



**Clackmannanshire
Council**

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Comhairle Siorrachd
Chlach Mhanann

Kilncraigs, Greenside Street, Alloa, FK10 1EB (Tel.01259-450000)

Meeting of Clackmannanshire Council

Thursday 23 March 2023 at 9.30 am

Venue: Council Chamber, Kilncraigs, Alloa, FK10 1EB



**Clackmannanshire
Council**

www.clacks.gov.uk

Comhairle Siorrachd
Chlach Mhanann

Clackmannanshire Council

There are 32 Unitary Councils in Scotland. Clackmannanshire Council is the smallest mainland Council. Eighteen Councillors are elected to represent the views of the residents and businesses in Clackmannanshire. The Council has approved Standing Orders that detail the way the Council operates. Decisions are approved at meetings of the full Council and at Committee Meetings.

The Council is responsible for approving a staffing structure for the proper discharge of its functions, approving new policies or changes in policy, community planning and corporate governance including standards of conduct.

The Council has further responsibility for the approval of budgets for capital and revenue expenditure, it also has power to make, alter or cancel any scheme made under statute and to make, alter or cancel any orders, rules, regulations or bye-laws and to make compulsory purchase orders. The Council also determines the level of Council Tax and approves recommendations relating to strategic economic development.

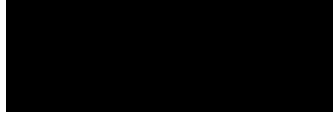
Members of the public are welcome to attend our Council and Committee meetings to see how decisions are made.

Details of all of our Council and Committee dates and agenda items are published on our website at www.clacks.gov.uk

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15 March 2023

A MEETING of the CLACKMANNANSHIRE COUNCIL will be held in the COUNCIL CHAMBER, KILNCRAIGS, ALLOA, on THURSDAY 23 MARCH 2023 at 9.30 AM



**NIKKI BRIDLE
Chief Executive**

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Clackmannanshire Council – Councillors and Wards

Councillors

Wards

Councillor	Phil Fairlie	1	Clackmannanshire West	SNP
Councillor	Darren Lee	1	Clackmannanshire West	CONSERVATIVE
Councillor	Graham Lindsay	1	Clackmannanshire West	SNP
Councillor	Mark McLuckie	1	Clackmannanshire West	LABOUR
Councillor	Donald Balsillie	2	Clackmannanshire North	SNP
Councillor	Martha Benny	2	Clackmannanshire North	CONSERVATIVE
Councillor	William Keogh	2	Clackmannanshire North	LABOUR
Councillor	Fiona Law	2	Clackmannanshire North	SNP
Councillor	Wendy Hamilton	3	Clackmannanshire Central	SNP
Councillor	Janine Rennie	3	Clackmannanshire Central	LABOUR
Councillor	Jane McTaggart	3	Clackmannanshire Central	SNP
Councillor	Kenneth Earle	4	Clackmannanshire South	LABOUR
Councillor	Ellen Forson	4	Clackmannanshire South	SNP
Councillor	Craig Holden	4	Clackmannanshire South	IND
Councillor	Bryan Quinn	4	Clackmannanshire South	SCOTTISH GREEN
Councillor	Scott Harrison	5	Clackmannanshire East	SNP
Councillor	Kathleen Martin	5	Clackmannanshire East	LABOUR
Councillor	Denis Coyne	5	Clackmannanshire East	CONSERVATIVE



MINUTES OF MEETING of the CLACKMANNANSHIRE COUNCIL held in the Council Chamber, Kilncraigs, Alloa, on Thursday 2 February 2023 at 9.30 am.

PRESENT

Councillor Phil Fairlie, Convener (Chair)
Councillor Donald Balsillie
Councillor Martha Benny
Councillor Denis Coyne
Councillor Kenneth Earle
Councillor Ellen Forson
Councillor Wendy Hamilton
Councillor Scott Harrison
Councillor Craig Holden
Councillor William Keogh
Councillor Fiona Law
Councillor Graham Lindsay
Councillor Kathleen Martin
Councillor Mark McLuckie
Councillor Jane McTaggart
Councillor Bryan Quinn
Councillor Janine Rennie (Via Teams)

IN ATTENDANCE

Nikki Bridle, Chief Executive
Stuart Crickmar, Strategic Director (Partnership and Performance)
Lorraine Sanda, Strategic Director (People)
Lindsay Sim, Chief Finance Officer (Partnership & Performance) (Via Teams)
Chris Alliston, Senior Manager, HR and Workforce Development (Partnership & Performance)
Euan Murray, Chief Finance Officer, Clackmannanshire and Stirling Health and Social Care Partnership (Via Teams)
Colin Bruce, Chief Education Officer (People)
Sharon Robertson, Chief Social Work Officer (Via Teams)
Seonaid Scott, Health and Safety Manager
Alastair Hair, Team Leader – Workforce Development and Learning (Via Teams)
Robbie Stewart, SportsScotland
Fiona Grinly, Senior Manager (Transformation) (Via Teams)
Tony Cain, Senior Manager, Housing (Place) (Via Teams)
Alison Morrison, Senior Manager, Property (Place) (Via Teams)
Clair Fullarton, Communications Officer (Partnership & Performance) (Via Teams)
Lee Robertson, Senior Manager, Legal and Governance (Partnership & Performance) (Clerk to the Council)
Gillian White, Committee Services (Partnership & Performance)

CC(23)01 APOLOGIES

Apologies were received from Councillor Darren Lee.

CC(23)02 DECLARATIONS OF INTEREST

None.

CC(23)03 MINUTES OF CLACKMANNANSHIRE COUNCIL – 1 DECEMBER 2022

The minutes of the meeting of the Clackmannanshire Council held on 1 December 2022 were submitted for approval.

Decision

The minutes of the meeting of the Clackmannanshire Council held on 1 December 2022 were agreed as a correct record and signed by the Convener.

CC(23)04 MINUTES OF SPECIAL MEETING CLACKMANNANSHIRE COUNCIL – 19 DECEMBER 2022

The minutes of the meeting of the Special Meeting of Clackmannanshire Council held on 19 December 2022 were submitted for approval.

Amendment

It was noted that Councillor William Keogh was in attendance at the meeting and that Councillor Craig Holden had submitted his apologies. These had been omitted from the minute, therefore the minute is to be amended,

Decision

Subject to the amendment noted above, the minutes of the meeting of the Special Meeting of Clackmannanshire Council held on 19 December 2022 were agreed as a correct record and signed by the Convener.

CC(23)05 TREASURY MANAGEMENT MID-YEAR UPDATE AT 30TH SEPTEMBER 2022

The report, submitted by the Chief Finance Officer, presented a mid-year update of Treasury Management activity for the period to 30 September 2022.

Motion

To agree the recommendations as set out in the report.

Moved by Councillor Ellen Forson. Seconded by Councillor Graham Lindsay.

Decision

Having commented and challenged the report, the Council agreed to note the mid year review of the Council's Treasury Management activities.

CC(23)06 WELLBEING HUB DEVELOPMENT UPDATE

The report, submitted by the Strategic Director, People, provide Council with an update on the progress of the Wellbeing Hub development and shared the next steps and timeline for the project.

Motion

To agree the recommendations as set out in the report

Moved by Councillor Scott Harrison. Seconded by Councillor Graham Lindsay.

Decision

The Council agreed to note:

1. The decision taken by Council at their August 2022 meeting to locate the Wellbeing Hub (WBH) at the Alloa West Pavilion site and adopt the Optimal facilities mix, as detailed in **paragraph 3.1**
2. The progress on the WBH development since the August 2022 Council meeting as detailed in **paragraphs 3.2.1 to 3.2.17**, in particular:
 - 2.1 The secondment of a Senior Manager and Team Leader to drive the WBH development as part of the Council's Sport, Leisure and Wellbeing provision as detailed in **paragraph 3.2.1**. The engagement of external communications advisors to develop and deliver a communications strategy that engages stakeholders with the WBH.
 - 2.2 The decision taken by Council at their October 2022 meeting to progress with a public consultation process, involving Education Scotland, to relocate a new build Lochies School (Lochies) alongside the WBH at the Alloa West Pavilion site.
 - 2.3 The development of an initial 6-month work programme to complete the briefing and preparation stages of the RIBA Plan of Works process for the WBH and Lochies.
 - 2.4 An updated governance framework created for the joint development of the WBH and Lochies.
 - 2.5 The development of communications assets and delivery of communications activity.
3. The development of a programme of curricular swimming for all Primary 5 school children across Clackmannanshire, as described in **paragraph 3.3**.
4. The WBH development priorities for the next 6 months as detailed in **paragraphs 3.4.1 to 3.4.8**, in particular:
 - 4.1 The Alloa West Pavilion site master planning which will include planned and potential future developments as well as links to travel routes and other key Clackmannanshire development sites.
 - 4.2 Agreeing the energy, sustainability and environmental performance approach which best meets the needs of the WBH building as well as the Council's wider estate strategy.
 - 4.3 Completion of the strategic documents to inform the design, construction and governance of the WBH.
 - 4.4 Ensuring the WBH design brief fully reflects the needs and aspirations of different user groups.
 - 4.5 In conjunction with project partners, identifying the most suitable operating model to realise the benefits of the WBH for Clackmannanshire.
5. The timeline and next steps to progress the WBH project from RIBA Stage 1 to completion as outlined in paragraph 3.5 and Table 1

Action

Strategic Director, People

CC(23)07 CHILDREN'S SERVICES PLAN ANNUAL REPORT 2021-2022

The report, submitted by the Chief Social Work Officer, sought approval of the draft Children's Services Plan Annual Report 2021/22 (Appendix 1). Publication of an annual report setting out progress against the Children's Services Plan is a requirement under the Children and Young People (Scotland) Act 2014.

Motion

To agree the recommendations as set out in the report

Moved by Councillor Wendy Hamilton. Seconded by Councillor Graham Lindsay.

Decision

The Council agreed to:

1. Approve the content of the draft Children's Services Plan Annual Report 2021/22 and its submission to the Scottish Government; and
2. Note that the report was submitted to the Clackmannanshire Alliance Board meeting on 2 December 2022 and that it will also be submitted to the NHS Forth Valley Board for approval.

The Council Leader raised a governance request that in future the Council and the NHS Forth Valley Board approve the Annual Report in advance of submission to the Clackmannanshire Alliance Board.

Action

Chief Social Work Officer

CC(23)08 ELECTION OF ROLES AND ELECTED MEMBER REPRESENTATION ON OUTSIDE BODIES FOLLOWING RESIGNATION OF COUNCILLOR CRAIG HOLDEN FROM THE SNP ADMINISTRATION GROUP

The report, submitted by the Chief Executive, asked Council to consider replacement appointments to the various roles and outside body positions as a result of vacancies following the resignation of Councillor Craig Holden from the SNP Group (the current Administration of the Council).

Motion

To agree the recommendations as set out in the report

Moved by Councillor Scott Harrison. Seconded by Councillor Kenneth Earle

Councillor Harrison proposed the undernoted nominations:

Depute Convener	Councillor Donald Balsillie
Depute Provost	Councillor Jane McTaggart
Spokesperson for Partnership; Third Sector; and Digital Strategy	Councillor Ellen Forson
Member of Clackmannanshire Alliance	Councillor Graham Lindsay

Councillor Earle proposed the undernoted nominations:

Depute Convener	Councillor Mark McLuckie
Depute Provost	Councillor Kenneth Earle
Spokesperson for Partnership; Third Sector; and Digital Strategy	Councillor Janine Rennie

There were no other nominations.

Voting

1. Nominations for Depute Convener

There being 2 nominees, the matter was put to the vote:

For Councillor Donald Balsillie	10 votes
For Councillor Mark McLuckie	

As Councillor Balsillie had reached a majority, no further voting took place.

Councillor Donald Balsillie was appointed as Depute Convener of Council.

2. Nominations for Depute Provost

There being 2 nominees, the matter was put to the vote:

For Councillor Jane McTaggart	10 votes
For Councillor Kenneth Earle	5 votes
Abstain from voting	2

Councillor Jane McTaggart was appointed as Depute Provost.

3. Nominations for Spokesperson for Partnership; Third Sector; and Digital Strategy

There being 2 nominees, the matter was put to the vote:

For Councillor Ellen Forson	10 votes
For Councillor Janine Rennie	5 votes
Abstain from voting	2

Councillor Ellen Forson was appointed as Spokesperson for Partnership; Third Sector; and Digital Strategy.

4. Nomination for Member of Clackmannanshire Alliance

There being no other nominations, Councillor Graham Lindsay was appointed as a member of the Clackmannanshire Alliance.

Decision

The Council agreed to:

1. Appoint Councillor Donald Balsillie as Depute Convener of the Council;
2. Appoint Councillor Jane McTaggart as Depute Provost;
3. Appoint Councillor Ellen Forson as Spokesperson for Partnership; Third Sector; and Digital Strategy;
4. Note that the position of Spokesperson for Partnership; Third Sector; and Digital Strategy is awarded a Senior Councillor Responsibility payment;
5. Note that as a consequence of the appointment of the Depute Provost, Councillor Jane McTaggart also becomes a trustee of the Comrie Trust;
6. Appoint Councillor Graham Lindsay as a member of the Clackmannanshire Alliance; and
7. Note that that Councillor Phil Fairlie is the replacement for the SNP Group on the Be the Future Transformation (Thematic) Board.

Action

Chief Executive

CC(23)09 DRUGS AND ALCOHOL POLICY

The report, submitted by the Chief Executive, sought approval of the revised Drugs and Alcohol Policy.

Motion

To agree the recommendations as set out in the report

Moved by Councillor Graham Lindsay. Seconded by Councillor Fiona Law.

Amendment

“Council recognises the extended period of time this policy has been under discussion between all relevant parties and further recognises a previous agreement in principle to the introduction of such a policy in 2017.

Although there have been significant changes to the policy through consultation, Council recognises, following consultation with representatives of Joint Trade Union Committee that there continues to be some areas of concern or uncertainty around the policy.

To address these, Council approves this policy on a pilot basis over a period of 15 months, with a review at the 12-month stage of the pilot. This timeline does not prohibit or restrict improvements being implemented earlier, on issues where there is joint agreement between the Senior Leadership Group and the Joint Trade Union Committee.”

Moved by Councillor Ellen Forson. Seconded by Councillor Wendy Hamilton.

Voting on the Amendment

In terms of Standing Order 14.7, Councillor Holden asked for a roll call vote. The Council agreed that a vote be taken by calling the roll and at this stage there were 17 members present who were eligible to vote. On the roll being called, the elected members present voted as follows:

For the Amendment (10)

Councillor Phil Fairlie
Councillor Graham Lindsay
Councillor Donald Balsillie
Councillor Martha Benny
Councillor Fiona Law
Councillor Wendy Hamilton
Councillor Jane McTaggart
Councillor Ellen Forson
Councillor Scott Harrison
Councillor Denis Coyne

Against the Amendment (7)

Councillor Mark McLuckie
Councillor William Keogh
Councillor Janine Rennie
Councillor Kenneth Earle
Councillor Craig Holden
Councillor Bryan Quinn
Councillor Kathleen Martin

The amendment was carried by 10 votes to 7 with 0 abstentions.

Voting on the Motion (as amended)

In terms of Standing Order 14.7, Councillor Holden asked for a roll call vote. The Council agreed that a vote be taken by calling the roll and at this stage there were 17 members present who were eligible to vote. On the roll being called, the elected members present voted as follows:

For the Motion (as amended) (10)

Councillor Phil Fairlie
Councillor Graham Lindsay
Councillor Donald Balsillie
Councillor Martha Benny
Councillor Fiona Law
Councillor Wendy Hamilton
Councillor Jane McTaggart
Councillor Ellen Forson
Councillor Scott Harrison
Councillor Denis Coyne

Against the Motion (as amended) (7)

Councillor Mark McLuckie
Councillor William Keogh
Councillor Janine Rennie
Councillor Kenneth Earle
Councillor Craig Holden
Councillor Bryan Quinn
Councillor Kathleen Martin

The motion (as amended) was carried by 10 votes to 7 with 0 abstentions.

Decision

On a division of 10 votes to 7 with 0 abstentions, having commented on and challenged the report, the Council agreed to:

1. Approve the Drugs & Alcohol Policy (which was attached at Appendix 1) on a pilot basis over a period of 15 months, with a review at the 12-month stage of the pilot. This timeline does not prohibit or restrict improvements being implemented earlier, on issues where there is joint agreement between the Senior Leadership Group and the Joint Trade Union Committee;
2. Note that training will be delivered to managers to support the implementation of the policy together with a Council wide programme aimed at raising employee awareness of alcohol, drug and other substance misuse;
3. Note that there has been extensive discussion at Policy Group, SLG and Executive Health & Safety Committee over several years regarding the policy and its implementation. These discussions have led to significant changes to the policy including the removal of random testing, ensuring testing is non intrusive, ensuring support is in place to staff who indicate they may have alcohol or drugs dependency issues as well as a commitment to joint engagement with Unions on training and roll out;
4. Note that the policy was fully and robustly discussed at a special meeting of the Tripartite meeting on 9th January 2023;
5. Recognise the extended period of time this policy has been under discussion between all relevant parties and further recognises a previous agreement in principle to the introduction of such a policy in 2017; and
6. That although there have been significant changes to the policy through consultation, to recognise, following consultation with representatives of Joint Trade Union Committee that there continues to be some areas of concern or uncertainty around the policy;

Action

Chief Executive

In line with Standing Order 10.24, the Convener agreed to a 10 minute comfort break at 12 noon am. The meeting resumed 12.15 pm with 17 members present.

CC(23)10 HR POLICIES

The report, submitted by the HR Team Leader (Policy and Operation), sought approval of the revised Grievance and Dignity at Work policies and procedures.

Motion

To agree the recommendations as set out in the report

Moved by Councillor Donald Balsillie. Seconded by Councillor Wendy Hamilton.

Decision

Having commented on and challenged the report, the Council agreed to:

1. Approve the revised policies/procedures attached to the report;
2. Note that the Policy group met on the 27 September 2022 to discuss the revised Grievance and Dignity at Work policies. Extensive discussions took place with both Trade Unions and Management at this meeting in the formation and development of the Policies; and
3. Note that Tripartite discussed these policies at the meeting on 07 December 2022 and agreed, following a slight amendment to the draft Grievance policy/procedure, that these be progressed for approval.

Action

HR Team Leader (Policy and Operation)

CC(23)11 CORONATION HOLIDAY 2023

The report, submitted by the Senior Manager, HR and Workforce Development, invited Council to designate Monday 8th May 2023 a Public Holiday for Council staff to mark the celebrations for the Coronation of His Majesty King Charles III.

Motion

To agree the recommendations as set out in the report and select Option 2 (to recognise the Coronation Holiday and agree an additional Public Holiday) as the preferred option.

Moved by Councillor Ellen Forson. Seconded by Councillor Jane McTaggart.

Decision

Having reviewed the options presented in Appendix 1 in relation to 8th May 2023, the Council agreed to:

1. Note the exemption from the statutory requirement to provide 190 days of schooling. (set out in paragraph 3.9);
2. Note the provision related to 1140 Hours (set out in paragraph 3.10);
3. Note that engagement has taken place with our Trade Union Colleagues (set out in paragraph 3.11);

4. Note the potential costs where staff may be required to work on 08th may 2023 should Council designate this as a public holiday (paragraph 3.12); and
5. Approve Option 2 (as set out Appendix 1) to recognise the Coronation Holiday and agree an additional Public Holiday.

Action
Senior Manager, HR and Workforce Development

CC(23)12 NOTICE OF MOTION IN TERMS OF STANDING ORDER 16 – FREEDOM OF CLACKMANNANSHIRE

A notice of motion in terms of Standing Order 16.0 was submitted by Councillor Craig Holden.

Motion

“Former Councillor Derek Stewart was first elected as a Clackmannan District Councillor in May 1988 and was subsequently re-elected in 1992. He was then elected as a Councillor to the new unitary authority in 1995 and continued in this role until May 2022 for an uninterrupted 34 years of public service. He has also served as the Provost of Clackmannanshire Council on three occasions.

The Freedom of Clackmannanshire is the greatest tribute that the Council can confer on a person and the level of dedication and commitment to public service shown by Derek Stewart over 34 years marks him as a person of distinction who is worthy of such an honour.

Council is requested, therefore, to agree that Derek Stewart is admitted on the Clackmannanshire Roll as an honorary Freeperson of the Council area in recognition of his contribution to local democracy and public life.”

Moved by Councillor Craig Holden. Seconded by Councillor Kenneth Earle.

Decision

The Council unanimously agreed to support the motion.

Action
Chief Executive

Ends: 12:45 hours



MINUTES OF SPECIAL MEETING of the CLACKMANNANSHIRE COUNCIL held in the Council Chamber, Kilncraigs, Alloa, on Thursday 16 February 2023 at 9.30 am.

PRESENT

Councillor Phil Fairlie, Convener (Chair)
Councillor Donald Balsillie
Councillor Martha Benny
Councillor Denis Coyne
Councillor Kenneth Earle
Councillor Ellen Forson
Councillor Wendy Hamilton
Councillor Scott Harrison
Councillor Craig Holden
Councillor William Keogh
Councillor Fiona Law
Councillor Darren Lee
Councillor Graham Lindsay (Via Teams)
Councillor Kathleen Martin
Councillor Mark McLuckie
Councillor Jane McTaggart
Councillor Bryan Quinn
Councillor Janine Rennie

IN ATTENDANCE

Nikki Bridle, Chief Executive
Stuart Crickmar, Strategic Director (Partnership and Performance) (Via Teams)
Lorraine Sanda, Strategic Director (People)
Pete Leonard, Strategic Director (Place)
Lindsay Sim, Chief Finance Officer (Partnership & Performance)
Chris Alliston, Senior Manager, HR and Workforce Development (Partnership & Performance)
Tony Cain, Senior Manager, Housing (Place)
Alison Morrison, Senior Manager, Property (Place) (Via Teams)
Elizabeth Hutcheon, Management Accountancy Team Leader (Partnership & Performance) (Via Teams)
Lee Robertson, Senior Manager, Legal and Governance (Partnership & Performance) (Clerk to the Council)
Dale Bell, Solicitor, Legal and Governance (Partnership & Performance) (Via Teams)
Gillian White, Committee Services (Partnership & Performance)

CC(23)13 APOLOGIES

None.

CC(23)14 DECLARATIONS OF INTEREST

None.

CC(23)15 HOUSING REVENUE ACCOUNT BUDGET 2023/24 AND CAPITAL PROGRAMME 2023/24

The report, submitted by the Strategic Director (Place), presented the Housing Revenue Account budget and Housing Capital Programme for the financial year 2023/24 and highlighted the key factors influencing the budget.

The Housing Revenue Account (HRA) Budget setting process is subject to statutory, regulatory and governance requirements including consultation with tenants and the additional requirements set out in the "Cost of Living (Tenant Protection) (Scotland) Act 2022". The report requested approval for the 2023/24 HRA Income and Expenditure revenue budget and rent levels, as defined within the Housing (Scotland) Act 1987.

The report also referenced housing programme alignment with the Council's transformational programme "Be the Future".

Motion

To agree the recommendations as set out in the report.

Moved by Councillor Jane McTaggart. Seconded by Councillor Fiona Law.

Amendment

"Council agrees that rent levels for 2023/24 should remain at their current levels. Reserves are anticipated to be £5.5m at 31st March 2023. After allowing for minimum reserves of £821k (4%) and £142k for the required IT system it is proposed that the remaining reserves will then be used to offset capital expenditure in future years with any capital shortfall resourced from increased borrowing."

Moved by Councillor Craig Holden. Seconded by Councillor Kenneth Earle.

Voting on the Amendment

In terms of Standing Order 14.7, Councillor Holden asked for a roll call vote. The Council agreed that a vote be taken by calling the roll and at this stage there were 18 members present who were eligible to vote. On the roll being called, the elected members present voted as follows:

For the Amendment (7)

Councillor Mark McLuckie
Councillor William Keogh
Councillor Janine Rennie
Councillor Kenneth Earle
Councillor Craig Holden
Councillor Kathleen Martin
Councillor Denis Coyne

Against the Amendment (11)

Councillor Phil Fairlie
Councillor Darren Lee
Councillor Graham Lindsay
Councillor Donald Balsillie
Councillor Martha Benny
Councillor Fiona Law
Councillor Wendy Hamilton
Councillor Jane McTaggart
Councillor Ellen Forson
Councillor Bryan Quinn
Councillor Scott Harrison

The amendment was defeated by 11 votes to 7 with 0 abstentions.

Voting on the Motion

In terms of Standing Order 14.7, Councillor Earle asked for a roll call vote. The Council agreed that a vote be taken by calling the roll and at this stage there were 18 members present who were eligible to vote. On the roll being called, the elected members present voted as follows:

For the Motion (12)

Councillor Phil Fairlie
Councillor Darren Lee
Councillor Graham Lindsay
Councillor Donald Balsillie
Councillor Martha Benny
Councillor Fiona Law
Councillor Wendy Hamilton
Councillor Jane McTaggart
Councillor Ellen Forson
Councillor Bryan Quinn
Councillor Scott Harrison
Councillor Denis Coyne

Against the Motion (5)

Councillor Mark McLuckie
Councillor William Keogh
Councillor Janine Rennie
Councillor Kenneth Earle
Councillor Kathleen Martin

Abstain from Voting (1)

Councillor Craig Holden

The motion was carried by 12 votes to 5 with 1 abstention.

Decision

On a division of 12 votes to 5 with 1 abstention, the Council agreed to:

1. Note the results of the tenant consultation process and the specific views expressed by the Clackmannanshire Tenants and Residents Federation as set out at paragraph 3.17.;
2. Approve the summary revenue budget 2023/24, as set out in Appendix 1;
3. Approve the Housing (HRA) capital programme 2023/24 and illustrative programme to 2027/28, as set out in Appendix 2;
4. Approve the HRA Borrowing Requirement 2023/24 to 2027/28 as set out in Appendix 3;
5. Approve an increased level for Council house rents of 3% for the financial year 2023/24, as set out in Appendix 6;
6. Approve the same level of increase (3%) be applied equally to lock-up garages, garage pitch-site rentals and associated tenancy charges, as set out in Appendix 6;
7. Approve that the post of Tenant Participation Officer is reappointed as soon as practicable, following further engagement with Clackmannanshire Tenants and Residents Federation;

8. Note that the Westhaugh Gypsy/Travellers site is now closed and under redevelopment. The site is programmed to reopen during 2024/25. As a result there was no need to approve a rent figure for these homes. In advance of the completion of the works officers are instructed to consult with the residents on future rent charges in line with house rents.
9. Note the housing programme alignment with the council transformational programme,
10. Otherwise note the remainder of the report.

Action

Strategic Director (Place)

Ends: 11.15 hours

MINUTES OF SPECIAL MEETING of the CLACKMANNANSHIRE COUNCIL held in the Council Chamber, Kilncraigs, Alloa, on Tuesday 7 March 2023 at 9.30 am.

