civic Centre
Howden South Road
Livingston
West Lothian
EH54 6FF

Our Ref: CEO/CH
Your Ref:

Contact: Graham Hope
Tel: 01506 281697
e-mail: graham.hope@westlothian.gov.uk

Private & Confidential
Rt. Hon. Nicola Sturgeon MSP
First Minister of Scotland
Office of the First Minister
St Andrew's House
Regent Road
Edinburgh
EH1 3DG

21 February 2017

Dear First Minister

West Lothian Council – Revenue Budget 2017/18

A meeting of West Lothian Council was held on 20 February 2017, at which the above matter was discussed.

At the meeting it was agreed that I write to you prior to the Scottish Government's final budget setting meeting to call upon you to support a budget which will remove all cuts from Scotland's Councils for 2017/18.

Yours sincerely

for Graham Hope
Chief Executive

Minister for Transport and the Islands
Humza Yousaf MSP

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Mr Graham Hope
Chief Executive
West Lothian Civic Centre
Howden South Road
Livingston
West Lothian
EH54 6FF

Your ref: CEO/LK
Our ref: 2017/0000448

16 February 2017

Dear Mr Hope

Thank you for your letters, both of 22 December to the First Minister, Nicola Sturgeon MSP, and myself concerning ScotRail's performance in the West Lothian area, a publicly run rail service in Scotland, and a fares freeze in January 2017.

I can assure you that the Scottish Government has contractual processes in place to regularly monitor ScotRail's performance in delivering the obligations of the franchise, including ensuring that ScotRail provides the level of service which it is meant to. As ScotRail's performance has fallen below our challenging but achievable contracted targets we have called on ScotRail to produce a Performance Improvement Plan. This has now been received, and delivery of initiatives is being closely monitored by Transport Scotland. Full details are available at;

https://www.scotrail.co.uk/about-scotrail/news/scotrail-alliance-publishes-details-performance-improvement-plan

With regard to the issue of public ownership of the railway in Scotland, I note your support for the "re-nationalisation" of the railway. The Scottish Government made a manifesto commitment to enable public sector operators to bid for future rail franchises and the work to fulfil that commitment has begun. At present, this is focussing on considering the suitability of existing public sector bodies to bid for the franchise contract, as well as the steps required to create a new public sector body, if it is necessary to so do. As you will appreciate, it will take time to establish a new public body with the necessary skills and expertise.

In the meantime, I have called on a broad range of stakeholders and political parties to work together towards the common goal of establishing a railway that benefits its passengers and enables Scotland to thrive. I will also be establishing a formal engagement process in the early part of 2017 to ensure that stakeholders can contribute their views.

Concerning a rail freeze in January 2017, fares in Scotland contribute to around one-third of the cost of running the railway. The Scottish Government meets around 60% of the running costs in Scotland (balance is non-fare revenue). This compares to around 20% of funding from the UK Government for the railways in England. (Source: ORR, March 2016). This significant subsidy helps make fares affordable for all. Passengers travelling on both ScotRail's peak and off-peak regulated fares are benefitting from the lowest level of increases since selected rail powers were devolved in 2005.

Our current policy already has lower fare increases than the GB average of 2.3%, and since 2011 our off-peak fares increases have been restricted to 16.5%, against 23.5% in England and Wales.

However, as recently announced in Parliament, the Scottish Government has considered a number of options for thanking passengers for their custom and patience while extensive improvement work on the railway progresses, and which at times has caused severe disruption to ScotRail's services. Therefore, during 2017, they will fund a £3 million initiative that gives one week's travel free to monthly and annual ScotRail season ticket holders. As service improvements and investment also impact on those across the country who do not use ScotRail season tickets, they will put in place a number of promotions throughout the year to ensure they also benefit from this investment.

I hope this is helpful.

HUMZA YOUSAF

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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 10 NOVEMBER 2016.

Present – Councillors John McGinty (Chair) Anne McMillan, John Muir

Apologies – Frank Anderson, Harry Cartmill, George Paul

1. DECLARATIONS OF INTEREST

There were no declarations of interest made.

2. MINUTES

b) The committee confirmed the Minute of its meeting held on 21 October 2016 as a correct record.

a) The committee confirmed the Minute of its meeting held on 13 October 2016 as a correct record.

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 business be taken in private.

4. CONSIDERATION OF APPEAL

Introductions were made by all parties and the Clerk explained the procedure that would be followed.

The committee was invited to consider a Stage 3 Grievance brought forward by two employees within Operational Services. This grievance had called at a previous hearing when it was adjourned for further information to be submitted.

The appellants were represented by their union representative. The appellants did not call any witnesses.

The management was represented by the Depute Chief Executive and HR Manager (Policy & Advice). The management called three witnesses.

The committee heard the appellants and their union representative speak in relation to the grievance.

The management was given an opportunity to question the union representative and appellants.

The committee had an opportunity to question the appellants and union representative.

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

The appellants and their union representative were given an opportunity to question the management and witnesses in turn.

The committee had an opportunity to question the management and witnesses in turn.

Finally, each side summed up the merits of the case.

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

All parties were called back in to hear the decision of the committee.

Decision

The committee found that the grounds of the appeal were not substantiated and therefore the appeal was not upheld.

MINUTE of MEETING of the EMPLOYEE APPEALS COMMITTEE (PRIVATE) of WEST LOTHIAN COUNCIL held within CONFERENCE ROOM 3, WEST LOTHIAN CIVIC CENTRE, on 14 DECEMBER 2016.

Present – Councillors John McGinty (Chair), Anne McMillan, George Paul, Jim Walker

1. DECLARATIONS OF INTEREST

Councillor John McGinty declared a non-financial interest in that he was an ordinary member of Unite.

Councillor Anne McMillan declared a non-financial interest in that she was an ordinary member of Unite.

Councillor George Paul declared a non-financial interest in that he was a member of UCATT.

2. MINUTE

The committee confirmed the Minute of its meeting held on 10 November 2016 as a correct record.

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 business be taken in private.

4. CONSIDERATION OF APPEAL

Introductions were made by all parties and the Clerk explained the procedure that would be followed.

The committee was invited to consider a Stage 3 Grievance brought forward by four employees within Operational Services. The grievance had called at a previous hearing when it was adjourned for further information to be submitted.

The four appellants were in attendance at the hearing.

The management was represented by Jim Jack, Head of Operational Services and Fraser Mackenzie, HR Manager.

The committee heard the applicants speak in relation to their grievance and additional information submitted.

The Management were given an opportunity to question the appellants.

The committee had an opportunity to question the appellants.

The committee heard the management speak in relation to the grievance and additional information submitted

The appellants were given an opportunity to question the management.

The committee had an opportunity to question the management.

Finally, each side summed up the merits of their case.

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

All parties then returned to hear the decision of the committee of the committee.

Decision

The committee found that the grounds of the grievance were not substantiated and therefore the appeal was not upheld.

The committee recommended that:

1. Management ensure that all staff understand and acknowledge changes in pay structure; and

2. Management ensure that staff are aware of who has responsibility on site.

MINUTE of MEETING of the EDUCATION (QUALITY ASSURANCE) COMMITTEE of WEST LOTHIAN COUNCIL held within COUNCIL CHAMBERS, WEST LOTHIAN CIVIC CENTRE on 1 NOVEMBER 2016.

Present – Councillors Stuart Borrowman (Chair), David Dodds, Alexander Davidson, Carl John, Dave King, Sarah King, Danny Logue, John McGinty, Anne McMillan, Andrew Miller, George Paul; Appointed Representatives Myra Macpherson, Margaret Russell and Lynne McEwen

Apologies – Councillor Lawrence Fitzpatrick; and Parent Council Representative Eric Lumsden

Absent – Councillor Tony Boyle

1. ORDER OF BUSINESS

The Chair ruled in terms of Standing Order 11 that Agenda Item 7 (Deans Community High School VSE) would be considered immediately following approval of the Minute to accommodate attendance by the Head Teacher.

2. DECLARATIONS OF INTEREST

No declarations of interest were made.

3. MINUTE

The committee confirmed the Minute of its meeting held on 13 September 2016. The Minute was thereafter signed by the Chair.

4. VALIDATED SELF EVALUATION: DEANS COMMUNITY HIGH SCHOOL

The committee considered a report (copies of which had been circulated) by the Head of Education (Curriculum, Quality Improvement and Performance) advising of the outcome of the Validated Self Evaluation of Deans Community High School.

Prior to the full consideration of the report the Depute Chief Executive advised committee that there were a few errors in the report relating to SQA Higher achievement results and these should have been detailed as follows :-

- SQA Higher 5+ the achievement figure for 2016 was 21%;
- SQA Higher 3+ achievement figure for 2016 was 33%; and
- SQA Higher 1+ achievement figure for 2016 was 56%

The report recalled that the focus of the VSE was to evaluate the quality of :-

- Leadership and management
- Learning provision
- Successes and achievements

The committee was advised that for the first time all Head Teachers within a secondary collaborative Hub had formed part of the Validated Self-Evaluation team in a secondary school. This had enabled a rich professional dialogue, supported and challenged and provided a sharing and enhancing practice that would benefit all the schools involved.

The committee was advised that the school vision required to be reviewed and refreshed in line with the National Improvement Framework and to ensure that the whole school community was involved in embedding vision and values in daily practice to ensure high quality learning and teaching across the school. The school was committed to change however expectations of leadership at all levels required to be more clearly defined and focused on the school improvement priorities to secure the desired improvement.

The Head Teacher, Pauline Allison explained that the school tracked and monitored pupil progress across the broad general education and senior phase. Progress had been made in engaging with other schools in moderation activities to agree standards and expectations.

The VSE team observed some very good examples of effective learning and teaching, however in some observed lessons, learners were not being sufficiently supported, challenged or engaged. The team observed a wide variability in the quality of learning and teaching across the curricular areas and the Head Teacher acknowledged that this was an area that required addressing in terms of a consistency of approach to learning.

It was noted that the school environment provided a place where young people felt safe and secure and were aware of the wellbeing and rights of young people. Young people were also provided with opportunities to enhance their social and emotional wellbeing and this was valued by them.

The schools performance in graded SQA examinations had been variable, both over time and in relation to its virtual comparator. Therefore the school needed to promote consistent practice in learning, teaching and assessment through effective leadership and inter-faculty collaboration. The leaver destination rate also remained broadly in line with the virtual comparator over time.

The report summarised that the self-evaluation had sufficiently established that the school had demonstrated its capacity to improve outcomes for learners however the school needed to strengthen the active participation of young people and partners in self-evaluation and ensure that it was carefully planned to involve all stakeholders and was clearly linked to the impact of planned priorities.

The presentation by the Head Teacher concluded with details of the Action Plan that had been devised and how that would be taken forward by the Head Teacher and her senior management team.

The Head Teacher then responded to questions from members of the Committee.

It was recommended that the committee :-

1. Note the findings of the VSE and the actions arising;

2. Affirm, or otherwise, the schools capacity for improvement; and

3. Note any other action required.

Decision

1. To note the contents of the report and of the Validated Self Evaluation;

2. To note that issues remained at the school in terms of attainment of SQA Highers; and

3. To note that the Head Teacher had in place an Action Plan to tackle a number of identified issues at the school.

5. VALIDATED SELF EVALUATION: HARRYSMUIR PRIMARY SCHOOL

The committee considered a report (copies of which had been circulated) by the Head of Education (Curriculum, Quality Improvement and Performance) providing details of the outcome of the Validated Self Evaluation (VSE) of Harrysmuir Primary School

The focus of the VES was :-

- Self-evaluation for self-improvement

- Leadership of change

- Arrangements for ensuring wellbeing, equity and inclusion

The committee was advised that led by the Head Teacher the whole school community had embedded a strong culture of regular, systematic and informed approaches to self-evaluation; these had had a direct impact on improved outcomes for all learners. The school also had clear plans in place to develop the skills of all learners and was creative in its approaches to encouraging partners, including parents and carers, to be involved in improvements.

The school had established an aspirational vision which had produced a clear, shared and identifiable curriculum rationale. All staff and almost all learners felt able to talk about decisions which were made in relation to well-thought out developments in the curriculum. Also the ethos and culture of the school reflected the commitment to respecting children's rights and developing relationships. Also the schools collaborative approaches to planning learning, teaching and assessment were built on the school's strong systems for analysing data and ensuring that appropriate, manageable interventions were in place.

The VSE had validated the school's judgements about its evaluation with the exception of Leadership of Change and Ensuring Wellbeing, Equality and Inclusion which the VSE rated as "very good", as opposed to "good".

The Head Teacher and her senior leadership team provided very strong leadership and the school had a clear understanding of its strengths and areas for improvement and the team was very confident that the school's arrangements for self-evaluation would continue to lead to further improvement in attainment for all learners.

The report concluded with details of the actions arising from the VSE.

The Head Teacher then responded to questions from members of the Committee.

It was recommended that the committee :-

1. Note the findings of the VSE and the actions arising;
2. Affirm, or otherwise, the school's capacity for improvement; and
3. Note any other action required.

Decision

1. To note the contents of the report of the Validated Self Evaluation; and
2. To commended the Head Teacher and her team for all their hard work at the school.

6. VALIDATED SELF EVALUATION: LINLITHGOW BRIDGE PRIMARY SCHOOL

The committee considered a report (copies of which had been circulated) by the Head of Education (Curriculum, Quality Improvement and Performance) advising of the outcome of the Validated Self Evaluation (VSE) of Linlithgow Bridge Primary School.

The focus of the VSE was :-

- Learners' experiences with specific focus on support and challenge for learners

The committee was advised that the school had developed a shared vision with all stakeholders and which was beginning to lead to improvements for children. There was also a culture of self-evaluation which involved parents and partners. Staff were committed to change which would result in improvements for learners and were encouraged to engage in a variety of professional learning activities which impacted positively on pupils.

The school had developed a curriculum rationale, based on shared values with input from stakeholders. It was designed to ensure that children were at the centre of curriculum design and development and that their entitlements were being met. There were manageable processes to monitor and evaluate learners' progress, which enabled the school to build in appropriate support for individuals facing barriers to their learning. However there needed to be a greater consistency in planning for learning to ensure appropriate pace and challenge across the school and shared expectations of standards to be achieved.

The report continued that relationships across the school community were positive, supportive and nurturing founded on a climate of mutual respect and all staff and partners felt valued and supported. All staff were proactive in promoting positive relationships in the classroom, playground and the wider community and in the nursery staff promoted and implemented the principles of Getting it Right for Every Child (GIRFEC) with children and parents.

The report concluded that the Head Teacher and principle teachers provided effective leadership and that the school had an understanding of its strengths and areas for improvement and that the team was confident that the schools arrangements for self-evaluation would continue to lead to improvement and raised attainment for learners.

The Head Teacher then provided a brief overview of the Action Plan that had been developed in light of the VSE and explained that areas such as digital learning, consistency of learning and pupil profiling would be targeted.

The Head Teacher then responded to questions from members of the Committee.

It was recommended that the committee :-

1. Note the findings of the VSE and the actions arising;

2. Affirm, or otherwise, the schools capacity for improvements; and

3. Note any other action required.

<u>Decision</u>

1. To note the contents of the report and of the VSE;

2. To note that the school had some work to do following the VSE particularly in relation to raising attainment; and

3. To agree to include the date of the appointment of Head Teachers

in future VSE reports.