PRESENT

Councillor Phil Fairlie, Convener (Chair)
Councillor Donald Balsillie
Councillor Martha Benny
Councillor Denis Coyne
Councillor Kenneth Earle
Councillor Ellen Forson
Councillor Wendy Hamilton
Councillor Scott Harrison
Councillor William Keogh
Councillor Fiona Law (Via Teams)
Councillor Darren Lee (Via Teams)
Councillor Graham Lindsay
Councillor Kathleen Martin
Councillor Mark McLuckie
Councillor Jane McTaggart
Councillor Bryan Quinn
Councillor Janine Rennie (Via Teams)
Rev Sang Y Cha, Religious Representation for Church of Scotland

IN ATTENDANCE

Nikki Bridle, Chief Executive
Stuart Crickmar, Strategic Director (Partnership and Performance)
Lorraine Sanda, Strategic Director (People)
Pete Leonard, Strategic Director (Place)
Colin Bruce, Chief Education Officer (People)
Michael Boyle, Improving Outcomes Business Manager (People)
Lindsay Sim, Chief Finance Officer (Partnership & Performance)
Chris Alliston, Senior Manager, HR and Workforce Development (Partnership & Performance)
Cherie Jarvie, Senior Manager, Partnership & Transformation (Partnership & Performance)
Lee Robertson, Senior Manager, Legal and Governance (Partnership & Performance) (Clerk to the Council)
Sophie Gardiner, Solicitor, Legal and Governance (Partnership & Performance)
Gillian White, Committee Services (Partnership & Performance)

CC(23)16 APOLOGIES

Apologies were received from Councillor Craig Holden.

CC(23)17 DECLARATIONS OF INTEREST

Councillor Mark McLuckie and Councillor Darren Lee both declared a non-financial interest in Item 4 Public Petition due to their relationship with Banchory Parent Council and Banchory Primary School. Both Councillors withdrew from the meeting and took no further part in proceedings.

CC(23)18 ORDER OF PROCEEDINGS

The order of proceedings, submitted by the Monitoring Officer, set out the format for the Special Meeting of Council to hear the petition.

Decision

The Council agreed the order of proceedings.

CC(23)19 PUBLIC PETITION

The report, submitted by the Monitoring Officer, summarised the petition which had been received following the 2023/24 budget engagement process.

The petition entitled “Hands off our nursery! Keep enrolment at Banchory ELC” was submitted in electronic form and had been verified with 461 signatures of people living in the Clackmannanshire Council area.

Attending:

Kathryn Beaton, Principal Petitioner, Banchory Parent Council
Emma Wilson, Chair of Banchory Parent Council

The Council heard a presentation from Kathryn Beaton and Emma Wilson. The presentation and the petition statement raised a number of concerns around the proposal for Banchory ELC not accepting any new admissions for the session 2023/24 and that instead, families would be offered child places in surrounding nurseries. They were concerned that this would be a potential route for Clackmannanshire Council to close the nursery permanently thereafter. The initial one-off saving would be lost to increasing costs in other areas of education and social care provision. They identified that 67% of the Banchory catchment children attend from SIMD Deciles 1 and 2, extreme markers for poverty, disadvantage and those targeted by attainment gap policy and also that approximately 50% of the Banchory community are currently under staged intervention. The recent Grade 5 Care Inspectorate reports praise Banchory ELC on its transition experience from ‘home to the setting and on to school’ in particular ‘Children being settled and secure’ by positively affecting children’s trust and confidence through personal development and strong relationships. There are concerns about transition if the children have to move on to school from a separate nursery. There were also concerns that some families would experience logistical difficulties with children at different establishments and this could lead to poor attendance. Clackmannanshire Council itself stated that “Banchory’s catchment area has been designated an area of educational priority which entitles additional resources which ensures good staff/pupil ratio” and “the addition of the ELC has been an asset to the school both in the preparation for primary education and in many aspects of early intervention.” Enrolment removal and future potential closure sought to undermine this and the petitioners sought to maintain current operations.

The Chief Executive withdrew from the meeting at 10.10 am. Stuart Crickmar, Strategic Director (Partnership and Performance), stood in to provide support to the Convener.

Members had the opportunity to put questions to the petitioners and to Council officers who were in attendance, namely Colin Bruce, Chief Education Officer and Michael Boyle, Improving Outcomes Business Manager. The questions concerned the evidence behind the statements made by the petitioners; the numbers of children involved; distances between ELC providers in Tullibody; and the financial savings .

The Chief Education Officer advised that the £500k savings set out in the budget proposal applied to a review of the entire ELC estate and that the saving for Banchory ELC was approximately £60k based on the re-alignment of two members of staff who would be utilised to provide support in other establishments. He also advised that the space created from the proposal would provide a significant benefit to the Primary School by creating flexible space for children with additional support needs who require intervention from other agencies including speech and language, and the Health and Social Care Partnership. Michael Boyle summarised that the Council is being asked to remove provision for three year olds at Banchory ELC. Provision for four year olds (pre-school) would still be in place and that would remain unless the Council made another decision in the future.

Councillor Janine Rennie withdrew from the meeting at 10.30 am and was not present during the decision making.

Motion

That the information contained within the petition requires consideration by Council within the context of deliberations associated with the upcoming General Revenue Fund budget for 2023/24.

Moved by Councillor Graham Lindsay. Seconded by Councillor Ellen Forson.

Decision

The Council unanimously agreed that the information contained within the petition requires consideration by Council within the context of deliberations associated with the upcoming General Revenue Fund budget for 2023/24.

Action

Chief Executive

The Convener advised that the Committee's decision would be notified in writing to the Principal Petitioner, Kathryn Beaton, within 7 working days.

Ends: 10.35 am



MINUTES OF SPECIAL MEETING of the CLACKMANNANSHIRE COUNCIL held in the Council Chamber, Kilncraigs, Alloa, on Thursday 9 March 2023 at 9.30 am.

PRESENT

Councillor Phil Fairlie, Convener (Chair)
Councillor Donald Balsillie
Councillor Martha Benny
Councillor Denis Coyne
Councillor Ellen Forson
Councillor Wendy Hamilton
Councillor Scott Harrison
Councillor Craig Holden
Councillor William Keogh
Councillor Fiona Law
Councillor Darren Lee
Councillor Graham Lindsay
Councillor Jane McTaggart
Councillor Bryan Quinn

IN ATTENDANCE

Nikki Bridle, Chief Executive
Stuart Crickmar, Strategic Director (Partnership and Performance)
Lorraine Sanda, Strategic Director (People)
Pete Leonard, Strategic Director (Place)
Annemargaret Black, Chief Officer, Health and Social Care Partnership
Lindsay Sim, Chief Finance Officer (Partnership & Performance)
Colin Bruce, Chief Education Officer (People)
Sharon Robertson, Chief Social Work Officer (People) (Via Teams)
Ewan Murray, Chief Finance Officer, Health and Social Care Partnership (Via Teams)
Michael Boyle, Improving Outcomes Business Manager (People)
Chris Alliston, Senior Manager, HR and Workforce Development (Partnership & Performance)
Cherie Jarvie, Senior Manager, Partnership & Transformation (Partnership & Performance)
Lee Robertson, Senior Manager, Legal and Governance (Partnership & Performance) (Clerk to the Council)
Sophie Gardiner, Solicitor, Legal and Governance (Partnership & Performance)
Karen Payton, Team Leader – Communications & Community (Partnership & Performance)
Elizabeth Hutcheon, Management Accountancy Team Leader (Partnership & Performance)
Iain McDonald, Senior Manager – Environment (Place)
Tony Cain, Senior Manager – Housing (Place)
Emma Fyvie, Senior Manager – Development (Place)
Murray Sharp, Senior Manager – Housing (Place)
Natalie Hogg, HR Business Partner (Partnership & Performance)
Gregory Oduor, Deloitte (External Audit)
Gillian White, Committee Services (Partnership & Performance)

CC(23)20 APOLOGIES

Apologies were received from Councillor Kenneth Earle, Councillor Kathleen Martin, Councillor Mark McLuckie and Councillor Janine Rennie.

CC(23)21 DECLARATIONS OF INTEREST

Councillor Darren Lee advised that should there be discussion or debate around the petition that had been presented to Special Council by Banchory Parent Council on 7 March 2023, he would declare a non-financial interest and withdraw from the meeting for the duration of that discussion / debate as he has an existing relationship with Banchory Parent Council and Banchory Primary School.

CC(23)22 TREASURY MANAGEMENT STRATEGY 2023/24 AND SERVICE CONCESSION ARRANGEMENTS

The report, submitted by the Chief Finance Officer, presented the Council's Treasury Management Strategy Statement for 2023/24 and Prudential Indicators for 2023/24 to 2025/26. CIPFA defines treasury management as: "The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks."

The report also presented for approval the new statutory guidance for accounting for the repayment of debt on Service Concessions Arrangements which relates to the Councils Public Private Partnership (PPP) Contracts.

Motion

To agree the recommendations set out in the report.

Moved by Councillor Ellen Forson. Seconded by Councillor Graham Lindsay.

Decision

The Council:

1. Agreed the adoption of the revised accounting arrangements under Local Government Circular 10/2022 for the recalculation of debt repayments arising from the Council's service concession contracts aligned to the useful economic life of the assets under the contracts (section 7);
2. Noted the information contained in this report including the revenue implications of adopting the revised accounting arrangements for Service Concessions;
3. Approved the Treasury Management Strategy Statement for 2023/24 and Prudential Indicators for the years 2023/24 to 2025/26, attached as Appendix A, in compliance with the Prudential Code requirements;
4. Noted the continuation of the Borrowing Strategy to support additional capital investment (paragraph 5.6); and
5. Noted the investment portfolio position as at 31st January 2023 (Appendix B).

Action

Chief Finance Officer

CC(23)23 GENERAL SERVICES REVENUE AND CAPITAL BUDGET 2023/24

The report, submitted by the Chief Finance Officer, presented the General Services Budget for 2023/24. The report built on the regular update reports and briefings presented to Council and the Audit and Scrutiny Committee throughout the year, including those covering the Be the Future Transformation Programme and implementation of the Target Operating Model (TOM).

Motion

To agree the recommendations set out in the report.

Moved by Councillor Ellen Forson. Seconded by Councillor Graham Lindsay.

Voting

There were 14 members present:

For the motion	13 votes
Against the motion	0 votes
Abstain from voting	1 abstention

Decision

The Council agreed:

1. To set minimum reserves at 2% of net budgeted expenditure for 2023/24 and future years to reflect the challenging economic position for local government (paragraph 5.8);
2. The General Services Revenue and Capital Budget for 2023/24 as set out in Appendix A, including:
 - 2.1 The proposals for demand pressures (Appendix B) including the proposed increase in rates and allowances for Foster Carers and an increase in Personal Assistant rates paid to providers (paragraph 5.3);
 - 2.2 The Policy and Redesign savings set out in Appendix D, including the reversal of the previous saving approved in 2022/23 to withdraw funding provision to APEX (paragraphs 5.4-5.5);
 - 2.3 The 2023/24 Income and Charging Strategy (Appendix E);
 - 2.4 The utilisation of £3.441m of General Reserves in setting the proposed General Revenue budget (paragraph 5.10);
 - 2.5 The utilisation of £1.203m Capital receipts to offset loans fund principal repayments (paragraph 5.10);
 - 2.6 The utilisation of £1.150m from the in year benefit derived from service concessions (paragraph 5.10) subject to the approval of the Treasury Management Report also on the agenda for this meeting;
 - 2.7 A net resource transfer of £25.269m for the Clackmannanshire & Stirling Health and Social Care Partnership for 2023/24 (paragraph 6.3);
 - 2.8 The revised General Services Capital Programme incorporating project resource in Appendix A and section 7; and
 - 2.9 The increase in the level of Council Tax for 2023/24 by 5% resulting in Band D Council tax of £1,410.96 (paragraph 4.6).

3. That the remaining uncommitted element of the Transformation Fund £0.646m, and the unallocated £0.518m from the Discovery Fund and Flexible Resourcing Fund, totalling £1.164m is delegated to the Chief Executive with reporting arrangements to the Be the Future Board (paragraph 5.19).

The Council noted:

4. The challenging context within which this Budget is presented including the unprecedented inflationary pressures (Appendix A);
5. The summary of recent budget engagement activity detailed in section 3;
6. The anticipated level of uncommitted reserves of £6.485m by 31 March 2023, prior to setting the 2023/24 budget (paragraph 5.9);
7. The balance of £3.044m in uncommitted General Services Revenue reserves, after setting the budget, equating to 2% (paragraph 5.9);
8. The three year cumulative indicative gap of £21.967m up to 2026/27 and a funding gap of £11.561m in 2024/25 following setting this budget (Exhibit 4),
9. The expected ending of the financial flexibilities to use capital receipts for Transformation and the statutory redundancy element of voluntary severance (paragraph 5.14);
10. The transfer of £1.168m from General Fund Capital to Housing Revenue Account (HRA) to fund capital expenditure and the corresponding receipt of £1.168m from the HRA revenue surplus to the General Fund Revenue account in 2022/23 and 2023/24 (paragraph 7.6).

Action

Chief Finance Officer

Ends: 10.10 am

CLACKMANNANSHIRE COUNCIL

Report to: Clackmannanshire Council

Date of Meeting: 23 March 2023

**Subject: Appointments for (a) Vice Convenor of the Regulatory Committee;
and (b) CoSLA Convention**

Report by: Chief Executive

1.0 Purpose

- 1.1 The purpose of this report is for Council to consider the appointments detailed in the Recommendations at paragraph 2 following the decision of elected members stepping down from these roles.

2.0 Recommendations

That Council:

- 2.1 Seek nominations from the current membership of the Regulatory Committee to undertake the role of Vice Convenor;
- 2.2 Seek nominations from the Labour Group to replace an elected member as the Council's representative on the outside body on the CoSLA Convention as detailed below;
- 2.3 notes the amended political balance of the Council as a result of the recent resignation of an elected member from the SNP Group as detailed in paragraph 3.4;

3.0 Considerations

- 3.1. The Vice Convener of the Regulatory Committee has resigned from this role. The elected member will remain on the Regulatory Committee but not as Vice Convener. As such nominations will be sought from the current membership.
- 3.2. Current Membership of the Regulatory Committee is as noted below:

Membership: 8 Quorum:4

Members:

Councillor Martha Benny
Councillor Kenneth Earle
Councillor Phil Fairlie
Councillor Wendy Hamilton

Councillor Scott Harrison
Councillor Darren Lee
Councillor Kathleen Martin
Councillor Jane McTaggart

- 3.3 As result of an elected member's resignation from the membership of CoSLA Convention the Labour Group requires to replace his membership on this outside body.
- 3.4 Political representation on the Council following the resignation of an elected member from the SNP Group is set out in the table below. This shows the number of seats each group has and the percentage of overall seats that number represents:

Political Groups	Number	%
SNP	8	44
Labour	5	28
Conservative	3	17
Green	1	5.5
Independent	1	5.5
	18	100

- 3.5 The constitution of the CoSLA Convention confirms that the membership for Clackmannanshire is 3 elected members and is on a basis which reflects the balance of party group strength within each Member Council.
- 3.6 Based on the political balance of the Council as detailed in paragraph 3.4 membership for this outside body is 1 member of the SNP, 1 member of the Labour Group and 1 member of the Conservative Group.
- 3.7 Elected Members nominated to fill some positions may be required to undertake training on their duties. Such training will normally be provided in-house and appointed members should be prepared to attend.
- 3.8 In accordance with Section 4 of the Councillors' Code of Conduct, every elected member has a personal responsibility to register interests, financial or otherwise. The Code advises that Councillors must register all directorships and positions of office in public bodies, clubs, organisations and societies. Guidance notes on the registration of interests have been issued to every Clackmannanshire Councillor.

4.0 Sustainability Implications - n/a

5.0 Resource Implications

5.1. Financial Details

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.

Yes

5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

5.4. *Staffing*

6.0 Exempt Reports

6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
Our families; children and young people will have the best possible start in life
Women and girls will be confident and aspirational, and achieve their full potential
Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies** (Please detail)

9.0 Equalities Impact

9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes No

10.0 Legality

10.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

11.0 Appendices

11.1 Please list any appendices attached to this report. If there are no appendices, please state "none".
None.

12.0 Background Papers

12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at

which the report is considered)

Yes (please list the documents below) No

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Nikki Bridle	Chief Executive	452002

Approved by

NAME	DESIGNATION	SIGNATURE
Lee Robertson	Senior Manager, Legal and Governance and Monitoring Officer	
Nikki Bridle	Chief Executive	

Report to: Council

Date of Meeting: 23 March 2023

Subject: Audited Annual Accounts 2021/22

Report by: Chief Finance Officer

1.0 Purpose

- 1.1. This report provides the council with the Audited Annual Accounts for the Council for the financial year 2021/22 to 31 March 2022. The report highlights the material changes that have been made to the draft annual accounts during the audit period.

2.0 Recommendations

It is recommended that Council:

- 2.1. approve the 2021/22 Audited Annual Accounts;
- 2.2. approve the submission of the Annual Accounts to the Controller of Audit, and
- 2.3. otherwise note the contents of the report.

3.0 Considerations

- 3.1. The accounts have been prepared in accordance with proper practices as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom 2021/22*. The Financial Statements show the actual figures for 2021/22 and the comparable figures for 2020/21.
- 3.2. Due to additional workload within the finance team supporting the Council in the recovery from the pandemic, the preparation and the submission of the draft and final annual accounts have been finalised later than usual.

4.0 Material Changes to the Financial Statements

- 4.1 As a result of the audit, there were nine significant findings which are detailed in Exhibit 2 of the Auditors Report (Appendix 2). One of these findings resulted in a change to the General Fund Reserves as noted below:
- Developers Contributions – during the audit developers contributions, recorded as Creditors have been reviewed and £0.772m, were found to have no liability to be repaid and as such this balance has been reclassified and included within general fund reserves, earmarked for

specific use in future years. As a result, the total general fund reserves balance has increased by £0.772m as at 31 March 2022 and creditors on the Balance Sheet have been reduced by the same amount.

- 4.2 Following a further revaluation of two of the Councils assets, an adjustment to the value of the Alloa Leisure Bowl has been made to reflect reclassification from operational buildings to surplus assets as at 31 March 2022. As a result the value of Property, Plant & Equipment on the Balance Sheet has reduced by £5.682m to £394.489m. Corresponding changes have been made to the Revaluation Reserve (£2.332m) and the Capital Adjustment Account (£3.350m) included in Unusable Reserves on the Balance Sheet and within the Comprehensive Income and Expenditure Statement.
- 4.3 An updated valuation was also obtained for Bedford Place, however the increase in value of £.0282m was not deemed material and as such has not been adjusted in the accounts. This along with an adjustment in relation to the calculation of revaluations which was also not deemed material (£0.398m) are reported as an unadjusted errors in the Annual Audit Report.
- 4.4. There was no change to the General Fund Revenue Reserves as a result of the asset revaluations and these changes will be adjusted within the 2022/23 annual accounts.
- 4.5 During the audit process, a number of disclosure adjustments and enhancements were recommended by the external auditors and these have been reflected in the final audited accounts. These additional disclosures help to aid the understanding of the reader of the accounts.

5.0 Conclusion

- 5.1 The Annual Accounts have been audited by Audit Scotland and the adjustments noted above, where material, have been disclosed and reflected in the audited annual accounts.
- 5.2 As a result of the adjustment to Developers Contributions as noted above there has been an increase in committed reserves of £0.772m taking the total general fund reserves level to £23.972m.
- 5.3 It is recommended that the Annual Accounts are approved for submission to the Controller of Audit.

6.0 Sustainability Implications

- 6.1 Not applicable

7.0 Resource Implications

7.1 Financial Details

- 7.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.

Yes

7.3 Finance have been consulted and has agreed the financial implications as set out in the report. Yes

7.4 Staffing

8.0 Exempt Reports

8.1 Is this report exempt? Yes (please detail the reasons for exemption below) No

9.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) Our Priorities

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

10.0 Equalities Impact

10.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes No

11.0 Legality

11.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

12.0 Appendices

12.1 Audited Financial Statements 2021/22

13.0 Background Papers

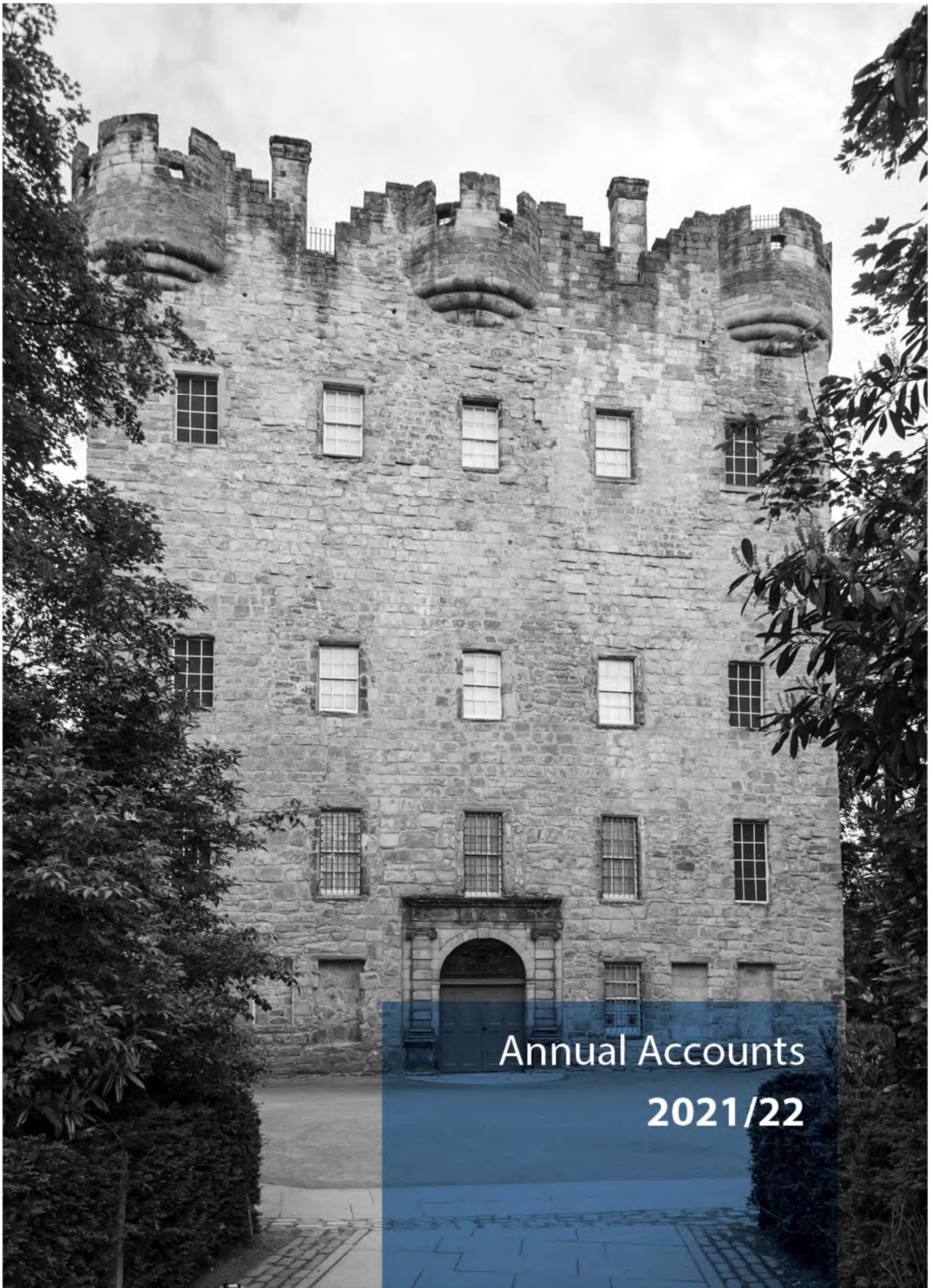
13.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered) Yes

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Lindsay Sim	Chief Financial Officer	2022

Approved by

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Stuart Crickmar	Strategic Director (Partnership and Performance)	



Annual Accounts
2021/22



**Clackmannanshire
Council**

www.clacks.gov.uk

Comhairle Siorrachd
Chlach Mhanann

**CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22**

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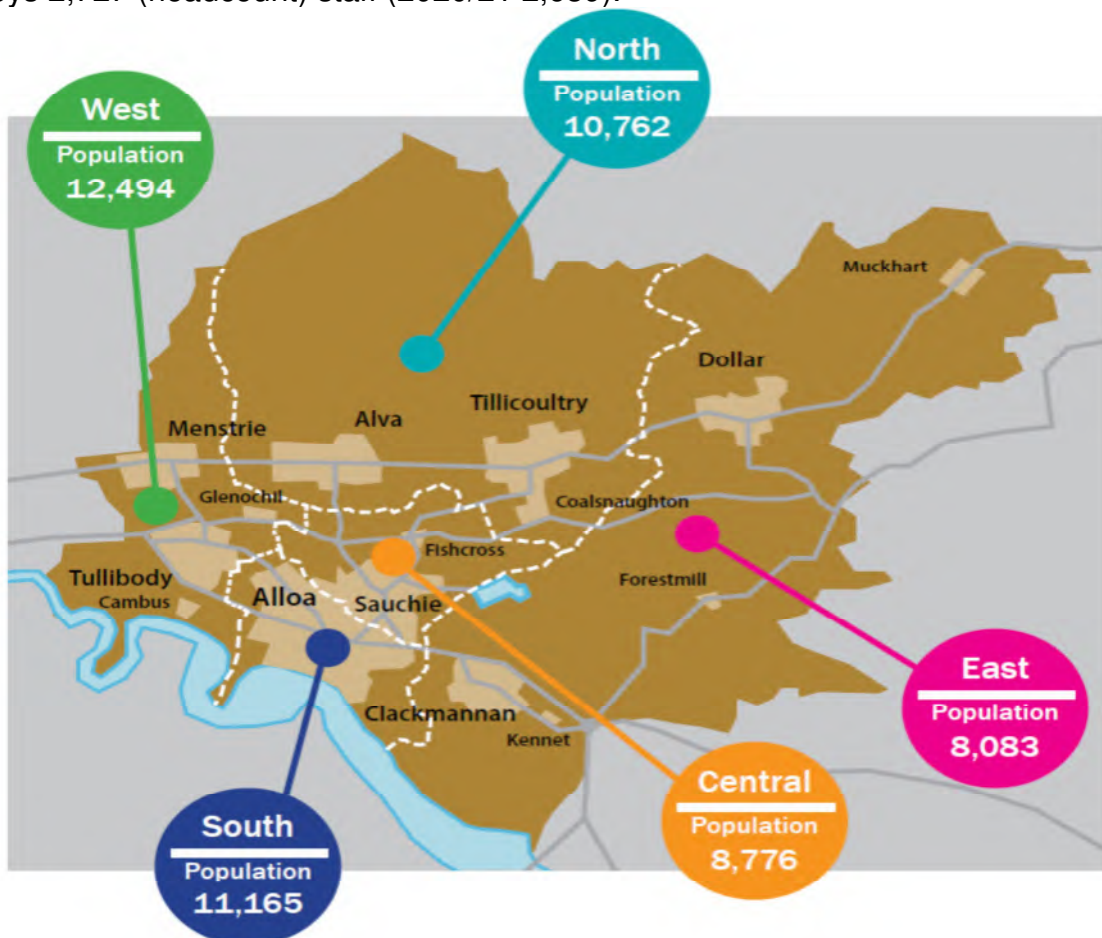
CLACKMANNANSHIRE COUNCIL ANNUAL ACCOUNTS 2021/22 Management Commentary

Introduction

This commentary sets the scene and context for the Financial Statements for Clackmannanshire Council, for the year ended 31 March 2022 and provides specific details in relation to the Council's financial position, its priorities and performance and strategies and plans for achieving these objectives. The commentary is compliant with The Local Authority Accounts (Scotland) Regulations 2014. The Management Commentary is required to present the collective view of those charged with governance and apply relevant sections of the Companies Act 2006 in respect of the preparation of a Strategic Report. The Financial Statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 which sets out the format and content contained within them.