7. EDUCATION SCOTLAND REPORT: BRIDGEND PRIMARY SCHOOL

The committee considered a report (copies of which had been circulated) by the Head of Education (Curriculum, Quality Improvement and Performance) providing an update on the progress made on the school's action plan following an HMI inspection in March 2015.

The committee were advised that in June 2016 Bridgend Primary School presented its plan for action following the publication of a HMI report in April 2015. A request was made for a progress report to be provided to committee within 12 months to ensure that improvements were being sustained.

In August 2015 the school was identified as being one of two schools in West Lothian which had been included within the Scottish Government's Attainment Challenge Programme. The school had identified key priorities for enhanced focus which were aimed at raising attainment and closing the poverty related attainment gap.

Since January 2016 there had been significant staffing changes at the school. The Acting Head Teaching was on leave and from February to March interim acting Head Teacher arrangements were put in place. The current acting Head Teacher had therefore been in post since Easter 2016. There was a strong commitment to self-evaluation which was impacting upon improvement and this had resulted in good progress being made with the school's plan for improvement.

The acting Head Teacher, Clare Deas, then provided an overview of progress in terms of the curriculum, learning & teaching and assessment. Ms Deas advised committee that the school had been through some difficult and challenging times but hoped that improvements would soon be seen across the board. Ms Deas explained that the school had a thriving and inclusive Parent Council and that this would help expedite progress.

The acting Head Teacher along with the Education Officer and the Head of Education answered questions from committee members noting that whilst the school was small in size it had encountered a number of difficulties particularly in relation to attainment levels and that the council had provided much support and intervention where necessary. It was also noted that the turn-over of staff at the school had also exacerbated the issues being encountered.

The committee welcomed the update and wished the acting Head Teacher well with continued progress.

It was recommended that committee note the progress made by the school in relation to the action plan shared with committee in June 2015 and update in June 2016.

Decision

1. Noted the contents of the report;

2. Noted that there had been significant issues at the school and a high turn-over of staff including a new acting Head Teacher; and

3. Noted that the pace of improvement at the school continued with the support and assistance of Education Service colleagues.

8. WORKPLAN 2016-2017

The Committee noted the contents of the workplan (copies of which had been circulated).

Decision

Noted the contents of the workplan.

MINUTE of MEETING of the JOINT CONSULTATIVE GROUP (TEACHING STAFF) of WEST LOTHIAN COUNCIL held within the EMERGENCY PLANNING ROOM, WEST LOTHIAN CIVIC CENTRE, on 19 FEBRUARY 2016.

Present – Councillors Lawrence Fitzpatrick (Chair), David Dodds, John McGinty, Andrew Miller and Jim Walker; John MacKinnon (EIS), Stephen Brown (NASUWT), Heather Hughes (EIS), Stuart Hunter (SSTA), Louise Storrar (EIS)

Apologies – Councillor Danny Logue; Appointed Representative Myra Macpherson.

Absent – Councillor Cathy Muldoon

In attendance
Elaine Cook, Depute Chief Executive, West Lothian Council
Donald Forrest, Head of Finance and Estates, West Lothian Council
Lesley Henderson, HR Services Manager, West Lothian Council
Karen Stevenson, Accountant

1. DECLARATIONS OF INTEREST

There were no declarations of interest made.

2. MINUTE

The minute of the meeting of the Group held on 27 January 2015 was approved as being a correct record.

3. REVENUE BUDGET 2016/17 AND GENERAL SERVICES CAPITAL PROGRAMME 2016/17 AND 2017/18

The Head of Finance and Estates presented the Group with information on the council's proposed Revenue Budget for 2016/17 and 2017/18 and the General Services Capital Programme 2016/17 and 2017/18.

The Group was informed that due to the ongoing government constraints on public spending and the Scottish Government's funding not meeting the increasing costs in local government there was a projected budget gap for West Lothian of over £20 million for 2016/17 and 2017/18. Details of the council's priorities 2013/2018 and revenue budget strategies for 2016/17 and 2017/18 were then highlighted.

The presentation went on to outline the 2016/17 budget proposals and also provided more detailed information on the budget for Education Services. It was noted that the pupil teacher ratio would be maintained at 14.1 which was in line with the 2015 ratio. A net reduction of 163 FTE non-teaching staff throughout the council was proposed, however, it was noted that teacher numbers were estimated to increase by approximately 22 FTE. The proposals also highlighted the continuation of the council's no compulsory redundancy position.

The Depute Chief Executive then highlighted the challenges ahead for Education Services which included the commitment to secure probationer places under the Teacher Induction Scheme, the continuation and expansion of the requirements of Early Learning and Childcare and the delivery of curriculum and new qualifications. Attainment in West Lothian schools continued to rise and education staff were commended for their hard work and commitment to continue to improve the situation.

Details were then provided of the council's capital investment programme 2016/17 and 2017/18 which highlighted areas of substantial capital investment in school projects. Finally, the Group was advised that the council would be invited to consider the Revenue Budget and Council Tax proposals for 2016/17, Additional Budget Measures for 2017/18 and the General Services Capital Programme 2016/17 and 2017/18 at its meeting on 23rd February 2016.

John MacKinnon, EIS Union Representative, stated that union members were pleased that the council was committed to maintain the level of education services and the pupil teacher ratio. However, he did raise concerns about how long the council would be able to sustain this position in light of the additional cuts being made year after year.

Union members also raised concerns in relation to the reduction of non-teaching staff numbers and whether this would have an impact on support staff. The Head of Finance and Estates advised that every effort had been made to provide more efficient and modern services in order to minimise the impact on staff.

The meeting was concluded by members thanking the teaching unions for their comment and asked them to thank the wider teaching community in West Lothian for the excellent quality of service provided in schools and the commitment of teachers who worked hard to deliver the best possible outcomes.

Decision

To note the budget proposals and the comments made.

MINUTE of MEETING of the JOINT CONSULTATIVE GROUP of WEST LOTHIAN COUNCIL held within COUNCIL CHAMBERS, WEST LOTHIAN CIVIC CENTRE, on 7 NOVEMBER 2016.

Present – Jane Ridgway (Unison) (Chair), Councillor Tony Boyle (Vice-Chair), Councillor Frank Anderson, Tom Carr-Pollock (GMB), Jock Kerr (Unison), Councillors John McGinty, Cathy Muldoon and George Paul

Apologies – Robert Brown, (UCAAT), Councillor Peter Johnston, Tara McLaren (Unison), Martin Murray (Unison)

In attendance – Graham Hope, Chief Executive, Julie Whitelaw (Head of Corporate Services) and Lesley Henderson (HR Services Manager)

Absent – Councillor Dave King

1. ORDER OF BUSINESS

The trade unions requested that agenda item 5(b) – Payment of the Living Wage to Staff Employed by Companies Contracted by the Council to Deliver a Service – be withdrawn from the agenda. The item was therefore not considered.

2. DECLARATIONS OF INTEREST

Councillor Frank Anderson declared a non-financial interest as an ordinary member of the EIS.

Councillor Tony Boyle declared a non-financial interest as an ordinary member of Unite and of its Regional Political Committee.

Councillor John McGinty declared a non-financial interest as an ordinary member of Unite.

Councillor Cathy Muldoon declared a non-financial interest as an ordinary member of TSSA.

Agenda Item 5(a) – Continued Advertising and Appointment of Staff on Fixed Term Contracts

Councillor Muldoon declared a non-financial interest due to the fact that her son was employed by West Lothian Council on a fixed term/temporary contract. She did not participate in consideration of this item of business.

Councillor George Paul declared a non-financial interest as an ordinary member of UCATT and as Branch Secretary of UCATT.

3. MINUTE

The group confirmed the minute of the Joint Consultative Group meeting held on 22 February 2016 as being a correct record.

4. CONTINUED ADVERTISING AND APPOINTMENT OF STAFF ON FIXED TERM CONTRACTS

Councillor Muldoon did not participate in consideration of this item of business and left the meeting.

The group noted the concerns expressed by the trade unions relating to the high number of fixed-term contracts within West Lothian Council. Details of the number of fixed-term contracts recently reported by West Lothian Council were provided. Although the trade unions recognised that there was a requirement for fixed-term contracts, it was members' views that the number of fixed-term contracts being applied was excessive. Fixed-term contracts did not offer staff job security and were challenging for members of staff and their families, often leading to low staff morale.

The Head of Corporate Services responded by advising that fixed-term contracts allowed the council to react to various business changes within the council providing flexibility to cover short term absences and additional workload enabling business continuity. Fixed-term contracts also supported the council's no compulsory redundancy position.

The group was advised that sixty-five fixed-term posts recently moved to permanent positions. A breakdown was then provided on the number of positions advertised on a permanent basis for the month of September 2016. Members were advised that the EMT would continue to review the number of fixed-term contracts on a regular basis. It was noted that generally the presumption by the council would always be in favour of permanency.

In response to questions from members of the group the Chief Executive advised that the criteria to determine whether fixed-term contracts be applied was dependent on the marketplace and budget criteria to allow flexibility in relation to the nature of the post. The management team then undertook to provide details to members of the JCG on the number and reasons for fixed-term contracts being applied within the council.

During the course of the discussion Councillor McGinty said that it would be helpful if information could be sought from comparator authorities on their fixed-term contract position. Both management and trade unions undertook to seek this information and update members of the JCG thereafter.

Decision

1. Noted the concerns expressed by the trade unions in relation to the high number of fixed-term contracts within West Lothian Council;

2. Noted the management response in relation to the use of fixed-term contracts;

3. Noted that the EMT were carrying out regular reviews of fixed-term contracts;

4. Noted that the management team undertook to provide details to members of the JCG on the number and reasons for fixed-term contracts being applied; and

5. Noted that both the management team and trade unions undertook to seek information from comparator authorities on their fixed-term contract positions and update members of the JCG thereafter.

WEST LOTHIAN COUNCIL

TREASURY MANAGEMENT PLAN FOR 2017/18

REPORT BY HEAD OF FINANCE AND PROPERTY SERVICES

A. PURPOSE OF REPORT

To seek approval for the Treasury Management Plan for 2017/18.

B. RECOMMENDATION

It is recommended that Council:

1. Approves the 2017/18 Treasury Management Plan;
2. Approves the increase to the investment limits for each category of investment, as set out in Appendix 4;
3. Agrees that officers should explore the potential for extending counterparty options to include appropriately rated non UK institutions and prepare a report for Partnership and Resources Policy Development and Scrutiny Panel.

C. SUMMARY OF IMPLICATIONS

I	**Council Values**	Being honest, open and accountable. Making the best use of our resources.
II	**Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)**	The plan complies with the policy set out in the council's Treasury Policy Statement, the requirements of the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code), the CIPFA Treasury Management in Public Services Code of Practice and the Local Government Investments (Scotland) Regulations 2010.
III	**Implications for Scheme of Delegations to Officers**	No changes to current scheme of delegation for treasury management activities.
IV	**Impact on performance and performance Indicators**	None.
V	**Relevance to Single Outcome Agreement**	Effective prioritisation of resources will be essential to achieving key outcomes over the next three years.
VI	**Resources - (Financial, Staffing and Property)**	The plan provides a framework for treasury management designed to manage risk whilst minimising the future borrowing costs of the council.

VII Consideration at PDSP None.

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

D. TERMS OF REPORT

The attached Treasury Management Plan details the expected activities of the treasury function in 2017/18. The requirements of the Prudential Code have been incorporated into the report.

As the range of counterparties has diminished slightly because of previous counterparty movements, it is proposed to increase the investment limits for each category by £2 million. This will increase investment options available to the council through the continued use of appropriately rated institutions without substantially increasing current risk levels. The revised limits are reflected in Appendix 4.

As credit rating agencies no longer include sovereign country ratings when assessing individual institutions, there is an opportunity to investigate the potential for extending the council's counterparty list to include appropriately rated non UK institutions. It is proposed that officers consider the options available, taking advice from Capita Asset Services, and report to the Partnership and Resources Policy Development and Scrutiny Panel (PDSP) during 2017 on any resulting proposals on changes to the counterparty list.

E. CONCLUSION

The attached plan for 2017/18 complies with the Treasury Management and Prudential Codes and the Scottish Investment Regulations. The plan will form the basis of the council's treasury activities during the financial year 2017/18.

F. BACKGROUND REFERENCES

CIPFA Treasury Management in Public Services Code of Practice and Guidance

West Lothian Council Treasury Policy Statement and Treasury Management Practices

Revenue Budget 2017/18 – Report by Head of Finance and Property Services to West Lothian Council on 20 February 2017

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 Property Services
7 March 2017

WEST LOTHIAN COUNCIL

Treasury Management Plan for 2017/18

March 2017

Treasury Management Plan Index

Appendices

1.0 INTRODUCTION

The annual Treasury Management Plan must be submitted to Council for approval in advance of the forthcoming financial year to comply with the revised Treasury Management Code and Scottish Investment Regulations.

The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) controls capital spending in a system based on self-regulation by authorities. The key objectives of the Prudential Code are to ensure that capital expenditure plans are affordable, external borrowing is prudent and sustainable, and that treasury management decisions are taken in accordance with professional good practice. The Prudential Code requires the council to set a number of prudential indicators for the forthcoming three years. The 2017/18 Revenue Budget Report, which includes prudential indicators, was approved by Council on 20 February 2017. Appendix 1 includes the agreed treasury indicators that must be complied with when implementing the council's Treasury Management Plan.

This report has been produced with the assistance of forecasts and recommendations from Capita Asset Services, West Lothian Council's treasury advisors.

2.0 CURRENT PORTFOLIO POSITION

The council's current debt and investment position at 31 January 2017 is as follows:

		£m	£m	Average Interest Rate
Fixed Rate Funding	Public Works Loan Board (PWLB)		528.7	
	Market		60.6	
			589.3	4.2%
Variable Rate Funding	Public Works Loan Board (PWLB)	-		
	Municipal Bank	-	-	
Temporary Funding	Market		5.0	0.6%
Total Debt			**594.3**	**4.1%**
Total Investments			**152.9**	**0.9%**

3.0 FORECASTS

The basis of the Treasury Management Plan lies with determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both long and short-term interest rates. The plan for 2017/18 is structured around the general forecasts of interest rates but, like any proposed plan, there will be flexibility of application dependent on prevailing economic conditions.

The Bank of England's Monetary Policy Committee (MPC) reduced the bank rate to 0.5% in March 2009. The bank rate remained at this level until August 2016, when it was cut further to 0.25%. During the two year period from 2017 to 2019, while the UK is negotiating terms for withdrawal from the European Union, it is unlikely that the MPC will raise the bank rate as this may adversely affect prospects for economic growth. As such, the rate is forecast to stay at 0.25% until quarter 2 of 2019.

To improve liquidity in financial markets and to encourage the banks to increase commercial and mortgage lending, the MPC has introduced various rounds of quantitative easing since the recession in 2009. In August 2016, quantitative easing was increased from £375 billion to £435 billion, and additional measures were introduced around bond purchases and a term funding scheme to provide cheap funding to banks.