2021/22 has again been a challenging year for everyone worldwide due to the Covid-19 pandemic. The Council continued to play a key role in supporting the residents and businesses within Clackmannanshire, reviewing and reshaping services that it provides. Further detail of how the pandemic has impacted the Council and its services is provided on page 30.

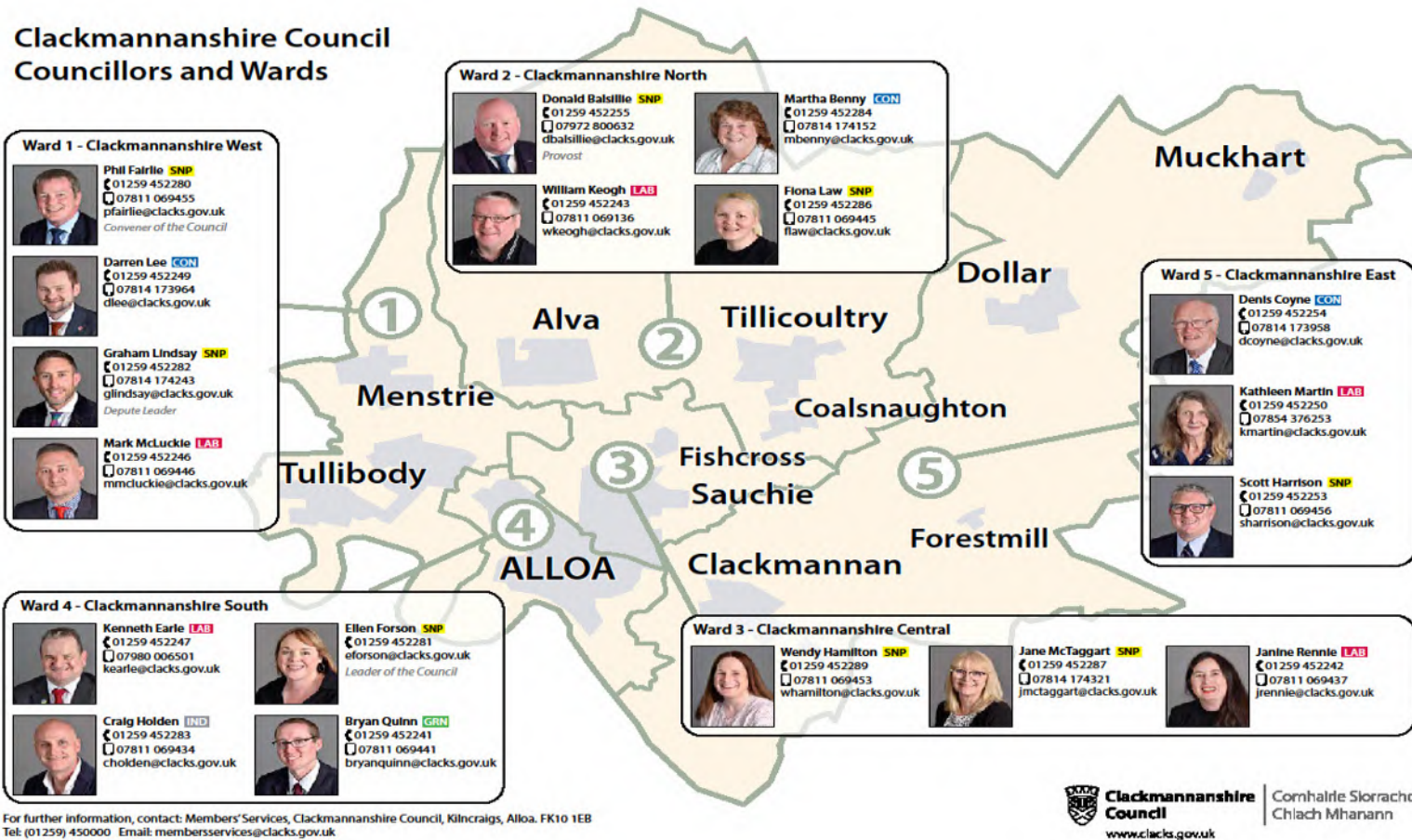
Clackmannanshire is located in Scotland's central belt, sharing administrative borders with Stirling, Perth and Kinross and Fife, and with natural boundaries provided by the Ochils and the River Forth. Clackmannanshire is the smallest mainland Council in Scotland, covering 61 square miles and serving a population of 51,280 (as at 2018). The Council employs 2,727 (headcount) staff (2020/21 2,639).



CLACKMANNANSHIRE COUNCIL ANNUAL ACCOUNTS 2021/22 Management Commentary

Local Government

Clackmannanshire Council consists of 5 wards, each represented by 3 or 4 elected members. The Council has 18 Councillors whose current political make up following the local elections in May 2022 and changes to date: 8 SNP, 5 Labour, 3 Conservative, 1 Green and 1 Independent. The Councillors for each ward are presented in the diagram below. Further information on Senior Councillors can be found in the Remuneration Report commencing page 58.

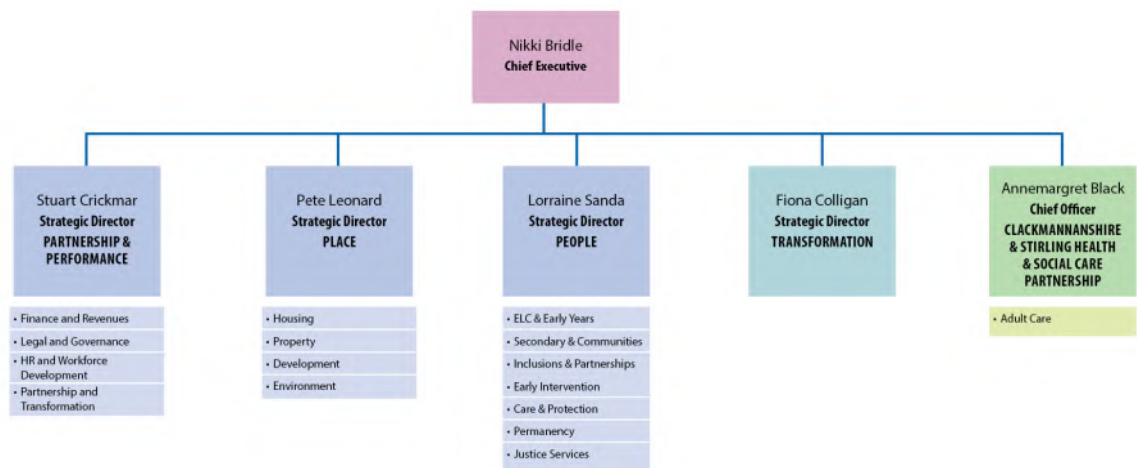


CLACKMANNANSHIRE COUNCIL ANNUAL ACCOUNTS 2021/22 Management Commentary

Management Structure & Service Areas

The Council continued to embed its Organisational Redesign programme during 2021/22. The Council's Management Structure and service areas are set out in the diagram below:

Strategic Management



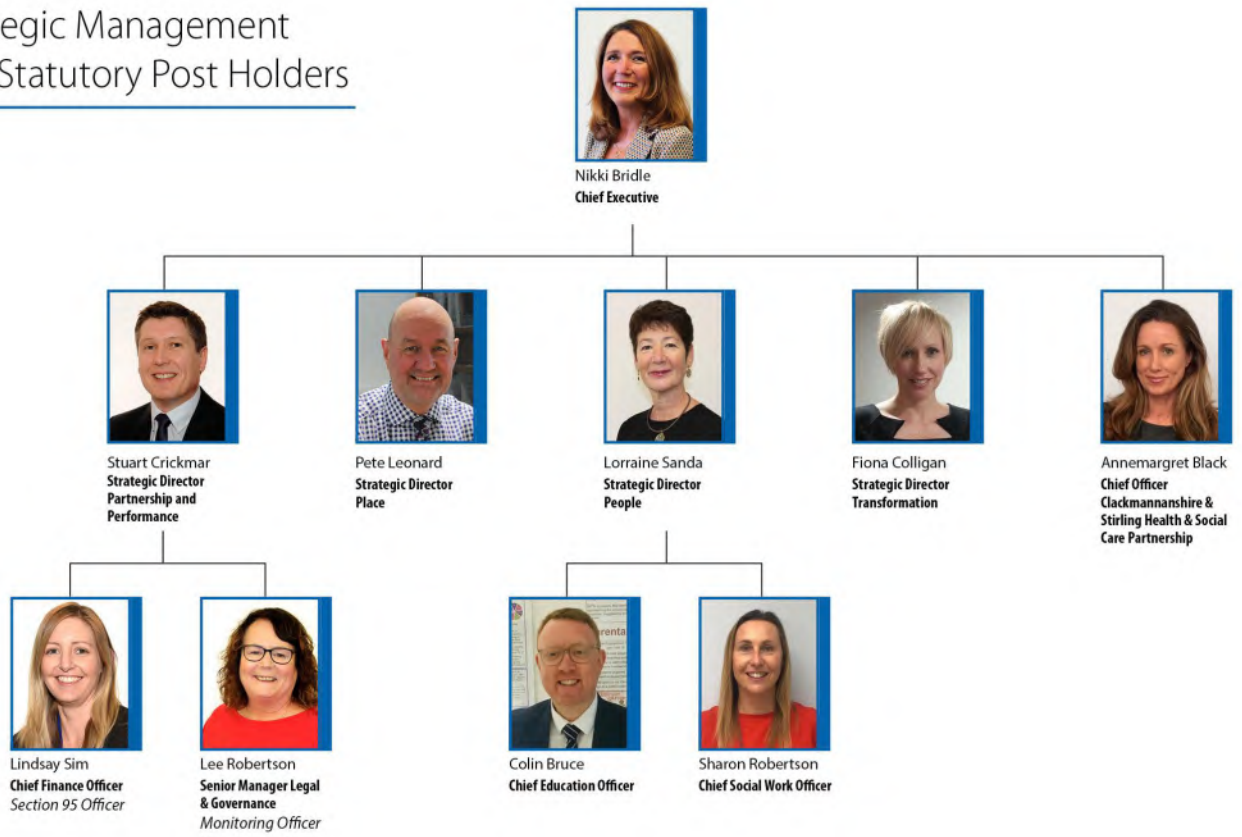
Throughout 2021/22, Clackmannanshire Council's Chief Executive was Nikki Bridle. The Chief Executive is the Head of Paid Service who leads and takes responsibility for the work of the Council and who runs the local authority on a day to day basis. The Chief Executive provides leadership, vision and strategic direction, and effective management of the Council.

The Chief Executive is supported by four Strategic Directors and the Chief Officer for the Clackmannanshire and Stirling Health & Social Care Partnership. The Council also has four Statutory officers: Chief Finance Officer (S95 Officer), Monitoring Officer, Chief Education Officer and Chief Social Work Officer.

The current post holders at Strategic Management level as well as statutory post holders are shown in the diagram below. Further information can be found in the Remuneration Report commencing page 58.

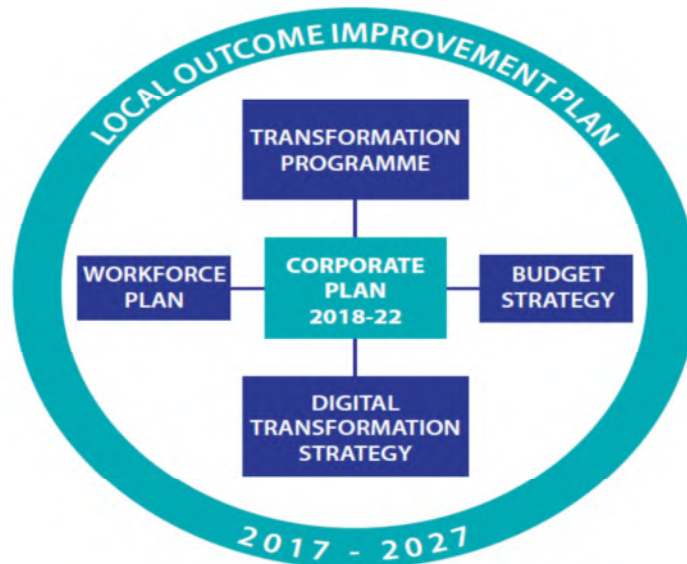
CLACKMANNANSHIRE COUNCIL ANNUAL ACCOUNTS 2021/22 Management Commentary

Strategic Management and Statutory Post Holders



CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Management Commentary

The “**Local Outcomes Improvement Plan (LOIP) 2017-2027**” sets out the vision of the Clackmannanshire Alliance for the 10 years to 2027 and builds upon the successes of our previous plan the Single Outcome Agreement for Clackmannanshire 2013-2023. A central theme of this Plan is a joint commitment to tackling the inequalities that exists in Clackmannanshire as a result of poverty and socio-economic disadvantage.



The LOIP was developed by the Clackmannanshire Alliance and sets out the ambitions for change for Clackmannanshire over the period to 2027. This plan sets out the commitment to reducing inequality and renewed focus to work together to secure better outcomes for Clackmannanshire. In developing the LOIP, the Alliance chose to focus collective efforts on a core set of priorities based on discussions with partners and communities so that the plan is based on a sound understanding of local need and circumstances. The LOIP is supported by four long term strategic outcomes which drive the direction of the strategic partnership:

Strategic Outcomes for Clackmannanshire

- 1** Clackmannanshire will be attractive to businesses and people and ensure fair opportunities for all.
- 2** Our families; children and young people will have the best possible start in life
- 3** Women and girls will be confident and aspirational, and achieve their full potential.
- 4** Our communities will be resilient and empowered so that they can thrive and flourish.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Management Commentary

For clarity and consistency the Alliance chose to develop these locality plans based on the three priorities that have been identified for Clackmannanshire. Investing the collective resources and efforts on these three areas aims to enable the partnership to secure the best outcomes for Clackmannanshire over the 10 year plan.

Locality Priorities for Clackmannanshire



Each community planning partner in Clackmannanshire is committed to these priorities and reflects these in their own strategic plans to ensure all efforts drive improved outcomes for Clackmannanshire, particularly in light of the challenges that partners face over the period to 2027.

A review of the LOIP is underway and a plan for refreshing this to reflect the Council and Alliance commitment to developing a wellbeing Economy has been agreed with Alliance partners. The revised LOIP is expected to be presented to Council in the first quarter of 2023/24.

More detailed analysis can be found in the full LOIP at:
<https://www.clacks.gov.uk/community/loip/>

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The Corporate Plan

The current Corporate Plan covered the period 2018-2022 and was approved by Council in December 2018, entitled 'Be the Future'. This plan set out the Council's vision, priorities and values against which all aspects of the Council's work will be measured and aligned. The vision is focused on collaboration, inclusive growth and innovation. The Corporate Plan is due to be refreshed in Spring 2023 following the update of the LOIP as noted above.

Over the last three years there has been considerable investment in creating the conditions which allow us to set out ambitious longer term plans to transform the way in which public services are delivered in Clackmannanshire. These ambitions are integrated with the development of our longer term financial planning approach which took a significant step forward in 2021/22 with the establishment of a 20 year capital budget, organised around the Council's Be the Future Programme priorities. This plan was reviewed as part of the 2022/23 budget process and will be reviewed going forward on an annual basis as part of a rolling 20 year plan.

'Be the Future' sets out a streamlined range of corporate priorities and outcomes fully aligned with the LOIP detailed above. The vision and streamlined priorities aim to provide a much clearer focus for Council investment and delivery.

'Be the Future' – Corporate Values

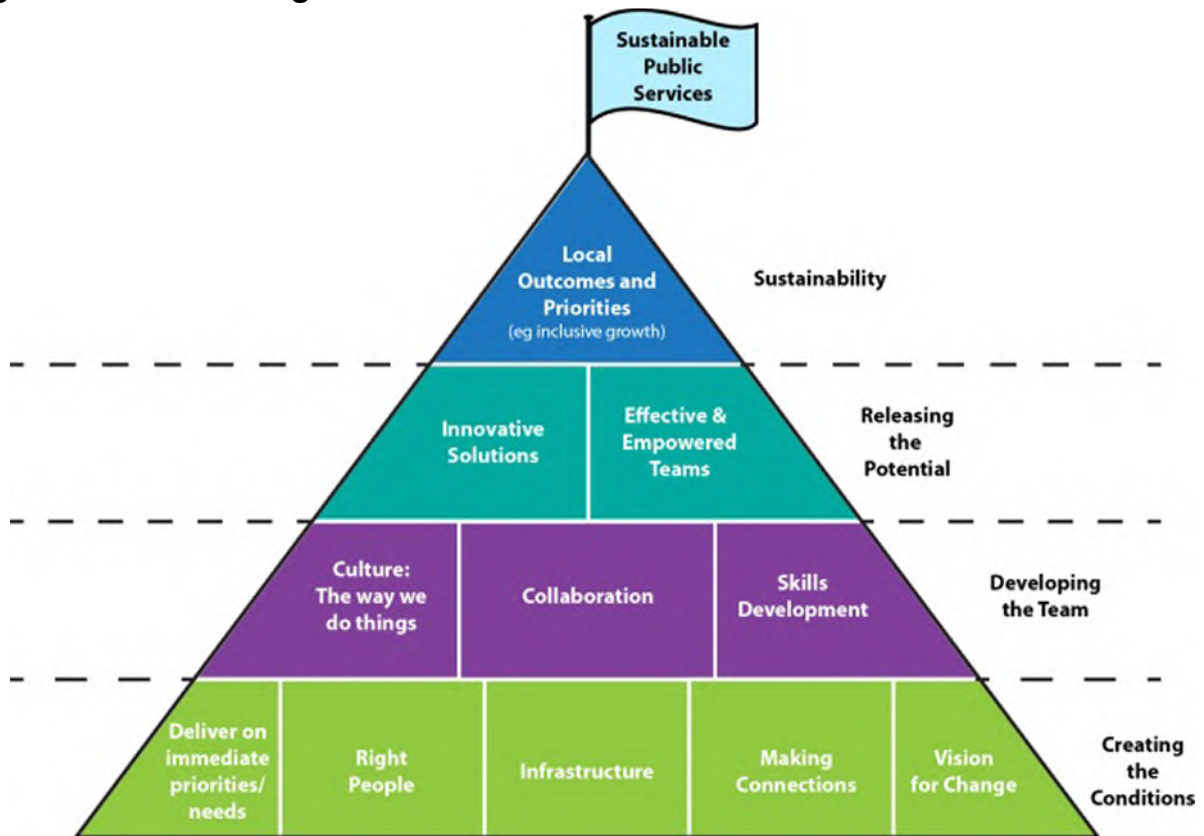
Values	Descriptor
Be the customer	Listen to our customers; communicate honestly and with respect and integrity.
Be the Team	Respect each other and work collectively for the common good.
Be the Leader	Make things happen, focusing always on our vision and outcomes, and deliver high standards of people leadership and corporate governance.
Be the Collaborator	Work collaboratively with our partners and communities to deliver our vision and outcomes.
Be the Innovator	Look outwardly, be proactive about improvement and strive always for innovation and inclusive growth.
Be the Future	Work always towards ensuring that we deliver our vision and live our values, so that we become a valued, responsive Council with a reputation for innovation and creativity.

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Organisational Redesign

In 2019, Council agreed its approach to Organisational Redesign, establishing a framework and a supporting action plan to focus on how we improve and develop our organisation to support sustainable change. The Organisational Redesign Framework provides a clear basis from which Council monitors and evaluates progress and provides the opportunity for the refinement of planned activity based on learning, progress and feedback. The Framework comprises four key phases as can be seen in the diagram below, which need to be progressed to allow the Council to deliver medium to long term service and financial sustainability. The phases are not designed to be sequential but run concurrently.

Organisational Redesign Framework



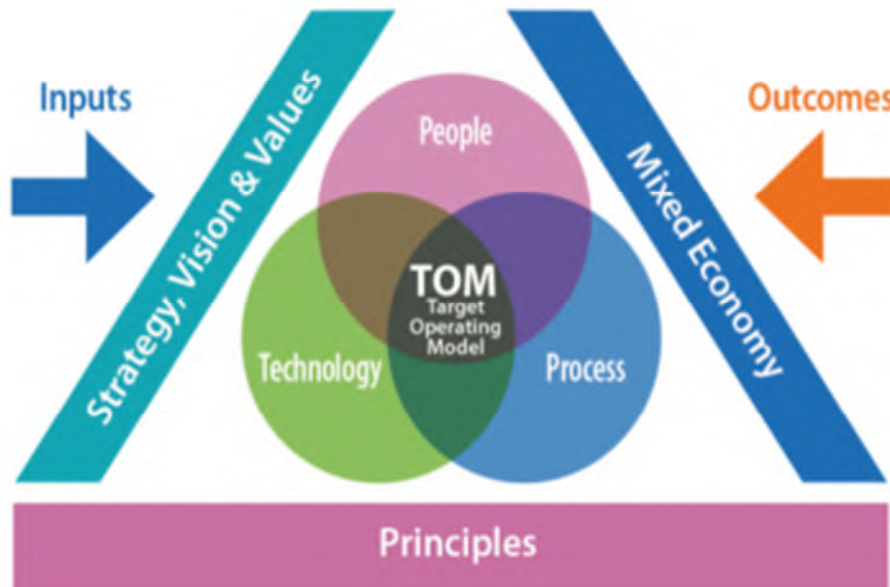
Work has been progressed to integrate and embed the Organisational Redesign Framework actions included within the Workforce Programme of activity however, recent progress has been disrupted due the Covid-19 pandemic.

In August 2022, Council agreed to establish a Target Operating Model (TOM) that will provide a consistent foundation and framework within which future organisational change and redesign can be developed and accelerated. The proposed TOM, set out in the diagram below, prioritises getting the basics right for the users of our services by placing the needs of residents, communities and businesses at the heart of Council decision-making. It also reflects a mixed economy model of service delivery, underpinned by objective analytical evaluations of the most effective ways of addressing customer needs, delivering outcomes, ensuring resilience in service delivery and securing financial

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sustainability. The TOM reflects the valuable learning gained through the period of the pandemic and will guide the organisation through the next stage of its Transformation journey.

Target Operating Model



The framework and activity set out above is therefore complementary to, and aligned with the Council’s Transformation Programme, the Be the Future Programme, which is also fully aligned and integrated with the Council’s other key strategic plans and priorities.

The 10 year Be the Future Programme incorporates the Be the Future Aims and has distilled our planned LOIP outcomes and Corporate Plan priorities into three Be the Future Programmes of activity:

- Sustainable Inclusive Growth;
- Empowering Families and Communities, and
- Health and Wellbeing.

The Be the Future Aims and Programme themes are set out in the diagram on page 12.

Since the production of the Be the Future Plan, which was agreed as part of the 2020/21 Budget Process in February 2020, the case for change remains compelling and has gathered renewed focus. In developing the Be the Future Plan, significant effort was invested in seeking to integrate vision and priorities across these key strategic planning documents. This was a conscious aim of seeking to simplify and streamline the planning framework whilst ensuring strategic alignment of the key strategic planning elements: creating a Golden Thread that ensures that there is a consistent core and focus on priorities and outcomes, and which allows resources to be targeted effectively. There is, therefore, an existing agreed set of strategic priorities and outcomes.

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However, a key design feature of our transformation work has been the commitment to be innovative in how we do things and not just what we do. There is a shared commitment to the principle that how we do things is just as important as what we do. To date this element has not been as well developed or implemented as was originally planned.

A significant impact of the Covid-19 pandemic is that work planned to raise awareness, take feedback and communicate ambitions in respect of these ambitions was significantly curtailed with only a small number of staff and stakeholder sessions taking place as resources were redeployed to support critical civil contingencies activities. In recognition of this, Council agreed at its meeting in August 2022, to the preparation of a consultation and engagement strategy to take this work forward looking at both short and long term activities.

Further detail on both the TOM and the Consultation and Engagement Strategy can be found in the following document:

<https://www.clacks.gov.uk/document/meeting/1/1150/7366.pdf>

Be the
Future



**Clackmannanshire
Council**

Aims and Programme Themes

Aims	We will transform our organisation and approaches
<p>to:</p> <ul style="list-style-type: none"> ● empower people and places to improve their wellbeing, skills and prosperity; <p>and</p> <ul style="list-style-type: none"> ● ensure that environmental, social and financial needs of our people and places are met and that future generations thrive. 	
Sustainable Inclusive Growth	We will take steps to tackle poverty and inequality. We aim to maximise the opportunities for local people and businesses through our improved economic performance. We will also establish standards, delivery models and strategies which allow Clackmannanshire to play a leading role in meeting the climate challenge and protecting our built and natural environment.
Empowering Families & Communities	We will place people at the heart of service delivery. We aim to prioritise service users, family and community participation and leadership in developing and delivering solutions. We will work in partnership to build individual; family and community skills in support of social and financial independence.
Health & Wellbeing	We aim to improve the environment, quality of life and ease of access to services. Enhanced wellbeing will also provide greater participation opportunities as a consequence of improving economic performance in Clackmannanshire. Delivering increased wellbeing also aims to promote equitable growth.

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Financial Planning

Changes in public sector funding have been a key issue facing all Councils for a number of years and this will continue to impact on what Councils do and how they do it. While the financial context is challenging, such challenging times also provide significant opportunities for real improvement. The Council and its partners are working in a more collaborative way by pooling their collective resources to be more efficient. Similarly, legislative changes are making it easier for communities to become more involved in finding solutions and engage more directly in service delivery.

The Council is continually reviewing its processes and procedures and financial planning continues to adapt to the changing economic climate. Regular medium term financial planning information is reported to Council via Budget Strategy Update reports to ensure that its policy, investment and financial decisions are informed by the wider financial context.

The Council's approved Budget Strategy sets out the planning assumptions and indicative savings figures for a rolling four year period. The Strategy focuses on a framework which aims to:

- reduce expenditure;
- maximise income;
- transform service provision, including more joint working, and
- implement other targeted initiatives to deliver high quality services from a sustainable cost base.

The 2022/23 Budget Report approved by Council in March 2022 presented a financial planning scenario which indicated a potential funding gap of £11.3m for 2023/24 rising to a cumulative gap of £33m by 2027/28. This is clearly a challenging position but one which also provides significant opportunities to look at how services are delivered by the Council and in conjunction with its partners.

Over the last four years the Council has achieved £15m of savings with a further £2m approved for 2022/23. Continually achieving savings year on year is challenging, however in 2021/22 the Council achieved £1.8m (84.5%) of the £2.1m planned savings approved in the 2021/22 budget. As noted above, the Council still faces a significant funding gap of £33m over the next five years, with any unachieved savings and use of one off reserves adding pressure and increasing the gap in future years.

During 2021/22, Chief Officers worked closely with the members of each political Administration to develop savings proposals which were included in the 2022/23 budget setting process. The budget preparation process considers both the capital and revenue implications of change proposals for financial planning purposes. The resultant proposals are focused on delivering services that are financially sustainable and manage changing profiles of demand and service user expectations.

The budget process was also supported by the Be the Future Board set up to focus on

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transformation. The Board is made up of members of the Administration and the two opposition groups along with Senior Officers. The Board supports the development and progress of the transformation programme and reviews transformation and savings proposals.

Although the financial position is difficult, the management team believe that the continuation of the approved Be the Future Transformation Programme and the more recent Target Operating Model (TOM) to underpin Organisational Redesign will ensure the Council remains financially sustainable. The financial position presented in these Annual Accounts provides a platform from which to address the challenging times ahead and support the necessary transition to new, more efficient models of service delivery for the future and achieve the Be the Future aims.

Health & Social Care

The Council is part of the Clackmannanshire and Stirling Health and Social Care Partnership (HSCP) along with Stirling Council and NHS Forth Valley. 2021/22 has been another extremely challenging year for the Partnership as it deals with the pandemic on a frontline basis.

Similarly to the Council, funding was made available by the Scottish Government to offset the financial pressures due to Covid-19 during the year. As a result, the reserves of the Integrated Joint Board (IJB) at 31 March 2022 significantly increased from £14.2m to £28.5m, with £13m of this due to further Covid-19 funding provided by Scottish Government in February 2022 including the funding package for Winter Health and Social Care.

Covid-19 funding was expected to be utilised during 2022/23, however early monitoring forecasts indicated that not all the funding would be required. As a result the Scottish Government has set out to clawback any unused funding based on Month 8 forecasts which amounts to £8.1m. A year-end reconciliation based on expenditure to 31 March 2023 will be carried out and may adjust this figure if materially different.

Further information on the Clackmannanshire and Stirling Health and Social Care Partnership can be found at the following webpage:

<http://nhsforthvalley.com/about-us/health-and-social-care-integration/clackmannanshire-and-stirling/>.

City Region Deal

The Council is actively delivering ambitious plans in a joint City Region Deal with Stirling Council and Stirling University. Both Westminster and Scottish Governments have been working closely with the city region partners to develop proposals to unlock investment and secure transformational growth in the regional economy. Focus is on key priorities such as socially-inclusive growth; enabling infrastructure (such as roads, social housing and schools); business development opportunities; town centre regeneration; tourism; employability support and renewable energy.

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In the case of Clackmannanshire initial priorities were informed by a series of Stakeholder Workshops and refined as part of the joint-working with Stirling Council and both Governments to form a coherent regional bid. Following further stakeholder engagement and approval by both Councils, including formal governance arrangements between the Councils, the 'Heads of Terms' was agreed in June 2018 and full deal sign off was achieved in February 2020.

The Covid-19 pandemic has had an impact on the deliverability of the initial City Region Deal plan and a revised delivery plan was presented to the Scottish and UK governments. The Partnership are now working towards that plan with regular updates provided to the Stirling & Clackmannanshire City Region Deal Joint Committee.

Further information about the City Region Deal can be found here:

<https://www.clacks.gov.uk/citydeal/>

Performance

The context in which the Council operates is ever-changing and as contexts change, it is important that the Council is able to change with them, to make sure it is doing everything it can to improve people's quality of life and to make Clackmannanshire a better place to live and work.

The Council monitors and measures its performance in a number of ways, including:

- review of Local Outcome Improvement Plan (LOIP) performance which is scrutinised by both the Alliance and the Audit & Scrutiny Committee;
- review of the Corporate Plan, which is reported to the Council;
- progress of the Council's Be the Future Transformation programme, through update reports to Council and Trade Union Forums;
- annual reporting of the Local Government Benchmarking Framework to the Audit & Scrutiny Committee;
- Quarterly reporting of service performance and risks and the Council's overall financial reports being presented to the Audit & Scrutiny Committee;
- reporting of corporate risks to the Audit & Scrutiny Committee every six months, and
- review of the Statement of Preparedness which covers those Emergency Planning risks set out in the Community Risk register and developed by the Forth Valley Local Resilience Partnership.

A progress report by the Accounts Commission on Best Value Assurance published in June 2019 recognised the positive progress being made by the Council since the previous report in 2018. The report also recognised the ongoing challenges in the ability to deliver financial sustainability and this framework will provide a basis on which the progress acknowledged by Audit Scotland can be evaluated. The report sets out a number of recommendations on which the Council has prepared an action plan to take forward and this work has continued during the 2021/22 financial year. Significantly, the themes and recommendations from the Best Value report have been embedded into the Be The Future Transformation programme and progress has been reported through regular update reports to Council.

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Local Government Benchmarking Framework

The Local Government Benchmarking Framework (LGBF) represents part of Councils' statutory duties for Public Performance Reporting, with the remaining duties fulfilled by other reports throughout the year and information presented on the Council's website.

The LGBF indicators have been grouped in line with the Councils Corporate Priorities. A summary of performance for each of these priorities is shown below with data in the most recent year available for each indicator. Further detail on each indicator can be found in the Corporate Plan Performance Report presented to the Audit & Scrutiny Committee in August 2022: <https://www.clacks.gov.uk/document/meeting/295/1151/7388.pdf>










Corporate Priority	Trend (comparison to previous)					Status (comparison to target)				
					Total					Total
Inclusive Growth, Jobs & Employment	7	1	11		19	10	1	5	3	19
Reducing Child Poverty	4		2		6	3		2	1	6
Raising Attainment	14	2	9		25	12	6	7		25
Sustainable Health & Social Care	5		6		11	7	1	3		11
Empowering Families & Communities	10		13	1	24	13	6	4	1	24
Organisational Transformation	7	3	5		15	13	2			15
Total (100 indicators so percentages the same)	47	6	46	1	100	58	16	21	5	100

Corporate Priority	Quartile (comparison to benchmarks)					Total Number of Indicators
Inclusive Growth, Jobs & Employment	6	5	5	3		19
Reducing Child Poverty	2	1		3		6
Raising Attainment	5	4	6	10		25
Sustainable Health & Social Care	4	2	2	3		11
Empowering Families & Communities	6	4	5	8	1	24
Organisational Transformation	6	2	5	2		15
Total (100 indicators so percentages the same)	29	18	23	29	1	100

Key:

Trend	Whether performance levels have improved or declined since the previous year. Though we cannot realistically expect to improve in all indicators, for each area, we must determine whether efficiency, effectiveness or satisfaction (or a balance of all three) is the priority, and set targets accordingly. Performance has improved Performance is consistent Performance has declined Missing data for previous or current year
Target/	The target set and whether it was met (within tolerance). This highlights areas requiring attention, while those achieving (or close to) target remain green.

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Status	 Meeting target or within 5%	 5 - 15% worse than target	 >15% worse than target	 No target (new measure or 'no service')
Rank/ Quartile	<p>Authorities' results are ranked best (1st) to worst (32nd) to support learning from strong performers. Rankings are grouped into 4 quartiles for a higher-level summary. If not all authorities report, there are fewer than 32 rankings so quartiles are smaller (such as Housing, not reported by 6 authorities due to differing arrangements). Minimising costs is a broad financial sustainability goal, however, this also represents investment, so spend may be higher in priority areas.</p>			
	 Top quartile - 1 st to 8 th place	 2 nd quartile - 9 th to 16 th	 3 rd quartile - 17 th to 24 th	 Bottom quartile - 25 th to 32 nd
				 No rank

The key highlights relating to the Council's performance from this data are:

- i) Performance improved or remained consistent in 53% of indicators, and 47% of our rankings were in the top half of Councils (1st and 2nd quartile).
- ii) 58% of indicators met the target or were within 5% of the target.

The Covid-19 pandemic has had a significant impact on performance varying across service areas. As the Council now moves from recovery, towards business as usual, our expectation is that performance across a number of key performance areas will improve. Examples of indicators that have moved significantly within the Councils priority areas are detailed below.

1 - Inclusive growth, jobs and employment

Within this area, performance was significantly impacted by the Covid-19 pandemic and lockdown restrictions. The number of unemployed people assisted into work via Council employability programmes was 9% compared to 14.6% the previous year, a reduction of 38%. The town centre vacancy rate has also risen by 81% to 13.6% as retailers respond to the challenges of the pandemic and the number of Business Gateway start ups fell 10% on the previous year and were below target.

The Council has a number of strategies it is progressing to improve employment and businesses opportunities in Clackmannanshire, including City Region Deal and through the National No One Left Behind (NOLB) employability agenda.

2 – Reducing Child Poverty

Despite significant challenges and high levels of deprivation, performance in a number of areas has improved. The cost of looked after children both in residential care and in the community has reduced for the third year running by 16% and 18% respectively and is below both the Council target and Scottish average. The number of children looked after in the community has also increased as we continue to build capacity, focusing on early intervention & family based services to support more children in local communities in line with the key aims of the Promise.

3 – Raising Attainment

Performance has improved across both the number of pupils gaining 5+ awards at levels 5 and 6 by 14% and 20% respectively. This is a particular area of focus for the Council with

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targeted interventions providing support in the most deprived areas, wider curriculum choice and partnership with Forth Valley College.

4 – Sustainable Health & Social Care

Delayed discharges and Readmissions increased by 89% and 46% respectively. Performance in this key area has been challenging during the pandemic and related crisis within care services.

5 – Empowering Families & Communities

The cost of Environmental Health per 1,000 population increased by 21% mainly due to additional focus on enforcing regulations to control the spread of the Covid-19 virus. The service is now transitioning to resume full prepandemic duties.

The cost of refuse collection per household has reduced significantly by 24% as a result of operational efficiencies including the replacement of ageing vehicles resulting in fewer breakdowns and delays.

6 – Organisational Transformation

The average number of working days lost through sickness absence has reduced by 25% to 10.1 days. During the period 2020/21 the Covid-19 pandemic contributed to a reduction in short term absences. Longer term absences continue to be managed through the Council's maximising attendance processes.

LGBF data for all Scottish local authorities is published by the Improvement Service at the start of each calendar year on the 'My Local Council tool' which can be accessed through the following link: <http://scotland.mylocalcouncil.info/>.

Public Performance Reports

A wide range of Public Performance Reports are available by following the link to the Council's website (www.clacks.gov.uk). Regular service performance reports also contain details of both service and financial performance, the most recent reports can be found at: <https://www.clacks.gov.uk/council/performance/>

Financial Performance 2021/22

The Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom with the objective of presenting a true and fair view of the financial position of the Council and its income and expenditure for the year ended 31 March 2022. A brief explanation of each statement and its purpose is provided at the beginning of each statement. The main statements appear in the accounts followed by a series of additional statements to give the reader a full analysis of the funding received and how this is spent. The Expenditure and Funding Analysis (Note 6) brings together the net expenditure based on the management reporting structure and compares this against the net expenditure that is reported in the Comprehensive Income and Expenditure Statement in line with the Accounting Framework.

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Within the General Fund, against the background of reducing resources, in 2021/22 the Council has successfully delivered services within budget, which included utilisation of £1.1m of capital receipts. This position, along with consideration of the reserves utilised during the year, results in an increase in General Fund reserves of £3.9m to £23.9m (2020/21 £20.0m). Of this total, £17.9m (2020/21 £13.5m) is earmarked for specific purposes, leaving £6.1m of uncommitted reserves.

The Council has a material interest in a number of bodies and prepares group accounts which include its appropriate share of these entities assets and liabilities. The group accounts can be found at the end of these statements, with details of the entities within the group.

Key Financial Ratios

The Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance Section recommends that certain financial ratios are included in the Management Commentary to assist the reader to assess the performance of the Council over the financial year and of the affordability of its ongoing commitments. The following table provides the indicators with an explanation of each, grouped into CIPFA categories for the various areas of financial activity.

Financial Indicator	Notes	2020/21	2021/22
Reserves			
Uncommitted General Fund Reserve proportion of Net Actual Expenditure	1	4.89%	4.28%
Movement in the Uncommitted General Fund Balance	2	3.68%	(6.26%)
Council Tax			
In-year collection rate	3	94.80%	96.00%
Ratio of Council Tax Income to Overall Level of Funding	4	17.16%	17.25%
Actual Outturn compared to Budgeted Expenditure	5	93.15%	92.52%
Actual contribution to/(from) Unallocated General Fund Balance compared to Budget		2.0%	1.9%
Capital Financing Requirement (CFR) for the current year	6	£143.2m	£144.8m
External Debt Levels for the current year		£139.2m	£137.9m
Ratio of financing costs to net revenue stream		4.68%	3.74%

- 1 *Reflects the level of funding available to manage financial risk/unplanned expenditure. The Council's Policy for 2021/22 was 3% of net expenditure which is considered appropriate in the context of the Council's financial and ongoing risk profile, however this was reduced to 2.4% for 2022/23 in light of current financial volatility.*
- 2 *Reflects the extent to which the Council is using its Uncommitted General Fund Reserve. The movement is due to in-year underspend and an increase in committed reserves following a review of requirements reducing uncommitted reserves balance from 2020/21.*
- 3 *Reflects the Council's effectiveness in collecting Council Tax debt and financial management.*

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- 4 Reflects the Council's capacity to vary expenditure by raising Council Tax income, the only principal source of finance within Local Authority control.
- 5 How closely expenditure compares to the budget is a reflection of the effectiveness of financial management. This indicator is based on the format of budget monitoring as reported throughout the year.
- 6 External debt levels are lower than the CFR. These two indicators complement the assurances of borrowing only being for capital purposes. The ratio of financing costs to net revenue stream provides an indication of the Council's ability to service the borrowing costs.

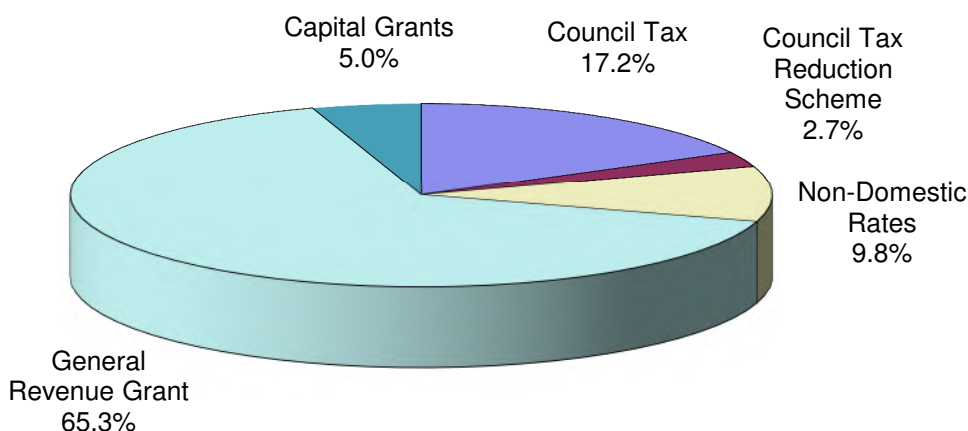
General Fund Results for the year

The General Fund covers all the areas of the Council's service provision with the exception of the management of its own housing stock which is covered within the Housing Revenue Account (HRA). General Fund services are financed by government grant and local taxation (i.e. council tax).

The largest source of funding the Council receives is the General Revenue Grant received from the Scottish Government including Non-Domestic Rates (NDR) which amounted to £104.3m for 2021/22, (2020/21 £102.9m). NDR income is collected by local authorities, and remitted to the Scottish Government, where it is pooled nationally, and re-distributed back to Councils within the General Revenue Grant. (This is described in more detail in the National Non Domestic Rates Income Account on page 157).

Income from Council Tax in 2021/22 was £24.0m (2020/21 £23.6m). Funding was also received from the Scottish Government for the Council Tax Reduction Scheme for which the Council received income of £3.7m (2020/21 £3.7m). In 2021/22 capital grants totalled £7.0m (2020/21 £7.6m). The proportions of funding received by the Council in each of these categories are shown in the following chart and table:

Proportion and source of funding received in 2021/22



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Sources of Income	2020/21		2021/22	
	£'000	%	£'000	%
Council Tax	23,638	17.1	23,974	17.2
Council Tax Reduction Scheme	3,667	2.7	3,714	2.7
Non-Domestic Rates (plus BRIS)	10,757	7.8	13,650	9.8
General Revenue Grant	92,238	66.9	90,682	65.3
Capital Grants	7,558	5.5	6,997	5.0
	137,858	100.0	138,997	100.0

Revenue and Capital Expenditure

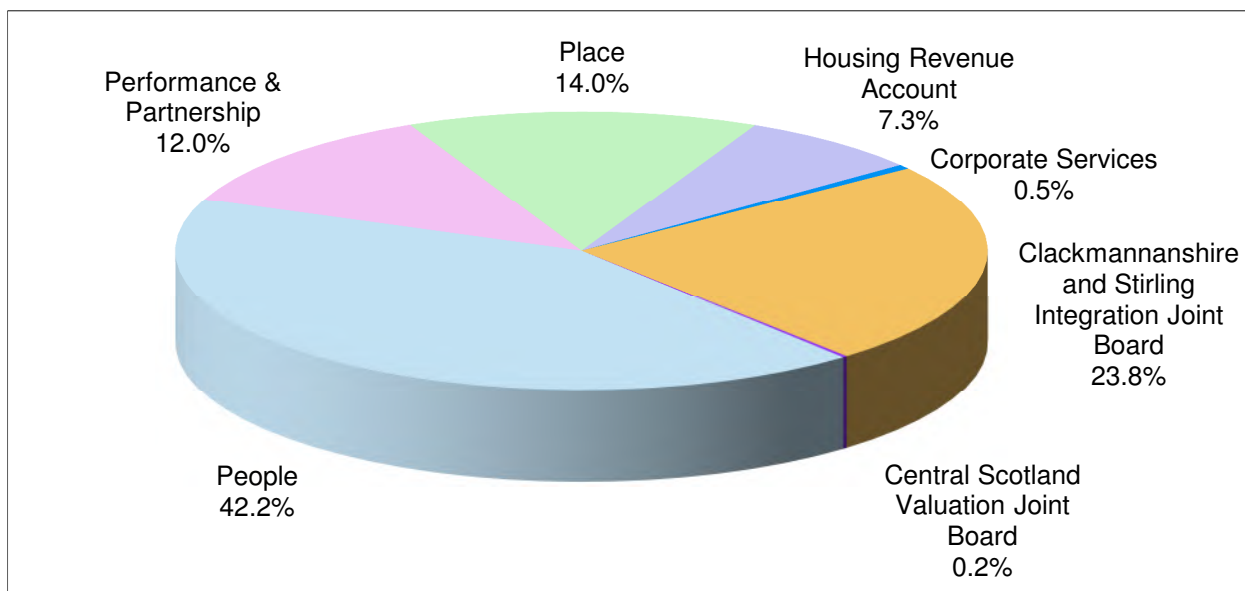
The Council's expenditure is split between the categories of revenue and capital. In broad terms expenditure for revenue purposes are costs associated with the day-to-day operation of services such as employee costs and supplies and services. In contrast, capital expenditure relates to costs incurred on the acquisition or creation of tangible assets needed to provide services, such as houses, schools, vehicles etc.

Revenue Expenditure

Proportion of 2021/22 Revenue Expenditure by Service

In 2021/22 the total operating expenses for service delivery was £244m (2020/21 £220m) as detailed in Comprehensive Income and Expenditure statement on page 76. This level of expenditure indicates the significant size and complexity of the organisation.

The chart below shows the expenditure apportioned by portfolio, with the People portfolio having the highest level of spend.



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Outturn Position

At the end of the year, the Council reported an underspend of £11.095m on its management accounts. This is a favourable increase of £11.113m on the previously forecasted overspend of £0.018m as at October 2021 reported to Audit Committee in February 2022. Included within the final underspend is a number of earmarked underspends for areas of ring-fenced spend such as Pupil Equity Funding (PEF), Devolved School Management (DSM) and Early Learning and Childcare (ELC), that are not recognised until the year end. These underspends are then carried forward to be used in the following year. After removal of earmarked reserves, this results in a net underspend of £2.869m compared to budget that contributes to reserves.

At the end of 2021/22, the Clackmannanshire locality of the HSCP reported an underspend of £1.493m. However, the final outturn reflects a nil variance as the Council's full approved budgeted contribution for 2021/22 is paid over to the Partnership which contributes to the overall financial position of the Partnership and is carried forward within reserves for utilisation in 2022/23.

The outturn position per the Management Accounts per portfolio area as reported to Committee is shown below:

Council Summary 2021/22			
	Annual Budget 2021/22	Actual to Mar-22	Variance Budget to Actual
	£'000	£'000	£'000
People	74,405	72,412	(1,993)
Place	31,331	26,037	(5,294)
Partnership & Performance	10,460	10,475	15
Transformation	337	212	(125)
Health & Social Care Partnership	21,583	21,583	-
Corporate Centrally held	3,796	1,099	(2,697)
Corporate Services	5,915	5,235	(680)
Central Scotland Valuation Joint Board	445	445	-
	148,272	137,498	(10,774)
Sources of Funding	(139,799)	(140,120)	(321)
	8,473	(2,622)	(11,095)

The Council Summary presents the expenditure of general fund services which are funded by government grant and local taxation. The Comprehensive Income and Expenditure Statement on page 76, which also includes the Housing Revenue Account is prepared in accordance with proper accounting practices and, as such, can lead to differences in presentation of certain items of expenditure.

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The table below reconciles the Council Summary to the (Surplus) or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis in Note 6 on page 100.

	Note	£000
Council Summary		(2,622)
Add (Surplus) chargeable to HRA balances		(2,247)
Add contribution to Insurance Fund		26
(Surplus)/Deficit chargeable to GF & HRA Balances	Note 6	(4,843)
Adjustments between Funding & Accounting basis	Note 6	22,987
(Surplus) or Deficit on Provision of Services	Note 6	18,144

Council Reserves

The overall position on Council's Usable Reserves is shown in the table below:

2021/22 Summary of Council reserves

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Insurance Fund £'000	Capital Grants & Receipts Unapplied £'000	Total £'000
As at 1 April 2021	(20,025)	(7,610)	(1,333)	(1,276)	(2,850)	(33,094)
Comprehensive Income & Expenditure	16,324	(1,530)	-	-	-	14,794
Adjustments between funding & accounting basis	(18,918)	(719)	(943)	-	(198)	(20,778)
Transfers	(1,353)	307	1,475	26	(254)	201
As at 31 March 2022	(23,972)	(9,552)	(801)	(1,250)	(3,302)	(38,877)

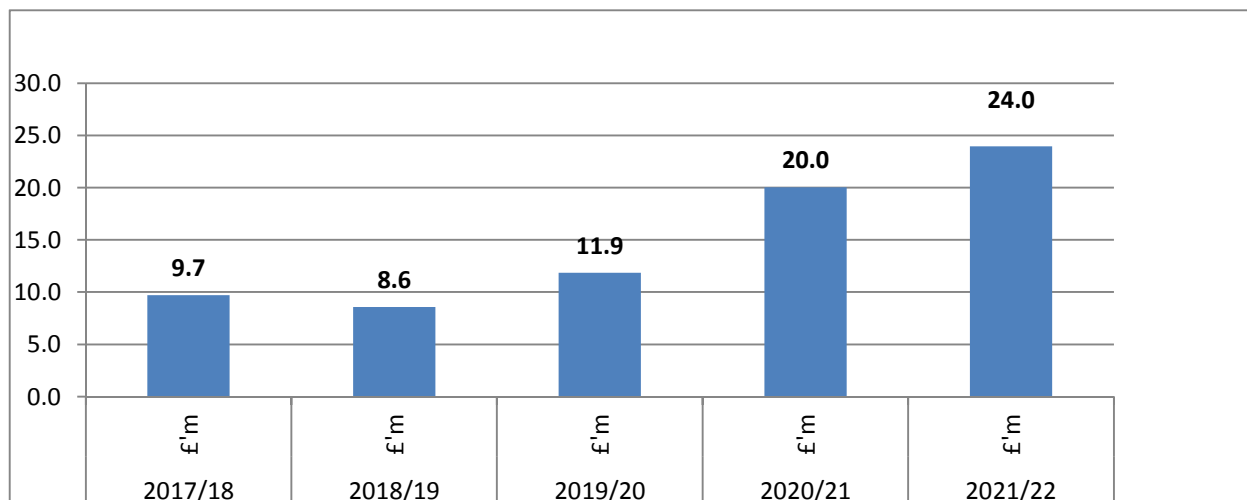
Total usable reserves have increased to £38.9m (2020/21 £33.0m) at 31 March 2022. A comprehensive analysis of the Council's reserves is provided in the Movements in Reserves Statement on page 77 and supporting notes.

Total Usable Reserves

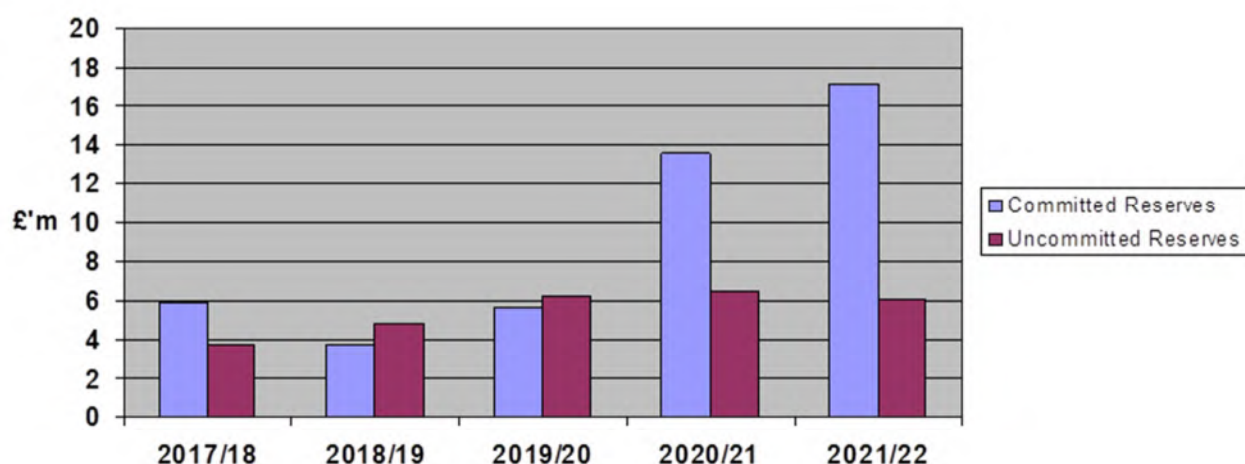
In 2021/22 the General Fund reserve has increased to £24.0m (2020/21 £20.0m). For the five years from March 2018 to March 2022 total General Fund reserves have increased by £14.3m or 146.8%. The large increase between 2019/20 and 2020/21 is mainly due to additional Covid-19 funding received in 2020/21 that has been carried forward to 2021/22 to fund future Covid-19 pressures and although utilised, further additional funding was received in 2021/22 that has also been carried forward.