UK GDP growth rates in 2013, 2014 and 2015 were 2.2%, 2.9% and 1.8% and growth is expected to have strengthened in 2016. The Bank of England has upgraded its growth forecasts for the next three years as policymakers acknowledged the UK's economic performance had been "markedly stronger" than its predictions following the Brexit vote. Bank officials expect that the UK economy will grow by 2% in 2017. This is up from a forecast of 1.4% in November 2016. Growth in 2018 has been also been upgraded to 1.6% from 1.5% and 2019 growth has been upgraded to 1.7% from 1.6%.

In the Bank's February 2017 Quarterly Inflation report, they state that 'domestic demand has been stronger than expected in the past few months, and there have been relatively few signs of the slowdown in consumer spending that the committee had anticipated following the referendum.' This more optimistic outlook for the economy is partly as a result of higher spending and investment from the Autumn Statement as well as stronger growth in the US and Europe, rising stock markets and the greater availability of credit for some households. Relative to growth expectations in the Bank's May 2016 Report, just before the EU referendum, however, the level of GDP is still around 1.5 per cent lower in the medium term.

Borrowing rates during 2016 have been exceptionally volatile, with a sharp fall after the EU referendum in June and further falls after the MPC meeting in August, when a new package of quantitative easing was announced. Gilt yields have since risen sharply due to concerns around Brexit, the fall in the value of sterling and an increase in inflation expectations.

Inflation, as measured by the Consumer Price Index (CPI), rose to 1.8% in February 2017, the highest rate since July 2014, with rates steadily increasing throughout 2016 and into 2017. The Bank of England forecast inflation at 2% in 2017, 2.7% 2018 and 2.4% in 2019. They estimate domestic demand growth slowing from 2017 into 2018 as households adjust their spending to lower real income growth resulting in large part from the 18% fall in sterling since late 2015. That fall in sterling will raise CPI inflation above the target of 2% per year.

With so many external influences impacting on the UK's economy, economic forecasting remains difficult. Bank rate forecasts are likely to change over the course of 2017/18 based on prevailing economic data and political developments throughout the world. Forecasters believe the volatility of bond yields experienced in recent years will continue as investor fears and confidence moves between favouring more risky assets such as equities and safer government bonds.

Although the economic position demonstrated steady growth from 2014 to 2016, the risks to sustained growth are:

- Ongoing uncertainty around the terms of the UK's withdrawal from the EU.
- Current UK growth is based largely on consumer spending and housing recovery.
- The rebalancing of the UK economy to manufacturing and business investment needs to be robust to ensure sustainable growth beyond 2015.
- The UK's main trading partners have weak growth or recessions.
- Weak growth in other major economies will impact on investor and market confidence.
- A resurgence of the Eurozone sovereign debt crisis.
- Monetary policy action fails to stimulate sustainable growth in western economies, especially where there is the threat of deflation.
- Geopolitical risks could trigger safe haven flows back to government bonds.

Within the context of continued growth, a degree of uncertainty remains within financial markets. The UK continues to be regarded as a safe haven, with some of the lowest sovereign borrowing costs in the world. This increased demand for gilts has resulted in PWLB borrowing rates continuing to be low. It is forecast that the longer term trend is for gilt yields and PWLB rates to rise, however interest rate increases are very unpredictable as volatility in gilt prices is strongly correlated to political developments.

Based on the above, the forecast for interest rates is:

Short Term Interest Rates
The Bank rate remained constant at 0.50% from March 2009 until August 2016, when it fell further to 0.25%. The 'average' City view forecasts that rates will rise back to 0.50% in quarter 2 of 2019, with low short term rates expected to continue.

Medium and Longer Term Rates
Medium term interest rates are expected to be lower than longer term rates with very marginal increases in rates forecast throughout the year. The long term trend is for gilt yields, and therefore PWLB rates, to increase gradually due to the high issuance of bonds in major western countries and as investors move from bonds to equities. Five year PWLB rates are forecast to rise from 1.6% in quarter 1 (Q1) 2017 to 1.7% in Q1 2018, with twenty five year PWLB rates forecast to increase from 2.9% in Q1 2017 to 3.0% in Q1 2018.

Appendix 2 draws together City forecasts of the bank rate and PWLB fixed interest rates.

4.0 CAPITAL FINANCE PLAN

4.1 Borrowing Requirement

The council's estimated total borrowing requirement for each of the next three years is shown below:

	2017/18 £m	2018/19 £m	2019/20 £m
New Borrowing	71.9	15.7	11.1
Replacement Borrowing	16.7	9.9	4.0
Total Borrowing Requirement	**88.6**	**25.6**	**15.1**

4.2 Borrowing Plans

The new borrowing in 2017/18 of £88.6 million is based on the capital budget approved by West Lothian Council on 20 February 2017. For new borrowing, council officers, in conjunction with Capita Asset Services, will continually monitor prevailing interest rates and market forecasts to identify the most opportune time for borrowing during the year. It is anticipated that replacement borrowing will be undertaken when existing borrowing matures, subject to available interest rates.

The uncertain economic outlook means that borrowing interest rates remain volatile, however initial assessments by commentators are that they will continue to be attractive. Short, medium and long term fixed rates are all forecast to increase incrementally over 2017 and 2018, with the short to medium term rates forecast to be cheaper than long term rates.

These forecasts show that various options are available for borrowing in 2017/18. Short and medium term rates are forecast to be cheaper than longer term borrowing throughout the year. Consequently, the council will borrow a spread of variable, short and medium term loans from the PWLB at the most opportune times during the financial year, however consideration may be given to longer term borrowing if attractive rates occur, as was the case in 2016/17. It is anticipated that replacement borrowing will be secured when existing borrowing matures, subject to prevailing interest rates at that time.

A portion of the borrowing requirement could also be taken using Lenders Option Borrowers Option (LOBO) market loans however there are few of these products currently available in the market. LOBO borrowing would be for fixed periods up to 15 years and could be forwarded dated to reduce the cost of carry. The council will continue to liaise with Capita Asset Services to identify opportunities to secure LOBO borrowing.

It is important to note that the plan adopted will be flexible and continually monitored against the change in money and capital market sentiments. Should there be any divergence between the actual position and the interest rates forecast the following action would be taken:

- **Significant risk of a much sharper rise in long and short term rates**
  In this event, the portfolio position will be reappraised with the likely action that fixed rate funding will be borrowed whilst interest rates are still relatively cheap securing borrowing at a rate that is acceptable to the council.

- **Significant risk of a sharp fall in long and short term rates**
  In this event, long term borrowings will be postponed and any opportunities for debt rescheduling from fixed rate funding into variable rate funding will be considered. This would allow the council to realise the benefit of reductions in interest rates.

4.3 External v Internal Borrowing

Given the uncertain outlook for economic growth, the low bank rate is expected to continue until late 2018, with the council receiving lower returns for investments but also being able to secure external borrowing at attractive rates. This position allows authorities to consider whether it is more beneficial to undertake external borrowing or pay for the capital programme with internal borrowing by reducing existing investments. The running down of investments would reduce exposure to counterparty risk but could increase liquidity risks where the council's reserves and balances are not cash backed.

The council's treasury advisor believes that the longer run trend is for PWLB rates to rise therefore it is considered best value for the council to externally borrow the capital borrowing requirement while rates are still at reasonable levels. This allows the council to secure good rates to ensure that the capital plans to 2017/18 are not compromised due to increased borrowing rates in the future.

Work will be undertaken on the development of a ten year capital investment strategy and programme, as outlined in the General Services Capital Programme 2017/18 Report presented to Council on 20 February 2017, and it is anticipated that, based on previous capital resource assumptions, some element of borrowing is likely to be required for a new capital programme from 2018/19 onwards. On that basis, to ensure the continued affordability of any future capital programme and to secure low borrowing rates, it is proposed to rephase planned use of the capital fund in 2017/18 and accelerate anticipated borrowing for any future capital investment.