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Total General Fund Reserves 2017/18 to 2021/22



Level of Committed and Uncommitted General Fund Reserves 2017/18 to 2021/22



Committed (Earmarked) General Fund Reserves

Of the £24.0m general fund reserves, £18.0m is earmarked for specific purposes, either by individual services or to meet corporate liabilities. The committed balance can be summarised as follows:

	2020/21	2021/22
	£'m	£'m
Devolved School Management	(0.4)	(0.6)
Organisational Change Fund	(0.3)	(0.2)
Employment Fund	(1.0)	(0.9)
Pupil Equity Funding (PEF)	(0.6)	(0.7)
Early Learning & Childcare (ELCC)	(0.3)	(0.2)
Education Covid-19 recovery	(1.5)	(0.5)

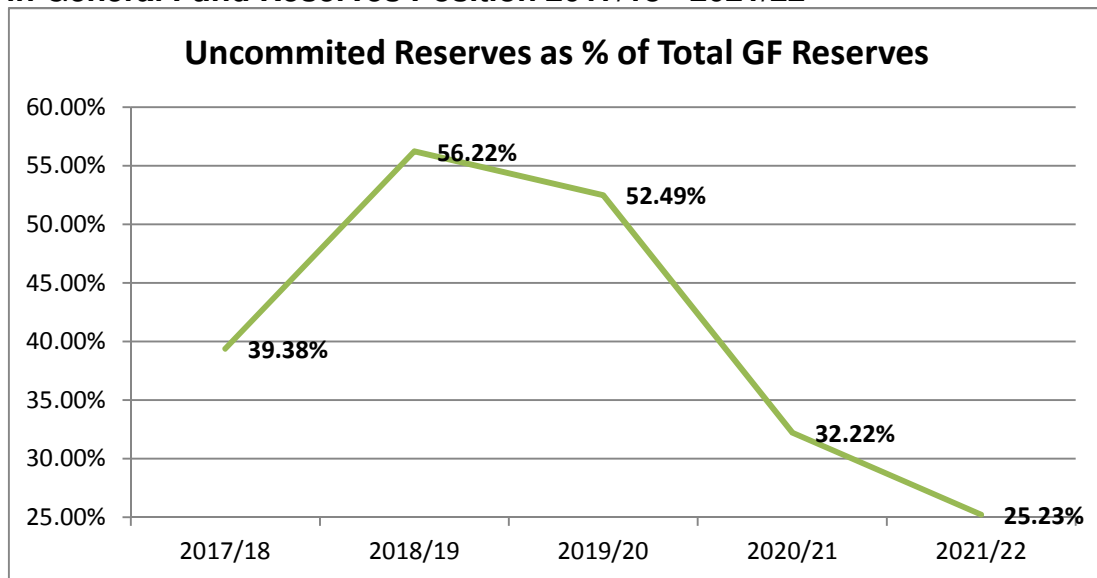
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Contractual repairs & maintenance	(0.1)	(0.3)
Ring-fenced Housing Grants	(0.8)	(1.0)
Transformation Fund	(1.8)	(1.8)
Other Miscellaneous Commitments	(0.8)	(2.2)
Covid-19 General Funding	(1.3)	(2.6)
Covid-19 Specific Funding	(2.4)	(1.3)
Amount to support Revenue Budget	(0.9)	(3.9)
Earmarked for general purpose 21/22 budget	(1.2)	-
Specific employability funding	-	(0.8)
Developer Contributions	(0.1)	(0.9)
Net Committed Reserves	(13.5)	(17.9)

The uncommitted element of General Fund Reserves at 31 March 2022, which are generally available to support future expenditure, stood at £6.0m (2020/21 £6.5m). The Council's Reserves Strategy stipulates that it should retain uncommitted general fund reserves at a minimum level of 2.4% of net expenditure. The current general fund reserves represent a level of 4.3% (2020/21 4.9%) of the 2022/23 net budgeted expenditure.

The movement in the Council's uncommitted reserves position compared to total General Fund reserves since March 2017 is shown below:

Trend in General Fund Reserves Position 2017/18 - 2021/22



Capital Expenditure

The Council invested £16.415m (2020/21 £17.939m) in capital projects during the year, the table below shows some of the main projects:

	2020/21	2021/22
	£'m	£'m
IT Investment	1.204	1.145
School Development	0.478	0.540

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Tullibody South Campus	0.572	0.512
Park Primary Development	0.846	1.881
Kilncraigs Business Premises Renovation Allowance (BPRA) scheme	4.906	-
Street lighting	0.257	0.205
Clackmannanshire Regeneration	0.038	0.718
Village & Small Town Alva	-	1.039
Bowmar Community Hub	-	0.598
Roads, foot paths, cycleways etc.	2.932	1.917
Fleet Vehicles	1.624	0.577
Housing – new build and off the shelf purchases	0.827	0.607
Housing - replacement of kitchen/heating	0.535	1.408
Housing - replacement of roofs/windows	2.039	1.928
Other Projects	1.681	3.340
	17.939	16.415

The Prudential Code for Capital Finance in Local Authorities governs the level of capital expenditure taking into account affordability, sustainability, the management of assets and the achievement of strategic objectives. Capital spending in 2021/22 on General Fund Services (including operational Common Good properties) was £10.659m (2020/21 £13.647m) and on Housing was £5.756m (2020/21 £4.292m).

Expenditure	£'m	Financed by	£'m
Community Investment Strategy	4.263	Government grant & contributions	7.037
Property Asset Management Strategy	2.190	Capital financed from revenue Borrowing	5.429
			3.949
Roads Asset Management Strategy	2.268		
Housing Business Plan	5.755		
Lands Assets Management Strategy	0.217		
Fleet Asset Management Strategy	0.577		
IT Asset Management Strategy	1.145		
	16.415		16.415
Capital programme underspend	10.393		
Capital Budget	26.808		

During 2021/22 the Council invested £16.415m in Capital projects, £16.358m of this expenditure was on Council assets and £0.057m was granted to third parties including Common Good. Capital expenditure in the year has been financed by: government grants and contributions (£7.037m) and direct revenue funding (£5.429m) leaving a balance of (£3.949m) which was financed from borrowing.

At the end of the year there was an overall underspend of £10.393m on the budgeted programme. £7.155m of this related to the general fund and was mainly due to delays as a consequence of lockdown and the resulting rephasing of spend on large projects spanning

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multiple financial years such as: School Estate £1.316m, digital infrastructure projects £1.808m, Clackmannan Regeneration £0.890m, Town Centre Regeneration £0.455m, City Region Deal £0.414m and delays in the delivery of purchased vehicles £0.547m. The underspend on the HRA capital programme of £3.238m is mainly due to window replacement £0.911m and new build projects £0.996m that were delayed due to lockdown restrictions, contractor availability and supply chain issues. The unspent budget due to rephasing will be carried forward to 2022/23.

In recent years the total capital budget has not been fully utilised and 2021/22 continues that trend. In 2021/22, however, the underspend reduced to 38.8% (2020/21 43.5%) of the budgeted spending level, and it is hoped that projects will continue at pace in 2022/23. Work continues to refine the capital planning process and to develop a capital strategy to ensure delivery of the Council's 20 year Capital programme for 2022/23 onwards in line with the Be the Future transformation programme and service asset plans.

Capital Receipts, Grants and Contributions

Receipts held in the capital receipts reserve at 31 March 2022 total £0.801m. £0.046m of these receipts are earmarked to support the continuation of the Council's organisational redesign programme to fund the statutory element of voluntary severance.

Receipts of £3.302m were held in the Capital Grants & Receipts Unapplied Reserve at 31 March 2022. Of this balance £1.321m is earmarked for the Be the Future Fund. The remaining balance is to be applied against specific projects in line with the conditions of the grants.

Housing Revenue Account

The Housing Revenue Account, which funds the provision of Council housing, achieved a surplus in the year on the management accounts of £7.2m against a budgeted surplus of £5.6m. From this surplus a revenue contribution to capital of £5.3m was made in accordance with the Housing Business Plan to maintain the Scottish Housing Quality Standard and the Enhanced Clackmannanshire Standard.

This has resulted in an increase of £1.9m to reserves at the year end, as shown in the Movement in Reserves Statement. Working balances available to the Housing Revenue Account have therefore increased to £9.6m as at 31 March 2022. This balance will continue to be earmarked to support the delivery of the Housing Business Plan in line with the Council's approved strategy.

A further £5.8m was invested in the housing stock over the year. This builds on previous investment commitments and continues to sustain and consolidate the Council's position in terms of compliance with the Scottish Housing Quality Standard. The government introduced the new Energy Efficiency Standard for Social Housing (EESH) with compliance required by December 2020. A further milestone has been set for December 2032 which will be formally reviewed in 2025 to assess progress.

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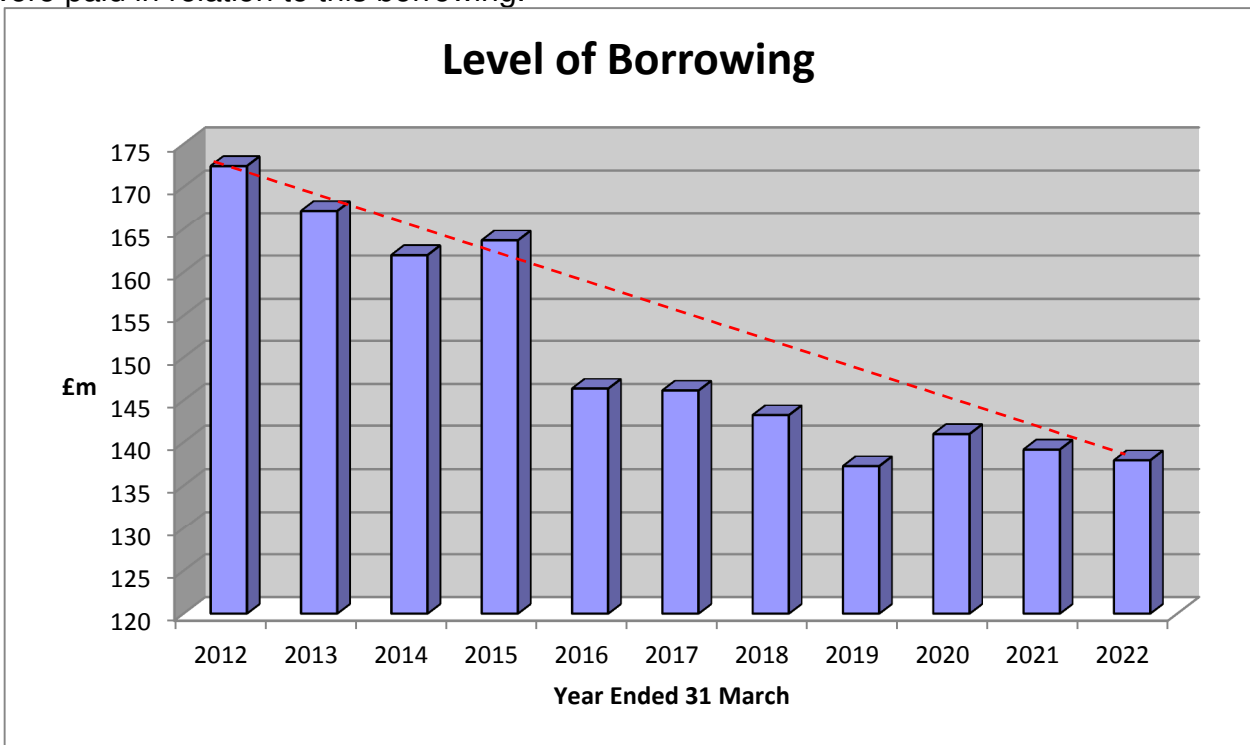
Debt

The Council's gross external debt as at 31 March 2022 which supports its investment and development of long-term assets totals £137.9m and consists of:

	2020/21	2021/22
	£m	£m
External Borrowing	101.319	101.247
PFI and other finance leases	37.845	36.672
	139.164	137.919

This is a decrease of £1.3m on the previous year's external debt position of £139.2m. This movement is made up of repayments on borrowing of £0.072m and repayments were made to PFI and other Finance leases of £1.173m. The Council continues to work towards reducing overall external debt in line with its policy set out in the Treasury Management Strategy.

In the year, £8.6m (2020/21 £8.8m) external interest and principal repayments of £1.2m were paid in relation to this borrowing.



Overall there has been a reduction in cumulative external debt of 20.2% between 2012 and 2022, showing that over the longer term the Council is not increasing its level of debt to finance its capital programme. Repayments towards PFI liabilities also continue to reduce the Council's overall level of external debt on an annual basis.

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In line with the Prudential Code and Treasury Management Strategy any borrowing undertaken is required to be prudent, affordable and sustainable. As at 31 March 2022 the Council was in an under-borrowed position which meant that its level of borrowing was less than its capital expenditure. Further detailed information including performance indicators can be found in the Council's Annual Treasury Management Strategy Statement (TMSS) 2021/22 set by Council on 24th March 2021.

Secondary Schools PFI Scheme

Following the introduction of revised Financial Reporting arrangements introduced in 2009/10 for PFI projects, the Council's three new secondary schools are recorded within the long-term assets of the Council, along with a liability for the financing provided by the PFI operator. The outstanding finance liability at March 2022 is £36.672m and this sum is included within the Council's overall borrowing position referred to above.

The unitary charge paid to the operator in 2021/22 was £8.570m (2020/21 £8.477m) and will increase annually by inflation over the 30 year term of the contract. The Scottish Government provides additional funding towards the project of £3.553m per annum. The total cost of the contracted project is set out in Note 33 – Private Finance Initiative and Similar Contracts on page 139.

Net Pension Liability

Pension Fund reporting regulations require an annual valuation by fund actuaries. The calculation at 31 March 2022 disclosed a deficit of £88.9m (2020/21 deficit £151.7m). The calculation is prepared for the purposes of International Accounting Standard 19 (IAS 19) reporting requirements and is not relevant for funding purposes i.e. does not have a direct impact on council tax or housing rent payers. This is simply a snapshot of the position at that time.

The latest long-term triennial funding valuation of the Pension Fund for the purpose of setting the employers' actual contributions was at 31 March 2020. In line with the valuation and actuarial advice, the employers' contribution rates remained the same for 2021/22 and 2022/23 and were increased by 0.5% for 2023/24. Employers' contribution rates for 2024/25 and beyond will be reviewed following conclusion of the next triennial valuation as at 31 March 2023.

Provisions

Provisions are made where an event has taken place which creates a legal or constructive obligation that more likely than not requires some form of transfer of economic benefits or service and a reliable estimate can be made about the amount of the obligation. As at 31 March 2022, one provision is included in the Financial Statements, see Note 20.

Contingent Liabilities and Assets

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. They arise where the Council has a possible obligation but this will only be confirmed or otherwise by uncertain future events not entirely within the control of the Council. They can also arise where a provision might otherwise have been made but it is

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not probable that resources will transfer, or if the obligation cannot be measured reliably. In 2021/22, four contingent liabilities are disclosed, see Note 36. The Council has no material contingent assets at the Balance Sheet date.

Group Accounts

The Council's group accounts consist of: Clackmannanshire and Stirling Integration Joint Board, Central Scotland Valuation Joint Board and Common Good. Further detail on the Councils Group Accounts and accompanying notes can be found on pages 161-168.

Covid-19

The recent Covid-19 pandemic has had a significant impact on the Council and its communities since the end of 2019/20. Since March 2020, the Council has put actions in place and reprioritised services to safeguard its communities. 2021/22 saw further waves of the virus and lockdown restrictions being put in place. Over the past year, focus has been directed to continue to support individuals and businesses alongside the wider recovery action as changes to services are embedded into business as usual. It is expected that the pandemic will continue to impact on performance going forward into 2022/23 and beyond.

Some of the specific areas affected and actions taken by the Council during the year are outlined below.

During the pandemic, there has been increased community engagement and partnership working to support those who are most vulnerable. Additional supports to the community have been put in place including support to those who are shielding and self isolation grants to those facing hardship whilst having to self isolate and payments to families for free school meals whilst schools have been closed and during the holidays. Further details of the support administered by the Council to businesses and individuals on behalf of the Scottish Government are set out in the Agency Arrangements section below. The Council also administered Scottish Government initiatives by way of financial support to businesses through Business Grants and applied reliefs to businesses in the Retail Hospitality and Leisure industry for non-domestic rates.

All non-essential services that were stood down at the start of 2020/21 have now been brought back on line. Council staff who had previously worked from home are making a partial return to the office with Services bringing back staff where required, mostly on a hybrid approach. Council and Committee meetings continued to be held virtually during the year with some now being held on a blended basis offering both face to face and virtual attendance.

During the year, through the further waves and lockdown restrictions, risk assessments continued to be carried out to ensure safe working practices for staff and service users, particularly in face to face services such as Social Care and where working in the office. Enhanced cleaning services in Schools and Council operated buildings also continued. The rollout of digital support to Council staff and specifically within the Education Service continued. Teaching staff who had to quickly adapt to a new way of working to support online classrooms during 2020/21 also welcomed pupils back to the physical classroom.

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Staff wellbeing is a continued focus for the Council, particularly during the Covid-19 pandemic with emphasis on supporting the mental wellbeing of staff. Significant resources have been made available to staff through our Keeping Staff Connected pages as well as a number of guides for managers aimed at ensuring ongoing engagement and promoting positive conversations. The Council also continued to offer and deliver, virtually, maximising attendance sessions to managers throughout 2021/22.

Covid-19 has continued to have a significant impact on financial performance with additional costs incurred during the year as well as loss of income. Due to prioritising essential services and effects of lockdown, there is slippage in the capital programme across both the General Fund and the Housing Revenue Account. Various funding streams have been provided through the Scottish Government to ease pressure on the revenue account which has brought with it additional monitoring and reporting tasks. Prioritising essential services and the additional workload has meant business as usual tasks have been delayed including production of the draft and approval of these final audited accounts.

Despite these challenges the Council has still managed to continue with most business as usual tasks during the year and progress with its Transformation activity which is integral to long term financial and service sustainability. It is expected that the pandemic will have an impact on performance going forward as recovery action will be in place for some time and financial pressures are expected to extend beyond 2021/22.

Agency Arrangements

In response to the lockdown arrangements the Scottish Government introduced a number of grants for both businesses and individuals which Councils administered on their behalf. Clackmannanshire Council paid out £6.736m (2020/21 £12.834m) of Covid-19 support funding to businesses and individuals on an agency basis as detailed below:

Support Grants	To Businesses £'000	To Individuals £'000	Total £'000
Childcare Omicron Impacts Fund	27		27
Hospitality Fund - December 2021	359		359
Hospitality and Leisure Fund - January 2022	159		159
Public House Table Service Fund	65		65
Nightclub Closure Fund	50		50
Scottish Brewers Fund	60		60
Taxi and Private Hire Operator support Pre Omicron Fund	162		162
Taxi and Private Hire Operator support Omicron Fund	85		85
Additional Soft Play Fund	9		9
Localised Restrictions Fund	79		79
Route Map Extension Fund	81		81
Restart & Transition Fund	2,806		2,806
Ventilation Grant	12		12

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Support Grants	To Businesses £'000	To Individuals £'000	Total £'000
Self Isolation Grant		725	725
£400 Secondary Teachers & Lecturers	-	103	103
£500 Health & Social Care payment to Council staff	-	184	184
£500 Health & Social Care payments to Private providers	166		166
Low Income Pandemic Payment	-	765	765
Scottish Child payment- Bridging payments	-	839	839
TOTAL	4,120	2,616	6,736

In addition to the grants above, the Council also distributed £0.219m of Personal Protective Equipment and Testing Kits to third parties on behalf of the Scottish Government.

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Business Environment and Risks

There are 2 key economic variables that have affected the Council during 2021/22 and which will continue to impact the Council going forward into 2022/23 and likely beyond. The recent Covid-19 pandemic and the related service and financial pressures continues to impact. Instability in the wider economy and inflation is also having a direct impact on Council service provision, priorities, expenditure and funding. Various recent events including Brexit and the War in Ukraine are contributing to the rising inflation and cost of living.

The Bank of England (BoE) has made several increases in interest rates in an attempt to reduce the rising level of inflation. The target for inflation had been set at 2% and interest rates had been previously reduced and held at a low level for some time as inflation was below this level. Interest rates have started to rise again during 2021/22 in line with rising inflation. At April 2022, inflation stood at 9%, a sharp increase from 1.5% as at April 2021, with further increases expected during 2022/23.

Increases in inflation have a potential impact on the prices of procured and commissioned goods and services and future wages. After a period of low wage increases for a number of years, particularly in the public sector, pressure is growing for higher wage increases to mitigate the effects of increased inflation. As part of its budget setting process for 2021/22 a staggered pay rise was agreed equating to an average of 2% for Council staff. For 2022/23, no pay increase has been agreed and discussions are ongoing with trade unions and COSLA at a national level. Any agreed pay award over and above the funding provided by the Scottish Government will lead to further pressures for Local Authorities.

As in recent years and even more so as a result of Covid-19 and the rising cost of living, this operating environment presents the key challenge of developing and sustaining medium to longer term financial planning. A key area of uncertainty for the Council remains the future levels of grant from the Scottish Government it will receive on which it relies for a significant proportion of its funding.

It is recognised that the Covid-19 pandemic will have a longer term impact on some services. However, as this becomes business as usual, it will be up to Councils to support any future related pressures

The Scottish Government published its Resource Spending Review on 31 May 2022. The spending review sets out the high-level parameters for resource spend within future Scottish Budgets up to 2026-27 and provides a long-term plan focused on delivering outcomes. The review outlines how more than £180 billion will be invested to deliver priorities for Scotland and how it will focus public finances.

Initial indications from the resource spending review are that Health and Social Care and Social Security Spending are being prioritised with increases to budgets resulting in flat cash and real term reductions for other areas. Local Government is included in these other areas therefore leading to suggest that Local Authorities budgets could see real time reductions in their revenue budgets over the 5 year term.

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There is much uncertainty around funding for future years. It is expected that the next Scottish Budget will be a 3 year settlement which should help to inform medium term financial planning and get a clearer sense of the Scottish Government's spending priorities that will assist the Council in prioritising its own finances.

Given this operating context, the preparation of medium to long term financial plans are subject to a number of key risks and uncertainties which will have an impact on budget assumptions. With funding static at best and potential increased costs of service provision due to the Covid-19 pandemic and rising cost of living and inflationary pressures, managing the effects of these increased costs will be a challenge for the public sector. This also places additional pressure on the Council to transform services and reduce its operating costs further to maintain a balanced budget in future years.

Audit Scotland continues to promote the importance of medium to long term financial planning. In Clackmannanshire, the Council continues to promote medium to longer term financial planning over a number of Budget rounds, the key features of the approach being:

- The use of financial scenario planning to provide a range of potential financial outcomes relative to changes in the key financial assumptions made; and
- The Budget setting process provides indicative budgets for future years and identifies specific Business cases and / or new areas for review to be developed. This provides a multi-year view of the programme of activity and how it relates to Budget setting and indicative funding gap forecasts in individual financial years.
- The implementation of the Be the Future programme identifying areas for Transformation to increase efficiency and reduce costs over a 10 year period.
- A rolling 20 year Capital Investment Plan as first approved in the 2021/22 budget, setting out investment priorities over the medium to longer term.

Medium to long term planning assists the Council in managing the financial and service delivery risks associated with the impact of real and potential cash term reductions in public sector funding, balanced against increasing demand for services and new responsibilities.

Principal Risks and Uncertainties




Along with the challenge of financial resilience, the Council also faces a number of non-financial risks. The Council maintains a Corporate Risk Register which is reported to the Audit & Scrutiny Committee (previously the Audit Committee) at every meeting. The latest report was reported to Audit & Scrutiny Committee on 15 December 2022 and can be found here: <https://www.clacks.gov.uk/document/meeting/295/1169/7503.pdf>



































The Council's approach to managing each risk is:

- Treat: we will take action to reduce the risk;
- Tolerate: actions within our control have been completed and plans are in place;
- Transfer: the risk will be passed to another party, such as insurers, and
- Terminate: the activity that is causing the risk will be ceased.

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The Council currently has 17 key corporate risks, each assigned to an appropriate officer. Each risk is scored out of 25 based on likelihood and impact. A traffic light system is also used to highlight the risk.

Low: 9 or less  Medium: 10 – 15  High: 16 or more 

Priority	Risk Title	Score	Status	Approach	Change
1. Inclusive Growth, Jobs & Employment	Supply Chain & Labour Market Disruption	20		Tolerate	
	Failure of Public Utility Supply	12		Tolerate	
	Failure to Prepare for Severe Weather Events	12		Tolerate	
2. Reducing Child Poverty	Impact of Poverty, Inequality & Changing Demographics	20		Treat	
	Harm to Child(ren)	12		Treat	
3. Raising Attainment	Increasing Attainment Gap	16		Treat	
4. Sustainable Health & Social Care	Public Health Emergency	20		Tolerate	
5. Empowering Families & Communities	Continued Contribution to Climate Change	10		Treat	
	Failure to Prevent Extremism and/or Radicalisation	15		Treat	
	Failure to Address Serious Organised Crime	12		Treat	
6. Organisational Transformation	Insufficient Financial Resilience	25		Treat	
	Insufficient Pace and Scale of Organisational Transformation	20		Treat	
	Health & Safety Breach	20		Treat	
	Inadequate Workforce Planning	12		Treat	
	IT System Failure	15		Treat	
	Information Not Managed Effectively	16		Treat	
	Industrial Unrest	12		Tolerate	

There were 17 risks on the Corporate Register at the end of financial year 2021/22, which currently remain in place.

Insufficient Financial Resilience remains as the risk with the highest score of 25.

- **Risk** - the Council does not have a balanced budget to meet essential service demands, customer needs, or external agendas.
- **Potential impact** - reputational and legal implications and severe extended loss of service provision. Possibility of Alliance with Health & Social Care and other partners also experiencing budget pressures contributes to potential impact, given the interdependencies.
- **Mitigation** - Use the agreed strategic change framework and organisational design principles to implement a whole organisation redesign. Balance the drive for savings

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with the need for sufficient officer time and skills to support change and consider how to make more use of external assistance to support improvement.

Public Health Emergency previously had a score of 25 (at February 2022) but has been downgraded to 20.

Where to find more Information

An explanation of the Financial Statements which follow and their purpose are shown at the top of each page. Further information about Clackmannanshire Council can be obtained from the Council's website (www.clacks.gov.uk) or from Finance Services, Kilncraigs, Greenside Street, Alloa, FK10 1EB.

Conclusion and Acknowledgements

The continued prudent financial management and medium term financial planning have allowed the Council to successfully manage its financial affairs and the financial objectives prescribed. The Council continued to progress major strategic initiatives such as the new Tullibody Campus, City Region Deal, Organisational Redesign, the Road Assets Management Plan and the continuing embedding of the Health and Social Care Partnership. Alongside these, the Council also took forward new initiatives including the Learning Estate Development and the Wellbeing Hub as well as continuing to support the Community through Covid-19 pandemic.

The Council would like to acknowledge the significant effort in producing the Annual Accounts and the Annual Governance Statement and to record thanks to colleagues for their continued hard work and support throughout 2021/22. The Council greatly appreciate the significant efforts of all who were involved, elected members of the Council and colleagues in every Service, all of whose efforts in managing the resources available have contributed to the financial position disclosed by the 2021/22 Annual Accounts.

Ellen Forson
Leader of the Council

Lindsay Sim
Chief Finance Officer

Nikki Bridle
Chief Executive

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Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Council, that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguards its assets;
- ensure the annual accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014 and the Coronavirus (Scotland) Act 2020), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- approve the annual accounts for signature.

I confirm that the Draft Annual Accounts were considered at the meeting of the Audit & Scrutiny Committee on 25 August 2022.

Signed on behalf of Clackmannanshire Council

Ellen Forson
Leader of the Council

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The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation and set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ('the Code').

In preparing the Annual Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the local authority accounting code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- kept proper accounting records which are up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Financial Statements give a true and fair view of the financial position of the Council and its group at the accounting date and the transactions of the Council and its group for the year ended 31 March 2022.

Lindsay Sim
Chief Finance Officer

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Introduction

The purpose of the Annual Governance Statement (AGS) is to provide assurance to the people of Clackmannanshire, Elected Members, staff, partner agencies and other stakeholders that the Council:

- is well run;
- operates in a lawful, open, inclusive and honest manner;
- manages resources effectively, and
- provides a high standard of service to our customers.

The AGS explains the extent to which the Council has complied with its Local Code of Governance during the past year, the progress it has made on improvements identified in the previous year's AGS, and actions it plans to take to ensure that it continues to improve.

Governance is important - good governance leads to good management, good performance, good stewardship of public money, good public engagement and ultimately, better outcomes for citizens and service users.

Corporate governance is not directly about strategy, policy, service standards, or performance; it is about the systems that make sure these things are done well and in an open, transparent and accountable way, reinforcing a culture of good governance across the organisation. Good governance enables an authority to pursue its aims effectively, while controlling and managing risk.