5.0 ANNUAL INVESTMENT PLAN

5.1 Investment Policy

The Local Government Investments (Scotland) Regulations 2010 came into force in April 2010. The Regulations require local authorities to consider the totality of their investment activity and, as such, have a wider application than the CIPFA Treasury Management Code. The Regulations apply to a range of investments including temporary surplus funds with banks and similar institutions, shareholding in companies or joint ventures, loans to group undertakings and third parties and investment properties. The Regulations require local authorities to manage risks to the capital sum invested and optimise the return consistent with those risks.

The council's investment priorities are the security of capital and the liquidity of its investments. The council will also aim to achieve the optimum return on its investments commensurate with appropriate levels of security and liquidity. The risk appetite of the council is low in order to give priority to security of its investments.

Investment instruments identified for use are listed in Appendix 3 as permitted investments. Any investment not listed will be ultra vires in line with the Regulations and will not be entered into by the council. Before any new investment mechanism can be used, approval would be required by the Council to amend the permitted investment list.

5.2 Creditworthiness Policy

The council's treasury management advisor, Capita Asset Services, provides credit ratings from the three main credit rating agencies, Fitch, Moody's and Standard & Poors. The council uses the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties.

All credit ratings are monitored regularly and the council is alerted by email to rating changes from all three agencies. If a rating downgrade results in the counterparty no longer meeting the council's minimum criteria, its further use as a new investment option will be withdrawn immediately. Sole reliance is not placed on the use of credit ratings supplied by our treasury advisors. In addition, the council also uses the financial press, Reuters news, market data and information on government support for banks, including the credit ratings of government support.

The council's policy in prior years was only to invest in appropriately rated UK banks and building societies augmented, when available, by UK local authorities and public bodies. This position was enhanced in recent years with the Council agreeing an increase in the counterparty limit for nationalised UK banks, revising the maximum percentage of investments in AAA rated Money Market Funds to 35% and adding certificates of deposit with appropriately rated financial institutions to the counterparty list. These changes increase the counterparty options available, without sacrificing the security of the council's funds. On this basis, the council's current approach will be continued.

As credit rating agencies no longer include sovereign country ratings when assessing individual institutions, there is an opportunity to investigate the potential for extending the council's counterparty list to include appropriately rated non UK institutions. It is proposed that officers explore options available, with advice from Capita Asset Services, and report to the Partnership and Resources PDSP on this matter during 2017/18.

5.3 Borrowing in Advance

The Local Government Investments (Scotland) Regulations 2010 require local authorities to set out their approach to borrowing in advance in the Treasury Management Plan. Borrowing in advance is defined in the Regulations as any borrowing undertaken that results in total external debt exceeding the capital financing requirement (CFR) for the following twelve month period.

The council will not borrow more than, or in advance of its needs, purely in order to profit from the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the council can ensure the security of funds temporarily invested. Any advance borrowing will be reported as part of the next Treasury Management report to the Council, however it is not planned that the council will borrow in advance during 2017/18 due to the current low interest rate environment creating a cost of carry, meaning that the cost of borrowing funds in advance would far outweigh any interest that would be received by investing the funds, and due to the limited number of counterparties available to the council.

5.4 Investment Plans

In 2017/18, the general services capital programme will be partially funded by application of the capital fund. By using the fund, the level of investment held by the council will reduce. The level of investment at the end of 2017/18 is forecast to be £117 million compared to £136 million at the end of 2016/17. There will be fluctuations in the level of investment during the year arising from cash flow requirements and new borrowing decisions. The council's policy of investing only with appropriately rated UK banks and building societies and AAA rated money markets is considered to be risk averse, particularly in the light of the recapitalisation of certain UK banks by the UK Government.

The council's estimated cash balance for each of the next three years is shown below:

	2017/18 £m	2018/19 £m	2019/20 £m
Cash Balances Managed by the Authority			
1 April	136.2	116.9	113.3
31 March	116.9	113.3	113.6
Change in year	(19.3)	(3.6)	0.3

Current investment rates vary from below 0.5% for short periods to just below 1% for investments of a year. Rates have continued to be low in 2016/17, with the most attractive rates in the market currently achieving 0.90%.

The forecasts for base rate increases continue to be open to considerable uncertainty, depending on the pace of the UK and European economic recovery. This is recognised in the forecast extension of the 0.25% bank rate through to 2018/19. Based on the predicted continued period of low investment rates, the council will weight investments to longer periods, as much as possible within cash flow considerations, with a view to locking in higher rates of return than may be available from current short term investment rates. As the council currently has a large value of balances and reserves, there is no liquidity risk associated with securing longer term investments. To date, investments with a maturity of greater than a year have only been in government backed banks to ensure security of funds.

5.5 Permitted Investments

The Local Government Investments (Scotland) Regulations 2010 require local authorities to specify the investments that will be used in the forthcoming financial year. Any investment not listed as a permitted investment within the Treasury Management Plan will not be in accordance with the Regulations and will as a result be ultra vires.

Investments are subject to a number of risks which require to be effectively managed. The risks, and the controls to mitigate them, are summarised as follows:

- Credit and Counterparty Risk Management – this is the risk of a counterparty failing to meet its contractual obligations, effectively the risk of default. The council has always invested with appropriately rated UK banks and building societies. The council also uses AAA rated money market funds and other local authorities, as these are regarded as unlikely to default. This policy is considered risk averse particularly in the light of the financial support provided by the UK government to the UK banking sector. There will be no change to this policy although previous rating updates have severely constrained available counterparties.

- Liquidity Risk Management – this is the risk that cash will not be available when required creating additional unbudgeted costs. The council has effective cash flow forecasting up to twelve months in advance, which accurately forecasts the cash requirements. A proportion of the council's reserves and balances are expected to be used in 2017/18 with drawdowns being built into the council's medium and long term cash flow forecasts. The use of highly liquid money market funds, and the council's overnight account for some shorter term investments, also ensures that this risk is minimised.

- Market Risk – this is the risk to the capital amount of the investment, effectively creating a loss of capital (i.e. the council would not receive back the amount originally invested). The council will not invest in any product which risks the value of the capital sum. For certificates of deposit, the council will hold certificates until maturity to ensure that the full amount invested is returned to the council.

Appendix 3 details the permitted investments and maximum amounts that can be invested in them. It also includes reference to associated treasury risks and mitigating controls. Permitted investments include current investments in long term investments, share capital in companies and loans to third parties. Following a review under the International Financial Reporting Standards (IFRS), the council does not have any investment properties.

The maximum amounts that can be invested are summarised as follows:

- **Term Deposits and Bonds in UK Banks & Building Societies (Up to One Year)**
  The maximum amount that can be invested is 100%. The council has primarily invested in this sector to date, however money market funds have increasingly been used for temporary increases in balances.

- **Term Deposits and Bonds in UK Banks & Building Societies (One to Two Years)**
  The maximum investment in this category is £35 million as agreed by Council on 15 October 2013. As noted previously, the majority of the council's investments represent cash backed funds and reserves of which only a proportion is forecast to be used in the next three years. Consequently, a proportion of these core funds could be invested for periods of between one and two years. Investment will be restricted to nationalised or part nationalised banks to minimise credit and counterparty risk, whilst also increasing the potential yield on investments in the current low rate environment.

- The council only has one long term investment of £25,000 in Lothian Buses plc, which was inherited on the disaggregation of Lothian Regional Council in 1996. As these shares are not actively traded, there are no plans to sell this asset.

- The council owns share capital of £50 in one joint venture (West Lothian Recycling) and there are no plans to increase this in 2017/18.

- Loans to home owners through the Empty Homes Loans Fund to make their property habitable. To date no loans have been issued under the scheme.