Local Code of Governance

Our Local Code of Governance is made up of the key Council policies and strategies that together determine how the Council is directed, controlled, led and held to account, including the culture and values that shape the decision-making and behaviour of councillors and employees. Councils are guided in this by the "Delivering Good Governance in Local Government Framework" (CIPFA, 2016). The framework sets out 7 principles, with supporting sub-principles and illustrations of good practice, that together constitute good governance.

Our Local Code, and how it relates to the CIPFA good governance principles, is shown on the next page. The Code is underpinned by a framework of systems and processes, based on legislative and regulatory requirements, guidance and good practice principles that guide our day to day activities.

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Local Code of Governance, linked to CIPFA good governance principles

		A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	B. Ensuring openness and comprehensive stakeholder engagement	C. Defining outcomes in terms of sustainable economic, social and environmental benefits	D. Determining the interventions necessary to optimise the achievement of the intended outcomes	E. Developing the entity's capacity, including the capability of its leadership and the individuals within it	F. Managing risks and performance through robust internal control and strong public financial management	G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability
Leadership, values & culture	Scheme of Delegation	✓			✓	✓	✓	
	Standing Orders	✓			✓	✓	✓	
Strategy & performance management	Corporate Plan			✓	✓		✓	
	Performance Management Framework				✓		✓	✓
	Corporate Risk Management Guidance	✓	✓		✓	✓		
Working in Partnership	Alliance Governance Framework & Memorandum of Understanding (MOU)			✓	✓			
Communication & engagement	Communications Strategy		✓		✓			✓
Sustainable asset management	Environmental Policy				✓		✓	
Financial management	Financial Regulations	✓	✓				✓	✓
	Contract Standing Orders	✓		✓	✓			✓
Information management	Digital Strategy	✓				✓		
Workforce management	Strategic Workforce Plan	✓				✓		

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Leadership, Values and Culture

This section of our Local Code covers the arrangements we have for ensuring that the Council's leadership – senior managers and elected members – set and communicate a clear direction, are transparent and accountable, and act as role models for the Council's values and ethics.

Local Code approaches in this area are:

- Scheme of Delegation, and
- Council Standing Orders.

The **Scheme of Delegation** sets out the duties and responsibilities of the Council, its committees, sub-committees and officers. It explains the key functions of senior officers, including statutory posts, and explains their roles in ensuring that processes are in place for enabling the Council to meet its statutory obligations and also in providing advice to Members, officers and committees on staff management, financial, legal and ethical governance issues.

Council Standing Orders set out the framework within which the Council conducts its business, and includes the timing of Council meetings, the order of business, rules of debate and matters of procedure.

Both the Scheme of Delegation and Standing Orders are currently under review, following the Council restructuring and changes arising from the local government election in May 2022.

Strategy and Performance Management

This covers how we make sure that strategies, policies and supporting processes reflect the Council's responsibilities and ambitions, and that they are communicated, implemented and followed through.

Local Code approaches in this area are:

- Council Corporate Plan;
- Performance Management Framework, and
- Corporate Risk Management Guidance.

The Council's **Corporate Plan** "Be the Future" describes its vision, values and strategic direction for the period to 2022, providing a guiding influence for Council decision making, resourcing and actions.

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The plan is aligned with Clackmannanshire's Local Outcomes Improvement Plan (LOIP), demonstrating the Council's commitment to shared outcomes agreed by the Clackmannanshire Alliance.

The Council's **Performance Management Framework** covers the strategies, plans and reports that take direction from the LOIP and Corporate Plan to make sure that resources are focused on Council priorities. Progress and performance are reported publicly and to regulatory bodies and the Scottish Government.

Following formation of a new Administration in May 2022, a refreshed Corporate Plan, covering the period 2022-27, is being developed. Business Planning Guidance for services and the Council's Performance Management Framework are also to be reviewed.

Corporate **Risk Management Guidance** explains the principles, processes and scrutiny arrangements used by the Council for managing risk.

Senior management identify the key risks to the Council in achieving the outcomes set out in the Council Plan. These are assessed together with the controls we have in place to manage the risks, and mitigating actions are agreed to bring the risks within a tolerable range. A similar process is carried out within services. Risk registers are regularly reviewed and challenged by senior management and Members.

During the year, progress on the Council's Mainstreaming Equality and Diversity priorities and actions 2017/21 was reported. Equality outcomes and priority actions that the Council will take forward over the period 2021-25 were agreed.

Working in Partnership

This theme covers how we work with partners to achieve mutual benefit, by sharing expertise, resources and knowledge. The Clackmannanshire Alliance, our Community Planning Partnership, brings together the key organisations that can make a difference to people's lives in Clackmannanshire.

Local Code approaches in this area are:

- Alliance Governance Framework & Memorandum of Understanding

Key underpinning policies and guidance in this area are:

- Local Outcomes Improvement Plan (LOIP) 2017-2027, and
- Community Planning processes.

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Communication and Engagement

The Corporate Communications & Marketing Strategy aims to ensure that:

- both internal and external communications and marketing approaches are effective and responsive to the needs of all groups, and
- digital communications develop in line with advancing technology and customer needs.

We use the online survey tool Citizen Space to consult on issues such as service satisfaction, policy proposals and strategies. During 2021/22, 19 surveys were done using this method, 2 more than in 2020/21.

The Corporate Communications Strategy, related policies and Communications channels are in the process of being refreshed, in line with Be the Future and the Strategic Roadmap.

Sustainable Asset Management

The Council's **Environmental Policy** is incorporated into the Sustainability & Climate Change Strategy. It sets out Council commitments to continuously improve its environmental performance and take the lead in encouraging others in Clackmannanshire to do the same.

There is also a number of asset management plans covering, for instance, buildings, vehicles and ICT equipment. These generally aim to ensure that all assets are:

- fit for purpose;
- used efficiently, maximising value for money;
- environmentally and energy efficient and contribute to delivering reductions in greenhouse gas emissions, and
- employed flexibly and responsibly.

In August 2021, the Council unanimously agreed to commit to declaring a 'Climate Emergency', and to a number of urgent actions in response, including the development of a comprehensive Climate Change Strategy and a framework to ensure that all strategic decisions, budgets and approaches to planning decisions are in line with a shift to net zero greenhouse gas emissions by 2045, as well as establishing mechanisms for engaging local organisations and communities in shaping the future.

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Financial Management

Financial Regulations set out roles and responsibilities in relation to financial management, to ensure the highest standard of probity in dealing with public money and to assist and protect staff in such dealings. Underpinning guidelines and instructions ensure robust and effective financial control.

Information Management

Effective Information Management is vital for ensuring that the right information is available to the right people, at the right time, to support and inform decision making, while ensuring appropriate storage, access and protection of information and data.

Key underpinning policies and guidance in this area are:

- Digital Strategy 2019-25;
- Data Protection Policy, and
- Records Management Plan.

Work is under way to consolidate corporate Information Management approaches and develop an action plan to address gaps. This work is ongoing and will continue substantially over the next year. The focus since summer 2021 has been on business continuity and data protection, in which areas significant work has been progressed. A revised Data Protection Policy and CCTV Systems Policy were approved by Council in February 2022, ensuring compliance with the UK GDPR and alignment with recognised good practice. The deployment of Microsoft 365 is also enhancing capabilities.

Workforce Management

The Strategic Workforce Plan 2019/22 sets out the Council's workforce planning priorities, which are to:

- Create a positive and inclusive organisational culture;
- Have a sustainable and resilient workforce;
- Ensure our workforce feels supported, empowered, respected and engaged, and
- Ensure our workforce has the knowledge, skills and behaviours capable of meeting future demands.

The Workforce Plan is underpinned by a range of related policies and processes, covering all aspects of Workforce Management. These are reviewed on a rolling basis to ensure that they provide the best support for the Council.

The findings from the 2021 Staff Survey were reported to Council in August 2022. Feedback from staff was most positive with regard to having a sense of achievement for the work they undertake, and being treated with dignity and respect. However, views were more

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mixed in relation to themes such as feeling valued and supported to undertake their work. Also, less than half of respondents reported good mental wellbeing; a decrease since the 2020 survey, and more than a third described their mental wellbeing as only ‘fair’ or poor’.

The survey results will feed into the development of the Council’s Strategic Workforce Plan 2022-25, and help guide the annual work plan for the Council’s Workforce Development and Learning team.

A new e-learning platform was rolled out, the aim of which is to strengthen the learning culture across the Council. Since the launch of the platform in March 2022, over 25,000 hours of learning have been completed.

Statutory Roles

Councils are required to make a number of statutory appointments, as shown below. Further information on the statutory appointments of officers can be found in the Scheme of Delegation.

Head of Paid Service	The Chief Executive is the most senior Council officer, and is also the Head of Paid Service. They are the senior adviser responsible for the smooth running and co-ordination of Council services.
Section 95 Officer	The Chief Finance Officer (Section 95 Officer) is responsible for the proper administration of the Council’s financial affairs.
Monitoring Officer	The Monitoring Officer is responsible for ensuring that the Council complies with the requirements of the law and any statutory Codes of Practice. The Senior Manager Legal & Governance is the Council’s Monitoring Officer,
Chief Social Work Officer	The Chief Social Work Officer is responsible for making sure we are providing all social work services properly.

Impact of Covid-19

The Covid-19 pandemic has continued to have a significant impact on Council business this year. As government restrictions have eased, efforts have been made to return services and working arrangements to pre-pandemic levels as far as possible.

- Council and committee meetings continued to be held virtually during 2021. In August 2021, the Council agreed to trial hybrid meeting arrangements, with some members and staff attending in person, and others remotely. The numbers of members and staff who can attend in person is determined by Health & Safety risk assessment. The restriction on numbers and technical limitations means that public access to meetings is limited. The public can access recordings of meetings, while those who need to attend or have a particular interest can make arrangements to

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attend via video conference. The Council also agreed to establish a working group to oversee the trial.

- Internal Audit capacity was reduced as the Internal Auditor was redeployed to Covid-19 specific duties for part of the year.
- Senior Management capacity was diverted to oversee Covid-19 functions in particular Support for Isolation and Vaccination and Community Testing programmes. This has impacted negatively upon achievement of improvement actions in a number of plans, including those set out in last year's AGS. Progress on last year's actions is reported later in this document. Actions that were incomplete at the end of March 2022 have been carried forward.
- Production of the Covid-19 monitoring briefing dashboard for elected members was ended in April 2022 as alternative sources of information are readily available.
- A Covid-19 debrief and review on lessons learned was conducted using the National Debriefing and Lessons Learned Protocol and guidance in Preparing Scotland: Scottish Exercise Guidance prepared by the Scottish Government Resilience Room (SGoRR). The review considered what had gone well, not so well and where there were clear areas for improvement. The review was considered by Audit Committee in February 2022. Further review activity has been agreed to reflect the ongoing nature of the Councils work on Covid-19 response and recovery.

Audit and Assurance

There is a range of arrangements that seek to provide assurance on the Council's system of internal control.

1. During 2021/22, the remit of the Council's **Audit Committee** was to:
 - ensure that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it;
 - in relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and professionalism;
 - support the effectiveness of the internal audit process, and
 - promote the effective use of internal audit by approving the annual Internal Audit Plan;
 - consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations;
 - monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption;
 - consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control;

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- to support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process, and
 - to review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
2. Following the Local Government election in May 2022, the Audit and Scrutiny Committee was established (and the previous Audit Committee was disestablished).

The remit of the new committee is

Audit & Finance:

- Receive, review and consider reports on the Council's finances;
- Receive, review and consider reports on value for money and best value;
- Consideration and monitoring of the Council's Annual Governance Statement;
- Consider internal audit reports and results of internal audit investigations;
- Consider external audit and resultant action plans;
- Monitor and review actions taken on internal and external audit recommendations;
- Consider the effectiveness of the Council's risk management procedures and the control environment, and
- Receive and consider reports on countering fraud and corruption.

Scrutiny:

- Monitor council services, including the Health and Social Care Partnership (H&SCP) against agreed outcomes, standards and targets;
 - Monitor the achievement of organisation-wide agreed outcomes, standards and targets;
 - Monitor the achievement of agreed outcomes, standards and targets by the community planning partnership;
 - Monitor Police and Fire performance against Plans approved by the Council;
 - Scrutiny of Council decision-making, with the ability to call in decisions;
 - Initiate or undertake scrutiny reviews, and
 - Deal with matters referred by the Council for scrutiny purposes.
3. The Council's **Internal Audit** function, overseen by the Internal Audit Manager, is delivered via a joint working arrangement with Falkirk Council. The role of Internal Audit is to provide a balanced and evidence based opinion to Members on the adequacy of the Council's arrangements for risk management, governance, and control. As required by the Public Sector Internal Audit Standards (PSIAS), the Internal Audit annual plan of work is developed taking account of key financial and other risks. On an annual basis, Internal Audit provides an Assurance report to the Audit Committee, which gives an

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overall opinion on the Council's risk management, governance, and control arrangements, based on the work they have carried out over the course of the year.

Internal Audit capacity was reduced by an estimated 32 days this year, in part because the Internal Auditor was redeployed to Covid-19 specific duties for part of the year, and the Internal Audit Manager post was vacant for a brief period.

Internal Audit's Plan for 2021/22 was agreed by the Audit Committee in April 2021. It proposed fifteen assignment areas (seventeen reviews). Sixteen main assignments were completed by Internal Audit during 2021/22. The main change to the Plan over the course of the year was the deferment to 2022/23 of the planned review of Non-Domestic Rates.

The Annual Assurance Report by Internal Audit was presented to the Audit & Scrutiny Committee on 15 August 2022 and reported substantial assurance on the Council's arrangements for risk management, governance, and control for the year to 31 March 2022.

4. The Council is externally audited by Audit Scotland who conduct an audit in accordance with the Code of Audit Practice approved by the Accounts Commission. Their responsibilities include assessing the Council's system of internal control to gain assurance that the Council:
 - has systems for recording and processing transactions which provide a sound basis for the preparation of financial statements;
 - has systems of internal control which provide an adequate means of preventing and detecting material misstatement, error, fraud or corruption, and
 - complies with established policies, procedures, laws and regulations.
5. Many individual services and functions are subject to review by external agencies and inspectorates.

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Review of Effectiveness

We have a responsibility for reviewing, at least annually, the effectiveness of our governance framework, including the system of internal control. The review is informed by a wide range of evidence, including:

- The work of the members of the Extended Strategic Leadership Group, who have responsibility for the development and maintenance of the governance environment;
- The Internal Audit Annual Assurance Report;
- Reports provided by our External Auditor (currently Audit Scotland);
- Reports from other external review bodies, agencies and inspectorates;
- Output from self-assessment undertaken by service managers evaluating the extent to which services comply with the local code, and identifying areas for improvement;
- The completion of signed Certificates of Assurance by Executive Directors confirming their opinion that the identified areas for improvement and associated action plan will address any current issues or risks, and
- A two-stage internal Governance review process involving senior and service managers. Stage one reviews the local code to make sure that it reflects the approaches that are most significant to the achievement of Council priorities and desired outcomes, and that the approaches are fit for purpose. The second stage of the review is to check that the approaches are implemented in all relevant areas.

The annual Governance review identifies areas for improvement. Resulting actions are tracked using the Council's performance management system.

Significant Governance Issues

The 2020/21 Management Report, provided annually by our External Auditor (currently Audit Scotland) identified significant control weaknesses. The report identified that during 2020/21, Finance staff time was prioritised to processing Covid-19 crisis payments and grants to individuals and businesses. As a result, some financial controls did not operate as well as they should, for example the timely completion of routine financial reconciliations and the regular review of access to core systems. These weaknesses were identified by the External Auditor during 2021/22 and a number of improvement actions were agreed. However, as these were identified half way through the 2021/22 financial year and demands from the Covid-19 pandemic continued to impact staff workload, it has not been possible to complete the improvements by 31 March 2022. As such these improvements have been carried forward for completion during 2022/23.

The Annual Governance Review process also uncovered other opportunities for improvement of the Council's Governance environment, and these have been included in this year's improvement plan.

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Progress made on areas for improvement contained in the 2020/21 AGS

Agreed action	Carried forward from	Progress
The Governance assurance process will be reviewed, to ensure it is effective and proportionate.	AGS 2020/21	Limited progress was made on this during the year. This will be carried forward into 2022/23.
The Audit Scotland survey “Your Reputation @ Risk” will be rolled out and actions agreed in response to findings.	AGS 2020/21	The survey was run during October/November 2021. Summary results and recommendations were presented to the Audit Committee by the External Auditor in February 2022. In response, the Council is planning actions in relation to combating fraud and corruption (see next action, below). In addition, a draft Whistleblowing Policy has been prepared and is currently being reviewed prior to approval and implementation.
Options for enhancing arrangements for Fraud Risk Management will be investigated as part of the restructure of the Legal & Governance service.	AGS 2020/21	This will be carried forward into 2022/23. As part of this approach, the Council is looking to put in place training in combating fraud and corruption for Directors, Senior Managers and other key officers during 2023.
The Local Outcome Improvement Plan will be refreshed and a Wellbeing Local Outcome Improvement Plan will be developed.	AGS 2020/21	A plan for refreshing the Local Outcomes Improvement Plan to reflect the Council and Alliance commitment to developing a wellbeing Economy has been agreed with Alliance partners. This work is being supported by Scottish Government and will be completed in 2022.
Clackmannanshire Alliance operating arrangements and structures, including the Memorandum of Understanding, will be refreshed.	AGS 2020/21	A review of the operating arrangements, partnership structures and the Memorandum of Understanding will be completed immediately following the finalisation of the Local Outcomes Improvement Plan.

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Agreed action	Carried forward from	Progress
The development of a new Communications Strategy will be completed. The strategy will be supported by a live communications delivery plan, and related policies, toolkits and standards will be refreshed.	AGS 2020/21	A refresh of the Councils Communications Strategy has been completed in early 2022 although this remains in draft. Significant transformation focus is being taken forward around communications and stakeholder engagement activity in support of Be the Future priorities and programmes.
Capacity and responsibility for information and knowledge management will be addressed as part of the Partnership & Performance service restructure considerations.	AGS 2020/21	This work is ongoing and forms part of the Councils Microsoft 365 migration project implementation plan.
Refresh Corporate Plan.	AGS 2020/21	The Councils Corporate Plan 'Be the Future' will be refreshed following finalisation of the Local Outcomes Improvement Plan for Clackmannanshire.
Information on Sustainable Asset Management on the Council website will be improved to make it clearer and more accessible.	AGS 2020/21	There has been no Senior Manager Property in place since March 2022. A new officer started in July 2022 and they will be taking on an asset management review. This will include updating the website.
The Financial system will be reviewed and aligned to management structures following service redesigns.	AGS 2020/21	Completed June 2022 for reporting in the 2022-23 financial year.
Debt recovery processes will be reviewed to ensure Council is recovering debts due.	AGS 2020/21	In progress, Council Tax complete, work ongoing on Housing Benefit, Non Domestic Rates (NDR) and Sundry Debts
Additional support will be secured for Procurement and Community Wealth Building work.	AGS 2020/21	In progress, additional permanent post of Procurement Officer created. Several attempts to recruit to this post including agency have been unsuccessful mainly due to shortage in the skilled labour market for this area.

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Agreed action	Carried forward from	Progress
Remaining outstanding actions in the Workforce Programme will be completed.	AGS 2020/21	The Workforce Programme was completed although actions related to communications remained outstanding.
The feasibility of introducing a structured approach to the publication of policies and strategies will be investigated to ensure they are accessible and up to date.	AGS 2020/21	A number of improvements have been made over the year to ensure accessibility to policies and strategies in each of the Councils functional areas. This work will be a continued focus for improvement going forward.
The review of the Scheme of Delegation will be completed after the conclusion of the Council restructure.	AGS 2019/20	Work has started on the review of the Scheme of Delegation, to be completed during 2022/23.
A detailed review of Standing Orders will be undertaken, with the aim of consolidating incremental changes that have been made in recent years, improving clarity and ensuring Standing Orders remain fit for purpose. Training will be provided for elected members.	AGS 2019/20	The review will be carried forward into 2022/23. This will allow changes arising from the local government election in May 2022 to be incorporated.
An updated Risk Management Framework will be finalised.	AGS 2019/20	This will be carried forward into 2022/23.
Covid-19 Recovery plans will be reviewed to ensure alignment with Be the Future.	AGS 2019/20	This work is ongoing in line with national recovery plans and also recovery activities through the Councils Be the Future plan. This work is progressing with the refresh of the Councils Target Operating Model and also through a range of transformational initiatives such as Future Ways of Working and Digital Transformation which aim to optimize service design as part of our Covid-19 recovery.
Action will be taken to ensure that new Hate Crime legislation is reflected in key Council policies.	AGS 2019/20	As key corporate policies and strategies are refreshed, hate crime legislation will be reflected where appropriate as part of an ongoing programme. This is a key action in the Councils Mainstreaming Equalities and Diversity Outcomes approved in 2021.

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Agreed action	Carried forward from	Progress
The Council's Customer Charter will be refreshed.	AGS 2019/20	A refresh of the Customer Charter has been completed following a benchmark review. A period of consultation will take place with services and then with customers on the draft charter before a final draft is presented to Council for approval in late Autumn 2022.
A Digital Transformation Delivery Plan and Road Map will be developed, informed by the Audit Scotland report and the outcome of the Digital Maturity Assessment.	AGS 2019/20	A draft Digital Transformation Road Map has been developed which is focused on migration to Microsoft 365 and Azure cloud adoption. The roadmap sets out the dependencies and timelines associated with this work. This work was supported by James Harvard Consultants and has informed a full project implementation plan which is aligned with the Audit Scotland and Digital Maturity Assessment recommendations.
The review of the Sustainability and Climate Change Strategy will be completed, followed by engagement with key stakeholders.	AGS 2019/20	Progress is ongoing with the Strategy and a draft strategy was presented to Council in August 2022.
Further guidance and training on Financial Governance and financial system processes will be rolled out, including promoting awareness of the management information produced by the finance system to assist decision making.	AGS 2019/20	In progress, initial training has been rolled out to the Accountancy team who will then roll out to Budget Holders. Further specific training to be identified and delivered throughout the year. Session on Governance including Financial Regulations and Contract Standing Orders to be held with the Senior Leadership Forum (SLF) during the year.
The Information and Communication Technology (ICT) Strategy and ICT Asset Management Plans will be finalised.	AGS 2019/20	This work is being taken forward as part of the Council's Digital Transformation Roadmap and Microsoft 365 migration project implementation plan.

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Improvement Plan

The following improvement actions have been agreed for delivery during 2022/23:

Agreed action	Carried forward from	Lead
Financial Regulations Review.	NEW	Chief Finance Officer
Contract Standing Orders Review.	NEW	Chief Finance Officer
Procurement Strategy Review.	NEW	Chief Finance Officer
Corporate Plan refresh will be undertaken.	NEW	Senior Manager Partnership and Transformation
Information and knowledge management programme of work will be scoped and capacity, resources and roles and responsibilities identified.	NEW	Senior Manager Partnership and Transformation
The Strategic Workforce Plan 2019–2022 will be replaced with an updated and refreshed Strategic Plan covering 2022–2025. This will be jointly developed in line with review of the LOIP and Corporate Plan.	NEW	Organisational Development Adviser
A communication plan will be developed to roll out across the Council in order to raise awareness of the new Strategic Workforce plan and underpinning workforce programme.	NEW	Organisational Development Adviser
Workforce Planning events will be undertaken within each Directorate and the outputs of these will inform the overall Strategic Plan.	NEW	Organisational Development Adviser
Focused SLF sessions regarding good corporate governance e.g. procurement, financial regulations, Legal, HR processes.	NEW	Organisational Development Adviser
Continue to develop approaches to engaging 'hard to reach groups', both through training and development provision, career progression, and ongoing engagement with the Council.	NEW	Organisational Development Adviser
Implement and track progress with the outputs of the Trueman Change Capacity and Skills Audit, ensuring that recommendations where applicable are included within the Strategic Workforce Plan 2022-25.	NEW	Organisational Development Adviser
Financial reconciliations will be completed more regularly, with review and evidencing of reconciliations strengthened.	NEW	Chief Finance Officer

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Agreed action	Carried forward from	Lead
A schedule for reviewing access to core systems will be introduced.	NEW	Chief Finance Officer
Further guidance and training on Financial Governance and financial system processes will be rolled out, including promoting awareness of the management information produced by the finance system to assist decision making.	AGS 2020/21	Chief Finance Officer
Debt recovery processes will be reviewed to ensure Council is recovering debts due.	AGS 2020/21	Chief Finance Officer
Additional support will be secured for Procurement and Community Wealth Building work.	AGS 2020/21	Chief Finance Officer
The Governance assurance process will be reviewed, to ensure it is effective and proportionate.	AGS 2020/21	Senior Manager Legal & Governance
Options for enhancing arrangements for Fraud Risk Management will be investigated as part of the restructure of the Legal & Governance service.	AGS 2020/21	Senior Manager Legal & Governance
Training in combating fraud and corruption for Directors, Senior Managers and other key officers will be rolled out.	AGS 2020/21	Senior Manager Legal & Governance
A new Whistleblowing Policy will be introduced.	AGS 2020/21	Senior Manager Legal & Governance
The Local Outcomes Improvement Plan and associated operating arrangements will be finalised.	AGS 2020/21	Senior Manager Partnership and Transformation
A review of the operating arrangements, partnership structures and the Memorandum of Understanding will be completed immediately following the finalisation of the Local Outcomes Improvement Plan.	AGS 2020/21	Senior Manager Partnership and Transformation
The Councils Corporate Plan 'Be the Future' will be refreshed following finalisation of the Local Outcomes Improvement Plan for Clackmannanshire.	AGS 2020/21	Senior Manager Partnership and Transformation
The refresh of the Communications Strategy will be finalised.	AGS 2020/21	Senior Manager Partnership and Transformation
The review of the Sustainability and Climate Change Strategy will be completed, followed by engagement with key stakeholders.	AGS 2019/20	Senior Manager Development

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Agreed action	Carried forward from	Lead
Information on Sustainable Asset Management on the Council website will be improved to make it clearer and more accessible.	AGS 2019/20	Senior Manager Property
The review of the Scheme of Delegation will be completed after the conclusion of the Council restructure.	AGS 2019/20	Senior Manager Legal & Governance
A detailed review of Standing Orders will be undertaken, with the aim of consolidating incremental changes that have been made in recent years, improving clarity and ensuring Standing Orders remain fit for purpose. Training will be provided for elected members.	AGS 2019/20	Senior Manager Legal & Governance
An updated Risk Management Framework will be finalised.	AGS 2019/20	Senior Manager Legal & Governance

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Statement of Assurance

We are satisfied that Clackmannanshire Council's Governance arrangements remain fit for purpose.

Areas for improvement set out above will be addressed to further improve the effectiveness of our Governance arrangements and will include an update on progress in our 2023 AGS.

Nikki Bridle
Chief Executive

Ellen Forson
Leader of the Council

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Remuneration Report

General

Elements of the remuneration report are subject to audit, throughout the report the relevant sections have been noted as audited where applicable. The other sections of the Remuneration Report have been reviewed by Audit Scotland as detailed in the Independent Auditor's Report. The results presented in the tables comprising Clackmannanshire Council's Remuneration Report for 2021/22 reflect the following contextual factors:

- Pay award of 1% from 1 April 2021 is included in the 2021/22 figures for those earning between £40k and £80k. Anyone earning over £80k was awarded £800 pay award. The pay increases were also backdated for the 3 months from January 2021 to March 2021;
- As at 31 March 2022 there were 7 Senior Councillors in post. The maximum allowed for Clackmannanshire Council is 8;
- The corporate management structure is: Chief Executive, Strategic Director Place, Strategic Director People, Strategic Director Partnership & Performance; and
- The committee structure reflects the organisational structure with three committees; People Committee, Place Committee, Partnership and Performance Committee. There is also an Audit Committee aligning with the CIFPA guidance for Audit Committees in Local Authorities.

Remuneration Arrangements

Councillors

The remuneration of Councillors is regulated by the Local Government (Scotland) Act 2004 (Remuneration) and Regulations 2007 (SSI No. 2007/183), amended by SSI 2019/23 and SSI 2021/18. The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Provost, Senior Councillors or Councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure.

When determining the level of remuneration for Councillors the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC is an advisory Non-Departmental Public Body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by local authority Councillors.

In line with the Regulations the following maximum salaries attributable are:

- Leader of the Council £31,010 (2020/21 £29,760);
- Civic Head (Provost) £23,257 (2020/21 £22,320) maximum remuneration is 75% of the sum payable to the leader, and
- Senior Councillors £20,931 (2020/21 £20,087).

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The Regulations also set out that Clackmannanshire Council (Band A) is eligible to appoint a maximum of 8 Senior Councillors. Total remuneration available for Senior Councillors is based on a calculation detailed in Councillors' Remuneration Guidance. The total annual amount payable by the Council for remuneration to all its Senior Councillors shall not exceed £167,446 (2020/21 £160,696).

The remuneration paid to Senior Councillors in 2021/22 covering the year 1 April 2021 to 31 March 2022 totalled £154,264 (2020/21 £148,111). This includes £3,278 paid to Councillor Holden for serving as Vice Convenor on the Central Scotland Valuation Joint Board (2020/21 £3,278). Also included are payments for serving on the Association of Public Service Excellence (APSE) for Councillor Sharp £2,471 (2020/21 £5,250). This amount is recoverable from this organisation. The net cost to Clackmannanshire Council in relation to Senior Councillors is £148,515 (2020/21 £139,583). This complies with current regulations.

The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become members of the pension scheme.

The Scheme which encompasses the salaries of all elected members including the Leader, Provost and Senior Councillors was agreed at a meeting of the full Council on 21 June 2007, and details are available on the Council's website at: www.clacksweb.org.uk under 'Elected Members' Remuneration'.

Joint Boards

Two joint boards exist; the Central Scotland Valuation Joint Board, and the Clackmannanshire and Stirling Integration Joint Board.

In addition to the Senior Councillors of the Council the Regulations also set out the remuneration payable to Councillors with the responsibility of a Convenor or a Vice-Convenor of a Joint Board such as a Central Scotland Valuation Joint Board. The regulations require the remuneration to be paid by the Council of which the Convenor or Vice-Convenor (as the case may be) is a member. The Council is also required to pay any pension contributions arising from the Convenor or Vice-Convenor being a member of the Local Government Pension Scheme. In 2021/22 Clackmannanshire Council made payments of £3,278 (2020/21 £3,278). This is recovered from the Central Scotland Valuation Joint Board.

The Council is reimbursed by the Clackmannanshire and Stirling Integration Joint Board for additional remuneration paid to the member from being a Convenor or Vice-Convenor of a Joint Board. There are no additional payments to members of the Clackmannanshire and Stirling Integration Joint Board.

Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the

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Chief Executives of Scottish local authorities. Circular CO/151 sets the amount of salary for the Chief Executive of Clackmannanshire Council for the period April 2021 to March 2022. Senior employees do not receive any other benefits.

Disclosure of Remuneration for Relevant Persons

The following tables provide details of the remuneration paid to the Council's Senior Councillors and Senior Employees.

Table 1 (Audited): Remuneration of Senior Councillors and Convenors and Vice Convenors of Joint Boards

Post holder	Position	Total Remuneration	
		2020/21 £	2021/22 £
Ellen Forson	Leader of the Council	29,760	31,010
Tina Murphy	Provost	22,320	23,257
Graham Lindsay	Spokesperson for Education	20,087	20,931
Les Sharp	Spokesperson for Health & Social Services	25,337	23,402
Craig Holden	Spokesperson for Environment & Housing (from 25/06/20) and Valuation Joint Board - Depute Convenor (to 24/06/20)	22,844	24,209
Helen Lewis	Spokesperson for Partnership and Third Sector	20,087	20,931
Donald Balsillie	Spokesperson for Audit and Finance Chair of Planning Committee Spokesperson for Environment & Housing (Interim)	20,087	20,931
Martha Benny	Chair of Audit Committee (from 23/08/20 to 30/06/21)	12,203	5,233
Dave Clark	Chair of Audit Committee (from 01/07/21)	7,379	15,698
Kenny Earle	Chair of Licensing Board	20,087	20,931
Total Remuneration		200,191	206,532

Notes

1. There were no Taxable Expenses or Benefits other than in cash paid to any of the Senior Councillors in 2021/22 or 2020/21.
2. During 2021/22 there were no changes to the political administration of the Council which has been led by the SNP from 9 March 2017 to present.

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3. *The Chair of the Audit committee is rotated between the opposition Labour and Conservative Parties. Councillor Dave Clark (Labour leader) was Chair of Audit committee from 01/06/2019 to 22/08/2020 and from 01/07/21 and Councillor Martha Benny was Chair of Audit committee from 23/08/20 to 30/06/21. Their remuneration is shown pro-rata for their time as the Chair of Audit Committee. The annual equivalent salary for this post is £20,931.*
4. *Councillor Sharp received £8,930 (2020/21 £8,842) remuneration from NHS Forth Valley for serving on the Regional Health Board during 2021/22. This is paid directly by the NHS to each individual and is therefore not included above.*
5. *Councillor Sharpe's remuneration includes £2,471 (2020/21 £5,250) for serving as the Chair and Vice Chair of the Association of Public Service Excellence Scotland. This amount is recovered from the Association.*
6. *Councillor Holden's remuneration includes £3,278 (2020/21 £3,278) for serving as the Depute Convener of Central Scotland Valuation Joint Board. This amount is recovered from the Joint Board.*

Remuneration Paid to Councillors

Clackmannanshire Council currently has 18 Councillors in total who serve under the following structure:

Leader of the Council	1
Provost/Civic Head	1
Senior Councillors	7
Councillors	9
Total Councillors	18

Councillors are no longer paid allowances; where a Councillor is entitled to a special responsibility payment, for example, for serving as a committee convener, this is reflected in the salary band applied. The Council paid the following salaries and expenses to all Councillors during the year:

Type of Remuneration (Audited)	2020/21	2021/22
	£	£
Salaries	348,354	375,658
Employer's NIC and Pension	91,389	95,046
Expenses	3,371	3,970
Total	443,114	474,674

The annual return of Councillors' salaries and expenses for 2021/22 is available for any member of the public to view at all Council libraries and public offices during normal working hours and is also available on the Council's web site www.clacksweb.org.uk under 'Remuneration to Elected members'.

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Table 2 (Audited): Remuneration of Senior Employees of the Council

Name and Positions held during the year	Total Remuneration 2020/21 £	Total Remuneration 2021/22 £
Nikki Bridle • Chief Executive	110,497	111,497
Stuart Crickmar • Strategic Director - Partnership & Performance • Acting Chief Executive from 20/04/20 until 29/06/20.	98,716	96,872
Fiona McOmish • Strategic Director - People from 18/2/19 to 18/9/20 (Annual Salary 2020/21 £95,872)	44,474	-
Pete Leonard • Strategic Director - Place	95,872	96,872
Fiona Colligan • Strategic Director - Transformation from 01/03/21 (Annual Salary 2020/21 £96,672)	7,989	96,739
Lorraine Sanda • Chief Education Officer from 13/01/20 to 14/09/20. • Strategic Director & Chief Education Officer from 15/09/20 to 20/12/20. • Strategic Director People from 21/12/20	89,343	96,872
Catherine Quinn • Chief Education Officer (Interim) from 21/12/20 (Annual Salary 2020/21 £81,540)	22,796	82,540
Fiona Duncan • Chief Social Work Officer from 03/06/19 to 10/01/21 (Annual Salary 2020/21 £95,872)	60,986	-
Carolyn Wylie • Interim Chief Social Work Officer from 31/12/20 to 31/03/21 (Annual Salary 2020/21 £95,872)	23,371	-
Sharon Robertson • Chief Social Work Officer from 01/04/21	-	78,319
Lindsay Sim • Chief Finance Officer	77,544	78,588

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Name and Positions held during the year	Total Remuneration 2020/21 £	Total Remuneration 2021/22 £
Lindsay Thomson <ul style="list-style-type: none"> • Monitoring Officer to 31/08/21 (Annual Salary £67,759) 	67,088	28,466
Lee Robertson <ul style="list-style-type: none"> • Monitoring Officer (Acting) from 01/09/21 and Monitoring Officer and Senior Manager Legal from 31/01/22 (Annual Salary £67,759) 	-	52,445
Total	698,676	819,210

Notes to Remuneration of Senior Employees of the Council

1. The senior employees in the table include all those employees who have responsibility for management of the Council to the extent that the person has power to direct or control the major activities of the Council (including activities involving the expenditure of money) during the year to which the Report relates whether solely or collectively with other persons, or who hold a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989.
2. Pay award of 1% from 1 April 2021 is included in the 2021/22 figures for those earning between £40k and £80k. Anyone earning over £80k was awarded £800 pay award.
3. The Chief Executive remuneration is in line with national agreement between Scottish Joint Negotiating Committee (SJNC) and Association of Local Authority Chief Executives (ALACE) includes a pay award of £800, the annual salary is £111,297.
4. The table includes salaries paid by Scottish Fire and Rescue for the Strategic Director (People) Fiona McOmish, who was on secondment from 18 February 2019 to 18 September 2020.
5. The table includes salaries paid by Scottish Care Inspectorate for the Chief Social Work Officer Sharon Robertson who was on secondment.
6. Total remuneration for senior employees' remuneration includes salary, fees and allowances. There was no bonuses, taxable expense, compensation for loss of office or benefits other than in cash paid to any of the Senior Employee in 2021/22 or 2020/21

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General Disclosure by Pay Band (Audited)

The number of employees, whose remuneration in the year was greater than or equal to £50,000 (grouped in rising bands of £5,000).

Remuneration Band	No of Employees 20/21	No of Employees 2021/22
£50,000 - £54,999	49	62
£55,000 - £59,999	28	29
£60,000 - £64,999	32	28
£65,000 - £69,999	14	13
£70,000 - £74,999	3	2
£75,000 - £79,999	1	1
£80,000 - £84,999	1	2
£85,000 - £89,999	2	1
£90,000 - £94,999	1	1
£95,000 - £99,999	2	4
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	1	1
	134	144

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Pension Benefits

Pension Benefits for Councillors and Local Government employees are provided through the Local Government Pension Scheme (LGPS).

The LGPS in Scotland changed on 1 April 2015 to a Career Average Revalued Earnings (or CARE) scheme. In a CARE scheme the pensionable pay for each year of membership is used to calculate a pension amount for that particular year. The pension amount is increased (revalued) each year in line with inflation. These individual pension amounts are then added together to arrive at the total pension payable from the scheme. The LGPS is classed as a defined benefit scheme.

From 1 April 2015 Councillors and local government employees have been in the same pension scheme although there are some provisions of the LGPS 2015 that do not apply to Councillors. Councillors' pension benefits built up to 31 March 2015 are protected.

Local Government employee pensions to 31 March 2015 are protected and worked out on final pay when leaving. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme to 31 March 2015. From 1 April 2015 the normal retirement age will be the same as an individual's state pension age with a minimum of age 65.

From 1 April 2015 contribution rates were:

Whole Time Pay 2021/22 (2020/21) For pay between:		Contribution rate 2021/22 (between %)	Contribution rate 2020/21 (between %)
£0	£22,955 (£22,852)	5.5	5.5
£22,956 (£22,853)	£29,857 (£29,683)	5.6 - 6.0	5.6 - 6.0
£29,858 (£29,684)	£37,474 (£37,262)	6.1 - 6.5	6.1 - 6.5
£37,475 (£36,263)	£52,876 (£52,567)	6.6 - 7.5	6.6 - 7.5
£52,877 (£52,568)	£59,569 (£59,221)	7.6 - 8.0	7.6 - 8.0
£59,570 (£59,222)	£79,762 (£79,296)	8.1 - 9.0	8.1 - 9.0
£79,763 (£79,297)	£120,666 (£190,961)	9.1 - 10.0	9.1 - 10.0
£120,667 (£119,962)	And above	10.1 & over	10.1 & over

**Source: Scottish Public Pensions Agency, Contributions.*

If a person works part-time their contribution rate is worked out on their actual pensionable pay and matched to the appropriate band in the contribution table.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to a limit set by the Finance Act 2004.

From 1 April 2015 the accrual rate guarantees an annual credit to members' Pension Accounts based on 1/49 of pensionable pay received in that scheme year.

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In those cases where members have transferred pension entitlements from previous employments, the pension figures shown relate to the benefits that the person has accrued as a consequence of their total government service, and not just their current appointment.

The pension entitlements for Senior Councillors who have elected to join the pension scheme for the year ended 31 March 2022 are shown in the table below, together with the contribution made by the Council to each Senior Councillors' pension during the year.

Table 3 (Audited): Senior Councillors Pension Benefits

Post Holder	Position	Pension Contributions		Accrued Pension Benefits			
		2020/21	2021/22	Difference to 2020/21		As at 31 March 22	
		£	£	Pension £'000	Lump Sum £'000	Pension	Lump Sum
Ellen Forsen	Leader of the Council	6,696	6,977	1	-	5	-
Tina Murphy	Provost	5,022	872	-	-	8	2
Graham Lindsay	Spokesperson for Education	4,520	4,709	-	-	2	-
Les Sharp	Spokesperson for Health & Social Services	4,520	4,709	2	-	11	-
Helen Lewis	Spokesperson for Partnership & Third Sector	4,520	4,709	1	-	2	-
Donald Balsillie	Spokesperson for Audit & Finance Chair of Planning Committee Spokesperson for Environment & Housing (Interim)	4,520	4,709	1	-	6	2
Martha Benny	Chair of Audit Committee from 23/08/20 to 30/06/21	4,436	4,317	1	-	2	-
Dave Clark	Chair of Audit Committee from 01/07/21	4,101	4,579	1	-	3	-
Kenny Earle	Chair of Licensing Board	4,520	4,709	1	-	5	-
Total		42,855	40,290	8	-	44	4

- 1) *The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total government service, and not just their current appointment.*

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Senior Employees

The pension entitlements of Senior Employees for the year to 31 March 2022 are shown in the table below, together with the contribution made by the Council to each Senior Employees' pension during the year.

Table 4 (Audited): Senior Employees Pension Benefits

Name and Post Title	Pension Contributions		Accrued Pension Benefits			
	2020/21	2021/22	Increase/(decrease) from 31 March 2021		As at 31 March 2022	
	£	£	£'000	£'000	£'000	£'000
			Pension	Lump Sum	Pension	Lump Sum
Nikki Bridle Chief Executive	24,862	25,087	3	-	50	68
Stuart Crickmar Strategic Director - Partnerships & Performance Acting Chief Executive from 20/04/20 to 29/06/20	22,211	21,796	2	(2)	43	60
Fiona McOmish Strategic Director - People from 18/2/19 to 18/9/20 On secondment from the Scottish Fire and Rescue Service	8,583	-	-	-	-	-
Pete Leonard Strategic Director - Place	21,571	21,796	2	-	5	-
Fiona Colligan Strategic Director – Transformation from 01/03/21	1,798	21,766	2	-	2	-
Lorraine Sanda Chief Education Officer from 13/01/20 to 14/09/20 Strategic Director & Chief Education Officer from 15/09/20 to 20/12/20 Strategic Director People from 21/12/20	20,102	21,796	2	-	9	-
Catherine Quinn Chief Education Officer (Interim) from 21/12/20	16,143	18,572	2	-	5	-
Fiona Duncan Chief Social Work Officer from 03/06/19 to 10/01/2021	13,555	-	-	-	-	-
Carolyn Wylie Interim Chief Social Work Officer	5,259	-	-	-	-	-

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Name and Post Title	Pension Contributions		Accrued Pension Benefits			
	2020/21	2021/22	Increase/(decrease) from 31 March 2021		As at 31 March 2022	
	£	£	£'000	£'000	£'000	£'000
			Pension	Lump Sum	Pension	Lump Sum
from 31/12/20 to 31/03/21 Stirling Council employee						
Sharon Robertson Chief Social Work Officer from 01/04/21	-	13,314	7	10	34	51
Lindsay Sim Chief Finance Officer	17,447	17,682	2	-	26	25
Lindsay Thomson Monitoring Officer to 31/08/21	15,095	6,390	-	-	5	-
Lee Robertson Monitoring Officer (Acting) from 01/09/21 and Monitoring Officer and Senior Manager Legal from 31/01/22	-	11,800	1	-	4	-
Total	166,626	179,999	23	8	183	204

Notes

1. All Senior Employees employed by Clackmannanshire Council shown in the tables above are members of the Local Government Pension Scheme (LGPS).
2. Where employees have joined the Council and transferred previous employment pension benefits into the Falkirk Pension Fund, the pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service and not just their current employment.

Termination Benefits (Audited)

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision committing to the termination of employment of the offer to an officer or to a group of officers to encourage voluntary redundancy.

A number of employees left the Council through voluntary redundancy and voluntary severance during 2020/21 and 2021/22. The number of employees and costs of exit packages per pay band is shown in the table below.

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Disclosed costs include, where applicable: redundancy and pension costs in relation to lump sum, strain payments and capitalised added years. Any early terminations which might arise on the grounds of health or dismissal fall outside the regulatory disclosure requirement and would not be disclosed.

Cost Bands	Total Number of exit packages by Cost band		Total Cost of exit packages by Cost band	
	2020/21	2021/22	2020/21 £	2021/22 £
£0 £20,000	1	2	8,602	2,253
£20,001 £40,000	-	-	-	-
£40,001 £60,000	-	-	-	-
£60,001 £200,000	-	2	-	255,986
Total	1	4	8,602	258,239

Paid Time-off provided to Trade Union Representatives

The undernoted information is provided in line with the requirements of the trade Union (Facility Time Publication Requirements) Regulations 2017 (SI 2017/328) introduced by the Trade Union Act 2016.

Relevant Union Officials

During the year 14 employees took part in union activities, as relevant union officials, some of whom were part time:

	2021/22	
	Central Function	Education Function
Number of employees	12	2
Full-time Equivalent	8.96	0.8

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Facility time

The employees spent the following percentages of their time on facility time:

% of time	Employees 2021/22	
	Central Function	Education Function
0%	-	-
1-50%	10	1
51-99%	2	1
100%	-	-

Of the total pay bill, £93k (0.10%) related to facility time under taken during the year.

	2021/22	
	Central Function £'000	Education Function £'000
Facility time cost	53	40
Total pay bill	95,246	95,246
% of pay bill	0.06%	0.04%

Paid trade union activities

The percentage of the total paid facility time that relates to relevant union officials was 2.32%.

Nikki Bridle
Chief Executive

Ellen Forson
Leader of the Council

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Independent auditor's report to the members of Clackmannanshire Council and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Clackmannanshire Council and its group for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement in Housing Revenue Account Statement, the Council Tax Income Account, the Non Domestic Rates Income Account, the Common Good Comprehensive Income and Expenditure Statement, the Common Good Balance Sheet and the Common Good Movement on Reserves Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the council and its group as at 31 March 2022 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 10 June 2021. The period of total uninterrupted appointment is two years. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit

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services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the council and its group. However, I report on the council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Chief Finance Officer and the Audit and Scrutiny Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

The Audit and Scrutiny Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

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and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the council and its group is complying with that framework;
- identifying which laws and regulations are significant in the context of the council and its group;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

I have audited the part of the Remuneration Report described as audited. In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Independent Auditor's Report

Other information

The Chief Finance Officer is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

CLACKMANNANSHIRE COUNCIL
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Independent Auditor's Report

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Carole Grant CPFA
Audit Director
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Comprehensive Income & Expenditure Statement
For the year ended 31 March 2022

This statement shows the accounting cost in the year of providing services in accordance with proper accounting practices rather than the amount to be funded from taxation. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. Councils raise taxation to cover expenditure in accordance with regulations, this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2020/21				Note	2021/22		
Gross Expenditure	Gross Income	Net Expenditure/(Income)			Gross Expenditure	Gross Income	Net Expenditure/(Income)
£'000	£'000	£'000			£'000	£'000	£'000
94,791	(5,092)	89,699	People		102,799	(6,515)	96,284
25,480	(23,237)	2,243	Partnership and Performance		29,307	(22,597)	6,710
29,079	(9,561)	19,518	Place		34,142	(12,674)	21,468
16,661	(19,911)	(3,250)	Housing Revenue Account		17,884	(20,392)	(2,508)
1,423	-	1,423	Corporate Services		1,232	-	1,232
52,683	(33,501)	19,182	Clackmannanshire and Stirling Integration Joint Board		58,116	(36,391)	21,725
440	-	440	Central Scotland Valuation Joint Board		445	-	445
220,557	(91,302)	129,255	Cost of Services		243,925	(98,569)	145,356
1,776	-	1,776	(Gain)/ loss on sale of Non current assets		11	-	11
11,029	(485)	10,544	Financing and Investment Income and Expenditure	9	12,157	(383)	11,774
-	(137,858)	(137,858)	Taxation and Non-Specific Grant Income	10	-	(138,997)	(138,997)
233,362	(229,645)	3,717	(Surplus) or Deficit on Provision of Services		256,093	(237,949)	18,144
		(14,182)	(Surplus) or Deficit on revaluation of non-current assets	24			(24,659)
		4,455	Impairment (gain)/ loss on non-current asset to the revaluation reserve	24			2,494
		47,433	Remeasurement of the net defined benefit liability / (asset)	24			(78,341)
		37,706	Other Comprehensive (Income) and Expenditure				(100,506)
		41,423	Total Comprehensive (Income) and Expenditure				(82,362)

The Council acted as an agent on behalf of the Scottish Government in the administration of grants to business and individuals during the Covid-19 pandemic. This amounted to £6.733m of expenditure and income which is not shown within the Comprehensive Income and Expenditure Statement above.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

This is different from the statutory amounts required to be charged to the General Fund Reserve and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease, before Transfers to Earmarked Reserves line, shows the statutory General Fund Balance and Housing Revenue Account Balance, before any discretionary transfers to/ from earmarked reserves, undertaken by the Council.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Movement in Reserves Statement
For the year ended 31 March 2022

	Notes	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Insurance Fund £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
2021/22									
Balance Brought Forward		(20,025)	(7,610)	(1,333)	(1,276)	(2,850)	(33,094)	(87,832)	(120,926)
Movement in Reserves during 2021/22									
Total Comprehensive Income and Expenditure		19,674	(1,530)	-	-	-	18,144	(100,506)	(82,362)
Adjustments between accounting basis & funding basis	7	(22,268)	(719)	(943)	-	(198)	(24,128)	24,128	-
Net increase/decrease before transfers to Earmarked Reserves		(2,594)	(2,249)	(943)	-	(198)	(5,984)	(76,378)	(82,362)
Transfers to/ (from) Earmarked Reserves	8	(1,353)	307	1,475	26	(254)	201	(201)	-
(Increase)/Decrease in 2021/22		(3,947)	(1,942)	532	26	(452)	(5,783)	(76,579)	(82,362)
Balance carried forward		(23,972)	(9,552)	(801)	(1,250)	(3,302)	(38,877)	(164,411)	(203,288)

	Notes	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Insurance Fund £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
2020/21									
Balance Brought Forward		(11,858)	(4,504)	(2,074)	(1,280)	(2,694)	(22,410)	(139,939)	(162,349)
Movement in Reserves during 2020/21									
Total Comprehensive Income and Expenditure		5,939	(2,222)	-	-	-	3,717	37,706	41,423
Adjustments between accounting basis & funding basis		(12,806)	(884)	(542)	-	(405)	(14,637)	14,637	-
Net increase/decrease before transfers to Earmarked Reserves		(6,867)	(3,106)	(542)	-	(405)	(10,920)	52,343	41,423
Transfers to/ (from) Earmarked Reserves		(1,300)	-	1,283	4	249	236	(236)	-
(Increase)/Decrease in 2020/21		(8,167)	(3,106)	741	4	(156)	(10,684)	52,107	41,423
Balance carried forward		(20,025)	(7,610)	(1,333)	(1,276)	(2,850)	(33,094)	(87,832)	(120,926)

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Balance Sheet as at 31 March 2022

The Balance sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement of Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2021 £'000		Note	31 March 2022 £'000
377,915	Property, Plant & Equipment	11	394,489
805	Heritage Assets	12	805
8,542	Investment Properties	13	7,711
411	Intangible Assets	14	310
1	Long-Term Debtors		1
387,674	Non-Current Assets		403,316
376	Investment Properties held for Sale	13	204
-	Assets held for Sale	15	-
808	Inventories	16	535
17,472	Short-Term Debtors	17	17,779
19,004	Short-Term Investments	18	32,001
16,947	Cash and Cash Equivalents	18	9,234
54,607	Current Assets		59,753
(28,229)	Short-Term Creditors	19	(31,653)
(219)	Donated Inventories Accounts		-
(2,635)	Short-Term Borrowings	21	(4,919)
(31,083)	Current Liabilities		(36,572)
(47)	Provisions	20	(60)
(101,257)	Long-Term Borrowing	21	(98,238)
(37,292)	Other Long-Term Liabilities	22	(36,052)
(151,676)	Pension Liabilities	35	(88,859)
(290,272)	Long-Term Liabilities		(223,209)
120,926	Net Assets		203,288
(33,094)	Usable Reserves		(38,877)
(87,832)	Unusable Reserves	24	(164,411)
(120,926)	Total Reserves		(203,288)

The unaudited financial statements were issued on 25 August 2022 and the audited financial statements were authorised for issue on 23 March 2023.

Lindsay Sim
Chief Finance Officer

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Council and Group
Cash Flow Statement
For the year ended 31 March 2022

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent of which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council. As the impact of the consolidation on the Councils' Cash Flow Statement is immaterial, this statement covers both Council only and Group disclosure requirements.

2020/21		Notes	2021/22
£'000			£'000
(3,717)	Net (deficit) on the provision of services	CIES	(18,144)
31,581	Adjustments to net deficit on the provision of services for non-cash movements	25b	42,770
(836)	Adjustments for items included in the net deficit of the provision of services that are investing & financing activities	25c	(17,535)
27,028	Net cash flows from Operating Activities		7,091
(25,441)	Investing Activities	26	(12,908)
(1,454)	Financing Activities	27	(1,896)
133	Net increase (decrease) in cash and cash equivalents	18	(7,713)
16,814	Cash and Cash equivalents at the beginning of the reporting year	18	16,947
16,947	Cash and Cash equivalents at the end of the reporting year	18	9,234

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Notes to the Financial Statements

The Notes present information about the basis of preparation of the Financial Statements and the specific accounting policies used, along with the disclosure of information required by the Code that is not presented elsewhere in the Financial Statements.

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CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Notes to the Financial Statements

Note 1 - Accounting Policies

a) General Principles

The Annual Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which Section 12 of the Local Government in Scotland Act 2003 require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. In line with the code of practice the accounts have been prepared on a going concern basis of accounting.