- Investment in West Calder High School DBFMCo Ltd to deliver a new West Calder High School through the Schools for the Future Programme. The maximum level of investment by the council would be £100 in equity, with the subordinated debt element being 1% of the total eligible cost of construction. It is expected that the maximum level of subordinated debt will be £350,000.

5.6 Investment Counterparties

Appendix 4 details current authorised institutions, their investment limits and investments made at 31 January 2017. As the range of counterparties has diminished slightly because of previous counterparty movements, it is proposed to increase the investment limits for each category by £2 million. This will increase investment options available to the council through the continued use of appropriately rated institutions without substantially increasing current risk levels. The revised limits are reflected in Appendix 4. Officers will continue to monitor progress and liaise with Capita Asset Services to ensure the security of the council's funds.

6.0 DEBT RESCHEDULING

Debt rescheduling involves the reorganisation of existing debt to reduce the interest charge and improve the maturity profile of outstanding debt.

Following the introduction of different rates for new borrowing and the early repayment of debt, an increase in the spread of rates from 1.25% to 1.45% has made debt rescheduling uneconomic. This significantly restrict the prospects for debt rescheduling, therefore it is unlikely that there will be opportunities to reschedule long term fixed rate PWLB debt to short variable and temporary debt during 2017/18.

7.0 CONCLUSION

The Treasury Management Plan for 2017/18 complies with the updated Treasury Management and Prudential Codes and the Local Government Investments (Scotland) Regulations 2010. The Council is asked to approve the plan which will be used for all treasury management activities in 2017/18.

Donald Forrest
Head of Finance and Property Services
7 March 2017

PRUDENTIAL INDICATORS 2017/18

The following treasury indicators were presented to Council on 20 February 2017 as part of the 2017/18 Revenue Budget report.

The key objectives of the Prudential Code are to ensure that capital investment plans are affordable, prudent and sustainable. The Code sets nine prudential indicators designed to support and record local decision making. The following describes the purpose of key indicators and the implications for West Lothian Council of the proposed levels, values and parameters.

CAPITAL EXPENDITURE INDICATOR – 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 the council's total outstanding debt required to finance planned capital expenditure, including long term financing liabilities.

	2015/16 £'000 Actual	2016/17 £'000 Estimate	2017/18 £'000 Estimate	2018/19 £'000 Estimate	2019/20 £'000 Estimate
General Fund	453,658	456,541	457,967	452,706	440,256
Housing	170,441	190,987	239,859	245,312	250,367
Total	**624,099**	**647,528**	**697,826**	**698,018**	**690,623**

Implications
The capital financing requirement continues to rise throughout the period to 2017/18 as the council's outstanding debt incorporates the additional borrowing required to finance the approved capital expenditure plans. It then reduces from 2018/19, on the assumption of a base level capital programme beyond the current approved programme.

TREASURY & EXTERNAL DEBT INDICATOR – Authorised Limit for External Debt

Purpose of the Indicator
This limit provides a maximum figure to which the council could borrow at any given point during each financial year.

Authorised Limit for:	2017/18 £'000	2018/19 £'000	2019/20 £'000
Gross External Borrowing	717,777	691,732	683,337
Other Long Term Liabilities	65,230	62,681	60,142
External Debt	**783,007**	**754,413**	**743,479**

Implications
The limit is based on capital investment plans and treasury management policy and practice. It allows sufficient headroom for unanticipated movements and the limit will be reviewed on an ongoing basis throughout the year. The council's capital financing requirement outlined above is less than the authorised limit for each of the three years. If the authorised limit is liable to be breached, a report will be presented to Council with recommendations on how it can be managed.

TREASURY & EXTERNAL DEBT INDICATOR – Operational Boundary for External Debt

Purpose of the Indicator
This indicator is a management tool for in year monitoring and is lower than the authorised limit. It is based on an estimate of the most likely level of external borrowing.

Operational Boundary for:	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**
Gross External Borrowing	707,777	681,732	673,337
Other Long Term Liabilities	64,230	61,681	59,142
External Debt	**772,007**	**743,413**	**732,479**

Implications
This indicator is consistent with revised capital investment plans and with treasury management policy and practice. It is sufficient to facilitate appropriate borrowing during the financial year and will be reviewed on an ongoing basis.

TREASURY & EXTERNAL DEBT INDICATOR – Actual External Debt

Purpose of the Indicator
This is a factual indicator showing actual external debt for the previous financial year.

	31 March 2016 £'000
Actual External Borrowing	531,118
Actual Other Long Term Liabilities	69,031
Actual External Debt	**600,149**

TREASURY MANAGEMENT INDICATOR

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

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 Treasury Plan for 2017/18 is reported to the full Council for approval. The annual report on 2016/17 treasury activities will be presented to the Council in the first half of 2017/18.

2. Upper limits for fixed and variable rate borrowing to 2019/20

The proposed limit for fixed rate borrowing is 100% and the proposed 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.

3. Maturing structure of fixed rate borrowing for 2017/18

These parameters control the extent to which the council will have large concentrations of fixed rate debt needing to be replaced at times of possible uncertainty over interest rates. The limits for fixed rate borrowing are as follows:

	Proposed Upper Limit	Proposed 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%

4. Total principal sums invested for periods longer than 364 days

The Local Government Investment (Scotland) Regulations 2010 allows investments for periods longer than 364 days. Consistent with the decision of the Council on 15 October 2013, the maximum that can be invested is £35 million to ensure security of funds.

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

Appendix 2

OUTLOOK FOR INTEREST RATES

Capita Asset Services View interest rate forecast – January 2017

(%)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Bank Rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
5yr PWLB	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%
10yr PWLB	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%
25yr PWLB	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%
50yr PWLB	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%

Capital Economics interest rate forecast – January 2017

(%)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Bank Rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%
5yr PWLB	1.40%	1.60%	1.80%	2.00%	2.10%	2.20%	2.30%	2.40%
10yr PWLB	2.20%	2.30%	2.40%	2.55%	2.60%	2.70%	2.70%	2.80%
25yr PWLB	2.75%	2.90%	3.05%	3.15%	3.25%	3.25%	3.35%	3.45%
50yr PWLB	2.70%	2.80%	2.90%	3.10%	3.10%	3.20%	3.20%	3.30%

WEST LOTHIAN COUNCIL PERMITTED INVESTMENTS

Permitted Investment Instrument	Minimum credit rating	Maximum Percentage of Total Investments	Treasury Risks	Mitigating Controls
Cash Investments up to one year				
Term Deposits and Bonds – UK Banks and Building Societies	Equivalent to Fitch's rating of FI short term A long term	Up to 100%	There is minimal risk to the value of principal invested. Consideration needs to be given to credit ratings to ensure appropriate counterparties are used. Liquidity risk that funds are not available when required.	Adoption of lowest rating from all three rating agencies to determine creditworthy counterparties. Cash flow forecasting undertaken to identify when funds will be required. Also use overnight account for daily access to funds.
Term Deposits – Local Authorities and Public Bodies	Local Authorities & Public Bodies are not awarded credit ratings	20%	Counterparty risk is very low as this is considered UK Government debt and there is no risk to value	No controls required as investment is with the UK Government and has minimal risk.
Money Market Funds	AAA	35%	Pooled cash investment vehicle with very low counterparty, liquidity and market risk.	The council will only use funds with a constant net asset value to ensure minimal risk to market value. Funds required to be AAA rated to limit counterparty risk and instant access to ensure liquidity.
Debt Management Agency – Deposit Facility	UK Government	20%	Minimal counterparty or liquidity risk as deposit is with the UK Government	No controls required as investment is with the UK Government and has minimal risk
Treasury Bills	UK Government	20%	Minimal counterparty or liquidity risk as deposit is with the UK Government. Potential market risk due to longer term movements in interest rates.	No general controls required as investment is with the UK Government. All investments are short term and held to maturity therefore minimal risk to value from resale on secondary market.

WEST LOTHIAN COUNCIL PERMITTED INVESTMENTS

Permitted Investment Instrument	Minimum credit rating	Maximum Percentage of Total Investments	Treasury Risks	Mitigating Controls
Cash Investments up to one year				
Certificates of Deposit	Equivalent to Fitch's rating of FI short term A long term	20%	There is minimal risk to the value of principal invested. Consideration needs to be given to credit ratings to ensure appropriate counterparties are used. Liquidity risk that funds are not available when required.	Adoption of lowest rating from all three rating agencies to determine creditworthy counterparties. Cash flow forecasting undertaken to identify when funds will be required. Deposit will be held to maturity to ensure that the full amount invested is returned to the council. Investments will only be for periods of three to twelve months.
Cash Investments between one year and up to two years				
Term Deposits and Bonds – UK Banks and Building Societies	Nationalised or part nationalised UK Banks	£35 million	There is minimal risk to the value of principal invested. Consideration needs to be given to credit ratings to ensure appropriate counterparties are used. Liquidity risk that funds are not available when required.	Adoption of lowest rating from all three rating agencies to determine creditworthy counterparties. Cash flow forecasting undertaken to identify when funds will be required.
Non Treasury Investments				
Long Term Investment - £25,000 £1 shares in Lothian Buses plc	This is the share of Lothian Buses plc allocated to the council on the disaggregation of Lothian Regional Council in 1996	£25,000 £1 shares	This is a service investment which may exhibit market risk.	Shares will not be sold therefore market changes will have no impact. Ownership is supported by service requirements and must be approved by elected members.

WEST LOTHIAN COUNCIL PERMITTED INVESTMENTS

Permitted Investment Instrument	Minimum credit rating	Maximum Percentage of Total Investments	Treasury Risks	Mitigating Controls
Non Treasury Investments				
£50 of £1 shares in West Lothian Recycling Ltd	The council owns 50% of the issued share capital of the company which is a joint venture with Tarmac	£50 £1 shares	This is a service investment which may exhibit market risk.	Shares will not be sold therefore market changes will have no impact. Ownership is supported by service requirements and must be approved by elected members.
Loans to Third Parties – Small Business Loans	Small amounts not subject to credit ratings	At 31 March 2016, a small number of loans totalling £11,000 were outstanding.	Counterparty and market risk where the funds invested are not returned.	Close administration and ongoing monitoring of receipts. Award criteria established by service.
Loans to Third Parties – Empty Homes Loan Fund	Small amounts not subject to credit ratings	£150,000 or total funding made available	Counterparty and market risk where the funds invested are not returned but council has to repay funding to Scottish Government.	A robust procedure is in place for the monitoring and collection of empty homes loans.
West Calder High School DBFMCo Ltd Equity and Subordinated Debt	DBFM company established to provide new West Calder High School by HUB South East Ltd (HUBco) through Schools for the Future Programme.	Equity Subscription - £100 Subordinated debt – maximum of 1% of the total eligible cost of construction (£350,000)	This is a service investment which may exhibit market risk. If the DBFM company does not perform and fails to deliver on agreed service objective, the subordinated debt element is at risk.	Shares will not be sold therefore market changes will have no impact. Investment is directly linked to delivery of the new West Calder High School. Ownership is supported by service requirements and must be approved by elected members.

APPROVED ORGANISATIONS FOR INVESTMENT

	Current Investment Limit £	Proposed Investment Limit £	Investment at 31 Jan 2017 £
Council Bankers			
Lloyds Banking Group (inc Bank of Scotland)	**70,000,000**	**70,000,000**	70,000,000
WLC Rating Category 1*	**20,000,000**	**22,000,000**	
No institutions in this category			0
WLC Rating Category 2*	**17,500,000**	**19,500,000**	
No institutions in this category			0
WLC Rating Category 3*	**15,000,000**	**17,000,000**	
HSBC Bank plc			0
WLC Rating Category 4*	**12,500,000**	**14,500,000**	
No institutions in this category			0
WLC Rating Category 5*	**8,000,000**	**10,000,000**	
Standard Chartered			8,000,000
WLC Rating Category 6*	**5,000,000**	**7,000,000**	
Goldman Sachs			5,000,000
Nationwide Building Society			5,000,000
Santander UK plc			5,000,000
Local Authorities, Public Bodies & Debt Management Office**	**30,589,000**	**30,589,000**	
Maximum of 20% of total investments			
All UK Local Authorities			0
UK Public Bodies			0
Debt Management Office – Deposit Account			0
Treasury Bills			0
UK Nationalised Banks	**35,000,000**	**35,000,000**	
Royal Bank of Scotland			35,000,000
Money Market Funds – AAA rated***	**53,530,750**	**53,530,750**	
Maximum of 35% of total investments			24,945,000
		TOTAL	**152,945,000**

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

** This limit fluctuates according to total investments. Based on current investments of £152.9 million, the limit would be £30.6 million.

*** This limit fluctuates according to total investments. Based on current investments of £152.9 million, the limit would be £53.5 million.

WEST LOTHIAN COUNCIL LABOUR GROUP

Notice of Motion from Councillor John McGinty
For the Council Meeting on 7 March 2017

Tam Dalyell MP

West Lothian Council notes with sadness the death of Tam Dalyell, former Member of Parliament for West Lothian, then Linlithgow constituency, and Council sends its condolences to his wife Kathleen, his family and friends.

Council recalls his unique contribution to West Lothian life and his long record of outstanding service to West Lothian's communities and people, his distinguished parliamentary service, including serving as Father of the House of Commons, and his contributions as a school teacher, author and journalist.

Council agrees to instruct Council Officers to bring a report to a future meeting of the Council Executive with a proposal to permanently mark his contribution to West Lothian.

John McGinty

Councillor John McGinty
West Lothian Council Labour Group

WEST LOTHIAN COUNCIL
20 FEB 2017
COMMITTEE SERVICES

AHiggins
11.55 am

WEST LOTHIAN COUNCIL LABOUR GROUP

Notice of Motion from Councillor John McGinty
For the Council Meeting on 7 March 2017

Avon Gorge Link

West Lothian Council notes with concern the failure of the Scottish Government to fund a solution to the long standing traffic risks at Avon Gorge.

Council agrees to write to the Scottish Government to demand that they now fund the Avon Gorge project as a matter of priority.

John McGinty

Councillor John McGinty
West Lothian Council Labour Group

AHiggins
11.55 am

WEST LOTHIAN COUNCIL LABOUR GROUP

Notice of a Question to the Executive Councillor for Community Services
For the Council Meeting on 7 March 2017

PV (solar) panels

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1. How many Council tenants have contacted the Council in the last 5 years to request that solar panels be fitted to their home?
2. Has the Council confirmed that it can fit solar panels to all Council properties and that all properties are suitable?
3. What is the estimated cost of a retro fit of PV panels to all Council house stock currently without PV panels?

John McGinty

Councillor John McGinty
West Lothian Council Labour Group

AHiggins
11.55 am.

WEST LOTHIAN COUNCIL LABOUR GROUP

Notice of a Question to the Executive Councillor for Community Services
For the Council Meeting on 7 March 2017

Community Safety

During the 2007 to 2012 SNP Council Administration how many West Lothian Council tenants convicted of drug offences were evicted from their home as a consequence of their drug conviction?

Of those, how many West Lothian Council tenants were evicted for using their home for drug dealing purposes?

Dave King

Councillor Dave King
West Lothian Council Labour Group

WEST LOTHIAN COUNCIL
20 FEB 2017
...TTEE SERVICES

A Higgins
11.55am