The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets. The accounting policies have been applied consistently in the current and prior years.

b) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for the provision of services or the sale of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- Revenue from Council Tax and Non Domestic Rates is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council and the amount of revenue can be measured reliably. Revenue is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including those rendered by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract, and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Notes to the Financial Statements

c) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

d) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior year.

e) Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to loans fund principal charges. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by loans fund principal charges in the General Fund Balance by way of adjusting transactions with the Revaluation Reserve and Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Notes to the Financial Statements

f) Employee Benefits Payable During Employment

Short-term employee benefits such as salaries, wages, overtime and paid annual leave for current employees are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements or any form of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

g) Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy or severance. These benefits are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy or severance.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pensions enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Council are members of two separate pension schemes:

- The Teachers' Pension Scheme administered by the Scottish Public Pension Agency; and
- The Local Government Pensions Scheme administered by Falkirk Council.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the Teachers' Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as a defined contributions scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Education Service line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

The liabilities of the Falkirk Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate utilised by the actuaries to place a value on the liability.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Notes to the Financial Statements

The assets of the Falkirk Pension Fund attributable to the Council are included in the Balance Sheet at their fair value at current bid prices for securities, estimated fair value for unquoted securities and market price for property.

The change in the net pension's liability is analysed into seven components:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited/credited to Other Comprehensive Income and Expenditure; and
- contributions paid to the Falkirk Pension Fund – cash paid as employers' contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, Scottish Government Regulations require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early voluntary severance. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Notes to the Financial Statements

h) Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Annual accounts are adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

i) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another entity.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, Scottish Government regulations permit the costs of restructuring to be released to revenue over the period of the replacement loan. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Notes to the Financial Statements

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial asset measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

The Council does not hold financial assets measured at fair value through profit or loss (FVPL) or financial assets measured fair value through other comprehensive income (FVOCI).

Financial Assets Measured at Amortised Cost

Financial assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for Short-Term Debtors held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

j) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

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Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants & Receipts Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants & Receipts Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Business Improvement Districts

Two Business Improvement District (BID) schemes apply in Alloa Town Centre and Business Parks respectively within the Council. The schemes are funded by a BID levy paid by non-domestic ratepayers. The Council operates as an agent on behalf of the BID bodies and as a consequence the income and expenditure is not shown in the Comprehensive Income and Expenditure Statement.

k) Heritage Assets

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are maintained principally for their contribution to knowledge and culture.

Wherever possible heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. Heritage assets are complex and difficult to value and obtain in a cost effect manner. In circumstances where values cannot be obtained, either due to the nature of the assets or the prohibitive cost of obtaining a valuation, the regulations under which these accounts are prepared permit the Council not to recognise the assets on the face of the Balance Sheet. The Council is required however to disclose full details of any assets treated in this manner in a note to the Financial Statements. The Council's collections of heritage assets are accounted for as follows:

Recognised in Balance Sheet at Valuation

- Art Collections
- Public Art statues
- Civic Regalia
- Museum Collections (including equipment & ephemera)
- Commemorative Room

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Not recognised in Balance Sheet

- War Memorials
- Glassworks & Mosaics
- Listed Building

An impairment review of heritage assets is carried out whenever there is evidence of physical deterioration with the carrying value of the asset and any associated reserve being adjusted as necessary. Heritage assets are not subject to depreciation.

l) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at cost less amortisation and any provision for impairment. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and any sale proceeds posted to the Capital Receipts Reserve.

m) Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of associates and jointly controlled entities. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for impairment.

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n) Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

o) Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are reviewed annually according to market conditions at the year-end. The review is not a full revaluation but a Desk Valuation Impairment Review of a sample investment properties for the 2021/22 financial statements. The assets were selected as a typical representative of a group of similar properties and the revaluation gains and losses flowing from these revaluations were extrapolated to the group of properties and accounted for in 2021/22. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account with any sale proceeds posted to the Capital Receipts Reserve.

p) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

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Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipts for the disposal of the asset is used to write down the lease debtor.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

q) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

The Council adopted IFRS13 - Fair Value Measurement, which provides a common definition of fair values, taking into account the characteristics of the assets or liabilities which would be considered by market participants in determining the price of the asset or liability. This standard would apply to all property, plant and equipment assets, however, as the purpose of a local authority acquiring and holding an asset is to deliver services it is the service potential which is the primary concern. On this basis the Code has adapted IAS16 - Property Plant and Equipment and introduced a new definition of current value to require that operational local authority property, plant and equipment assets will continue to be measured for their service potential and not fair value.

Non operational property, plant and equipment (i.e. surplus assets) require to be measured at the lower of cost and net realisable value.

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Assets are initially measured at cost, comprising:

- the purchase price; and
- costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not lead to a variation in the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost;
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH);
- surplus assets – lower of cost and net realisable value; and
- all other assets – fair value, determined by the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

The Council undertakes a full revaluation review of all non current assets every five years. The last review was at 1 April 2019. A sample of non-HRA assets are reviewed annually to ensure that their carrying amount is not materially different from their fair value at the year-end. The exercise was not a full revaluation but a Desk Valuation Impairment Review of a sample of education and non-operational properties for the 2021/22 financial statements. The assets were selected as a typical representative of a group of similar assets and the revaluation gains and losses flowing from these revaluations were extrapolated to the group of assets and accounted for in 2021/22. HRA assets are not reviewed between the five yearly valuations. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains, or credited to the Comprehensive Income and Expenditure Statement where they arise as a reversal of a revaluation loss previously charged to a service.

Where decreases in value are identified, the revaluation loss is accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

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Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (up to 70 years);
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer (i.e. up to 15 years);
- infrastructure – straight-line allocation over 60 years; and
- depreciation is not charged in year of purchase, but a full year charge is made in year of sale.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the General Fund.

Componentisation

Components of Property, Plant & Equipment (PPE) assets do not always have the same useful lives and may depreciate or wear out at different rates throughout their life. It is therefore appropriate to depreciate each significant component separately over its useful life, in order that the Comprehensive Income and Expenditure Statement is fairly charged with the consumption of economic benefits of those assets.

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Significant components are deemed to be those whose cost is 25% or more of the total cost of the individual asset. In accordance with the Council's approved policy, an individual asset is considered to be material if its carrying value is 5% or more of the cumulative carrying value (net book value) of the non-land element of PPE and Investment Properties. Any individual asset below this de-minimis will be disregarded for component accounting on the basis that any adjustment to depreciation charges would not be material.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to long-term assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts and required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

r) Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the

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contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the Secondary Schools scheme the liability was written down by an initial capital contribution of £16.35m.

Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost – an interest charge of 7.59% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease); and
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

s) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation where it is probable that settlement by a transfer of economic benefits or service potential will be required, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

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Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the Financial Statements.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

t) Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement & employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant notes below.

u) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

v) VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

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Note 2 - Changes to Accounting Standards

Accounting Standards Adopted in the Year

- Definition of a Business: Amendments to IFRS3 Business Combinations;
- Interest Rate Benchmark Reform: Amendments to IFRS9, IAS39 and IFRS7, and
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16.

Accounting Standards Issued not yet Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2022/23 Code:

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 3 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS;
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard, and
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

As the Code requires implementation of these from 1 April 2022, there is no impact on the 2021/22 financial statements. Overall, these new or amended standards are not expected to have a material impact on the 2022/23 financial statements.

Note 3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Financial Statements are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision:
- The Council is deemed to control the services provided under the PFI agreement for the provision of Secondary School establishments. The accounting policies for PFI schemes have been applied and the assets under the PFI contract are included within Property, Plant and Equipment on the Council's Balance Sheet: and
- The Council has considered relevant guidance and determined the accounting treatment, as either principal or agent, to be applied to Covid-19 related income, expenditure and balances.

Note 4 - Assumptions Made About the Future and Other Major Sources of Estimation

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Uncertainty

The Financial Statements contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets.</p> <p>Assets included in the balance sheet at fair value are reviewed on a five yearly cycle. An annual review of significant non-HRA assets is also carried out to ensure there is no material difference between the carrying amount from their fair value at year end.</p>	<p>If the useful life of assets is reduced depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings and Council houses would increase by £1.042m and £0.316m respectively for every year that useful lives had to be reduced.</p>
Arrears – Council Tax	<p>At 31 March 2022 the Council had Council Tax debt outstanding of £12.584m. A review of outstanding balances suggested that an allowance for doubtful debts of £9.151m was appropriate resulting in coverage of 73% for doubtful debts. However, in the current economic climate such an allowance might not be sufficient.</p>	<p>If collection rates were to deteriorate and the provision had to be increased, for every 5% increase in the provision then a further contribution of £0.629m would be required.</p>
Pensions Liability	<p>Estimates of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance a 0.1% decrease in the real discount rate would result in an increase in the pension liability of 2% equating to £9.6m.</p>
Housing Rent Arrears	<p>At 31 March 2022 the Council had Housing Rent Arrears of £2.236m. A review of outstanding balances suggested that an impairment for irrecoverable rents of £2.236m was appropriate resulting in a coverage of 100% for doubtful debts.</p>	<p>The Council has 100% coverage on all Housing Rent Arrears.</p>

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Note 5 – Events after the Reporting Period

The Draft Annual Accounts were authorised for issue by the Chief Finance Officer (Section 95 Officer) on 25 August 2022. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the Financial Statements and Notes have been adjusted in all material respects to reflect the impact of this information. Events taking place after this date are not reflected in the Financial Statements or Notes.

Note 6 – Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the funding available to the Council for the year, from government grants, council tax and business rates, has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement on page 76. The Adjustments between Funding and Accounting basis is shown more fully in Note 7 on page 107.

The table below shows the analysis for the management structure of the Council:

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Note 6 - Expenditure & Funding Analysis

2020/21			2021/22			
Net Expenditure chargeable to GF & HRA	Adjustments between Funding & Accounting basis	Net Expenditure In the CI&ES		Net Expenditure chargeable to GF & HRA	Adjustments between Funding & Accounting basis	Net Expenditure in the CI&ES
£'000	£'000	£'000		£'000	£'000	£'000
73,560	16,139	89,699	People	76,883	19,401	96,284
5,266	(3,023)	2,243	Partnership & Performance	4,786	1,924	6,710
16,457	3,061	19,518	Place	17,243	4,225	21,468
(4,232)	982	(3,250)	HRA - Place	(3,382)	874	(2,508)
1,423	-	1,423	Corporate Services	1,232	-	1,232
19,040	142	19,182	Clackmannanshire and Stirling Integration Joint Board	21,583	142	21,725
440	-	440	Central Scotland Valuation Joint Board	445	-	445
111,954	17,301	129,255	Cost of Services	118,790	26,566	145,356
(121,927)	(3,611)	(125,538)	Other Income and Expenditure	(123,633)	(3,579)	(127,212)
(9,973)	13,690	3,717	(Surplus)/Deficit	(4,843)	22,987	18,144
		£'000				£'000
		16,362	Opening GF & HRA Balance			27,635
		9,973	Surplus/ (Deficit) in the year			4,843
		1,300	Transfer (to)/from other statutory reserves			1,046
		27,635	Closing GF and HRA Balance			33,524

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Note 6 - Expenditure & Funding Analysis

The table below shows the adjustments between the net expenditure based on the management reporting structure and the net expenditure that is reported in the Comprehensive Income and Expenditure Statement.

2021/22	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000
People	13,680	5,131	590	19,401
Partnership & Performance	(1,418)	3,613	(271)	1,924
Place	2,159	2,207	(141)	4,225
HRA - Place	(392)	1,419	(153)	874
Corporate Services	-	-	-	-
Clackmannanshire and Stirling Integration Joint Board	142	-	-	142
Central Scotland Valuation Joint Board	-	-	-	-
Cost of Services	14,171	12,370	25	26,566
Other Income and Expenditure	(6,733)	3,154	-	(3,579)
(Surplus)/Deficit	7,438	15,524	25	22,987

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Notes to the Financial Statements

Note 6 - Expenditure & Funding Analysis

2020/21	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000
People	13,860	1,920	359	16,139
Partnership & Performance	(3,596)	703	(130)	(3,023)
Place	2,012	856	193	3,061
HRA - Place	324	554	104	982
Corporate Services	-	-	-	-
Clackmannanshire and Stirling Integration Joint Board	142	-	-	142
Central Scotland Valuation Joint Board	-	-	-	-
Cost of Services	12,742	4,033	526	17,301
Other Income and Expenditure	(5,908)	2,297	-	(3,611)
(Surplus)/Deficit	6,834	6,330	526	13,690

Adjustments for capital purposes include the replacement of depreciation and revaluation losses with repayment of borrowing to the Loans Fund and direct revenue funding of capital expenditure.

Net changes for pensions adjustments relate to the adjustment made for the removal of IAS19 Employee Benefits pension related expenditure and income with the pension contributions.

Other adjustments include the reversal of the value of entitlement to accrued leave and the timing differences for premiums and discounts associated with borrowing within the Loans Fund.

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Notes to the Financial Statements

Note 6 - Expenditure & Funding Analysis

The table below shows the analysis by the type of expenditure:

2020/21				2021/22		
Net Expenditure chargeable to GF & HRA balances £'000	Adjustments between Funding & Accounting basis £'000	Net Expenditure in the CI&E statement £'000		Net Expenditure chargeable to GF & HRA balances £'000	Adjustments between Funding & Accounting basis £'000	Net Expenditure in the CI&E statement £'000
91,117	4,771	95,888	Employee costs	96,054	12,608	108,662
24,102	-	24,102	Other Operating Costs	27,025	-	27,025
62,870	-	62,870	Third Party & Transfer Payments	67,102	-	67,102
-	20,335	20,335	Depreciation	-	21,868	21,868
7,805	(7,805)	-	Capital Financing Costs	7,910	(7,910)	-
(73,940)	-	(73,940)	Income	(79,301)	-	(79,301)
111,954	17,301	129,255	Cost of Services	118,790	26,566	145,356
(121,927)	(3,611)	(125,538)	Other Income and Expenditure	(123,633)	(3,579)	(127,212)
(9,973)	13,690	3,717	(Surplus)/Deficit	(4,843)	22,987	18,144

CLACKMANNANSHIRE COUNCIL
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Note 6 - Expenditure & Funding Analysis

The table below shows the analysis by the management structure of the Council and the type of expenditure:

2021/22

	People £'000	Partnership & Performance £'000	Place £'000	HRA - Place £'000	Corporate Services £'000	Clackmannanshire and Stirling Integration Joint Board £'000	Central Scotland Valuation Joint Board £'000	Net Expenditure chargeable to GF & HRA balances £'000
Employee costs	59,108	8,111	11,863	7,546	1,264	8,162	-	96,054
Other Operating Costs	9,125	1,150	11,227	4,781	76	666	-	27,025
Third Party & Transfer Payments	15,165	15,808	6,799	1,429	(108)	27,564	445	67,102
Capital Financing Costs	-	2,314	27	5,569	-	-	-	7,910
Income								
Government Grants and Other Contributions	(5,171)	(21,596)	(2,134)	(315)	-	(14,784)	-	(44,000)
Fees, charges and other service income	(999)	(633)	(5,808)	(20,129)	-	(25)	-	(27,594)
Income from recharges for services	(345)	(368)	(4,731)	(2,263)	-	-	-	(7,707)
Cost of Services	76,883	4,786	17,243	(3,382)	1,232	21,583	445	118,790

CLACKMANNANSHIRE COUNCIL
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Notes to the Financial Statements

Note 6 - Expenditure & Funding Analysis
2020/21

	People £'000	Partnership & Performance £'000	Place £'000	HRA - Place £'000	Corporate Services £'000	Clackmannanshire and Stirling Integration Joint Board £'000	Central Scotland Valuation Joint Board £'000	Net Expenditure chargeable to GF & HRA balances £'000
Employee costs	56,128	8,056	10,993	7,205	1,026	7,709	-	91,117
Other Operating Costs	8,083	791	9,981	4,226	505	516	-	24,102
Third Party & Transfer Payments	14,441	16,479	5,045	1,298	(108)	25,275	440	62,870
Capital Financing Costs	-	3,176	-	4,629	-	-	-	7,805
Income								
Government Grants and Other Contributions	(4,143)	(22,590)	(925)	-	-	(14,459)	-	(42,117)
Fees, charges and other service income	(694)	(430)	(4,422)	(20,004)	-	(1)	-	(25,551)
Income from recharges for services	(255)	(216)	(4,215)	(1,586)	-	-	-	(6,272)
Cost of Services	73,560	5,266	16,457	(4,232)	1,423	19,040	440	111,954

CLACKMANNANSHIRE COUNCIL
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Notes to the Financial Statements

Note 7 – Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the Total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. The balance is not available to be applied to funding HRA services.

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority Council housing provision. It contains the balance of income and expenditure that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or certain types of revenue expenditure including: to finance historical capital expenditure, or fund severance costs. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants & Receipts Unapplied Account

The Capital Grants & Receipts Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place. It also holds Capital Receipts which have been earmarked to fund Council transformation projects in line with the statutory provision of Local Government Finance Circular 4/2019 that covers the period 2018/19 to 2021/22. This was further extended for financial year 2022/23 by Local Government Finance Circular 8/2022.

CLACKMANNANSHIRE COUNCIL
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Insurance Fund

The purpose of the Insurance Fund is to provide an element of self-insurance and protect the Council against future claims. Council services contribute to the fund, which meets the cost of fire damage, public liability, employee liability, vehicle fleet and various other claims. The Council holds insurance cover to meet any large claims, the premium for which is charged to the Insurance Fund.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Notes to the Financial Statements

Note 7 – Adjustments between Accounting Basis and Funding Basis under Regulations 2021/22

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Usable Reserves Capital Grants & Receipts Unapplied	Insurance Fund	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment account:						
Reversal of items debited or credited to the CIES						
Charges for depreciation and impairment of non-current assets	(7,418)	(5,171)	-	-	-	12,589
Revaluation losses on property, plant and equipment	(4,451)	-	-	-	-	4,451
Movements in the fair value of investment assets	(232)	-	-	-	-	232
Amortisation of intangible assets	(107)	(6)	-	-	-	113
Difference between fair value and historic cost depreciation	(4,715)	-	-	-	-	4,715
Capital grants and contributions applied	6,288	490	-	-	-	(6,778)
Revenue Expenditure Funded from Capital under Statute	-	-	-	-	-	-
Non-current assets written off on disposal/ sale as part of gain/ (loss) on disposal	(954)	-	-	-	-	954
To the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
Insertion of items not debited or credited to the CIES						
Statutory provision for the financing of capital investment	1,965	305	-	-	-	(2,270)
Capital expenditure charged against the General Fund and HRA Balances	164	5,265	-	-	-	(5,429)
Adjustments primarily involving the Capital Grants & Receipts Unapplied account						
Capital Grants and contribution unapplied credited to the CIES	198	-	-	(198)	-	-
Application of Grants to Capital Financing	-	-	-	-	-	-
Adjustments primarily involving the Capital Receipts Reserve						
Transfer of cash sale proceeds as part of the Gain/ (loss) on disposal to the CIES	943	-	(943)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-	-	-
Adjustments primarily involving the Financial Instruments Adjustments Account						
difference between finance costs charged to the CIES & statutory requirements	212	-	-	-	-	(212)
Adjustments involving Pension Reserve						
Reversal of items relating to post employment benefits debited or credited to the Provision of Services in the CIES (see Note 24)	(23,610)	(2,785)	-	-	-	26,395
Employer's pensions contributions and direct payments to pensioner in year	9,841	1,030	-	-	-	(10,871)
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Difference between officer remuneration charges to the CIES & statutory requirements	(392)	153	-	-	-	239
Total Adjustments	(22,268)	(719)	(943)	(198)	-	24,128

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Notes to the Financial Statements

Note 7 – Adjustments between Accounting Basis and Funding Basis under Regulations 2020/21*

	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants & Receipts Unapplied	Insurance Fund	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment account:						
Reversal of items debited or credited to the CIES						
Charges for depreciation and impairment of non-current assets	(6,833)	(4,928)	-	-	-	11,761
Revaluation losses on property, plant and equipment	(4,308)	-	-	-	-	4,308
Movements in the fair value of investment assets	126	-	-	-	-	(126)
Amortisation of intangible assets	(121)	(4)	-	-	-	125
Difference between fair value and historic cost depreciation	(4,140)	-	-	-	-	4,140
Capital grants and contributions applied	6,873	280	-	-	-	(7,153)
Revenue Expenditure Funded from Capital under Statute	-	-	-	-	-	-
Non-current assets written off on disposal/ sale as part of gain/ (loss) on disposal To the Comprehensive Income and Expenditure Statement	(2,319)	-	-	-	-	2,319
Insertion of items not debited or credited to the CIES						
Statutory provision for the financing of capital investment	2,986	596	-	-	-	(3,582)
Capital expenditure charged against the General Fund and HRA Balances	-	4,011	-	-	-	(4,011)
Adjustments primarily involving the Capital Grants & Receipts Unapplied account						
Capital Grants and contribution unapplied credited to the CIES	335	70	-	(405)	-	-
Application of Grants to Capital Financing	-	-	-	-	-	-
Adjustments primarily involving the Capital Receipts Reserve						
Transfer of cash sale proceeds as part of the Gain/ (loss) on disposal to the CIES	542	1	(543)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	1	-	-	(1)
Adjustments primarily involving the Financial Instruments Adjustments Account						
difference between finance costs charged to the CIES & statutory requirements	212	-	-	-	-	(212)
Adjustments involving Pension Reserve						
Reversal of items relating to post employment benefits debited or credited to the Provision of Services in the CIES (see Note 24)	(14,733)	(1,817)	-	-	-	16,550
Employer's pensions contributions and direct payments to pensioner in year	9,209	1,010	-	-	-	(10,219)
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Difference between officer remuneration charges to the CIES & statutory requirements	(635)	(103)	-	-	-	738
Total Adjustments	(12,806)	(884)	(542)	(405)	-	14,637

*The make-up of this note has been restated due to updated LASAAC guidance on Accounting for Depreciation.

CLACKMANNANSHIRE COUNCIL
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Notes to the Financial Statements

Note 8 – Transfers to/from Earmarked Reserves

This note sets out the amounts set aside in the Council's usable reserves and the amounts posted back from these reserves to meet expenditure during the year.

	Balance as at 1 April 2020 £'000	Transfers in 2020/21 £'000	Transfers out 2020/21 £'000	Balance as at 31 March 2021 £'000	Transfers in 2021/22 £'000	Transfers out 2021/22 £'000	Balance as at 31 March 2022 £'000
General Fund Balance							
Devolved School Management	(499)	(374)	499	(374)	(631)	374	(631)
Organisational Change Fund	(230)	(200)	124	(306)	-	108	(198)
Employment Fund	(1,528)	-	528	(1,000)	-	147	(853)
Pupil Equity Funding (PEF)	(554)	(636)	554	(636)	(680)	636	(680)
Early Learning & Childcare (ELCC)	(463)	(30)	158	(335)	-	109	(226)
Education Covid-19 recovery	-	(1,477)	-	(1,477)	-	977	(500)
Ring-fenced Housing Grants	(626)	(220)	28	(818)	(368)	178	(1,008)
Transformation Fund	(1,000)	(841)	-	(1,841)	-	-	(1,841)
Other Miscellaneous Commitments	(735)	(965)	867	(833)	(1,482)	221	(2,094)
Covid-19 General Funding	-	(1,304)	-	(1,304)	(2,399)	1,123	(2,580)
Covid-19 Specific Funding	-	(2,346)	-	(2,346)	(1,056)	2,076	(1,326)
Amount to support Revenue Budget	-	(885)	-	(885)	(3,942)	885	(3,942)
Earmarked for general purpose 21/22 budget	-	(1,200)	-	(1,200)	-	1,200	-
Developers Contributions	-	(118)	-	(118)	(772)	-	(890)
Specific Employability Funding	-	-	-	-	(840)	-	(840)
Contractual Repairs & Maintenance	-	(100)	-	(100)	(585)	370	(315)
Uncommitted Reserve	(6,223)	(229)	-	(6,452)	(4,123)	4,527	(6,048)
Total General Fund Balance	(11,858)	(10,925)	2,758	(20,025)	(17,019)	12,931	(23,972)

CLACKMANNANSHIRE COUNCIL
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	Balance as at 1 April 2020 £'000	Transfers in 2020/21 £'000	Transfers out 2020/21 £'000	Balance as at 31 March 2021 £'000	Transfers in 2021/22 £'000	Transfers out 2021/22 £'000	Balance as at 31 March 2022 £'000
Housing Revenue Account	(4,504)	(3,106)	-	(7,610)	(2,249)	307	(9,552)
Capital Receipts Reserve	(2,074)	(846)	1,587	(1,333)	(1,158)	1,690	(801)
Insurance Fund	(1,280)	(1)	5	(1,276)	(1)	27	(1,250)
Capital Grants Unapplied Account	(2,694)	(831)	675	(2,850)	(1,141)	689	(3,302)
Total Usable Reserves	(22,410)	(15,709)	5,025	(33,094)	(21,568)	15,644	(38,877)

CLACKMANNANSHIRE COUNCIL
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Note 9 – Financing and Investment Income and Expenditure

This note provides detail regarding the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

	Notes	2020/21	2021/22
		£'000	£'000
Interest payable and similar charges		8,755	8,665
Net Interest on the Net Defined Benefit Liability		2,297	3,154
Interest receivable and similar income		(315)	(115)
Changes in the carrying value Market loans		(8)	(8)
Revaluation of Investment Property	7	(126)	232
Rental Income from Investments		(59)	(154)
Total		10,544	11,774

Note 10 – Taxation and Non-Specific Grant Income

This note provides detail regarding the Taxation and Non-Specific Grant Income line within the Comprehensive Income and Expenditure Statement.

	2020/21	2021/22
	£'000	£'000
Credited to Taxation and Non Specific Grant Income:		
Council Tax	23,638	23,974
Grant allocation for Council Tax Reduction Scheme	3,667	3,714
Non-Domestic Rate Income distributed by pool	10,757	13,650
Non-ring fenced government grants*	92,238	90,682
Capital grants and contributions	7,558	6,977
Total	137,858	138,997

* Included Non-ring fenced government grants is £5.036m (2020/21 £9.862m) of Covid-19 grants.

Net Cost of Services within the Comprehensive Income and expenditure Account

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22

	2020/21	2021/22
	£'000	£'000
Credited to Services		
DWP grant for Benefits	13,158	12,383
Criminal Justice	1,350	1,368
Other revenue grants (including Early Learning and Childcare and Scottish Attainment Challenge)	6,128	6,732
Covid-19 grants	973	-
Total	21,609	20,483

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The table below reconciles the Non-ring fenced government grants to the Local Government Funding Settlement for 2021/22 from Scottish Government as shown in the Local Government Finance (Scotland) Order 2022 (as amended).

	£'000
Non-ring fenced government grants	90,682
Add Grant allocation for Council Tax Reduction Scheme	3,714
Add Grants not included in CIES (Council acted as Agent)	1,527
Less Non-Recurring Covid-19 Grants	<u>(5,035)</u>
Total General Revenue Funding	90,888
Non-Domestic Rate Income distributed by pool	13,650
Ring fenced Grants shown with in Cost of Services	7,444
Total Settlement	<u>111,982</u>

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Notes to the Financial Statements

Note 11 – Property, Plant & Equipment (PPE)

Valuations

Assets at valuation are included in the Balance Sheet at their current asset value as at 1 April 2019 as amended by annual revaluation at the year end (where applicable) and subsequent additions and disposals. The Council appointed J&E Shepherd Chartered Surveyors to conduct its five-yearly valuation of assets during 2019/20 and also to carry out a Desk Valuation Impairment Review of a sample of Education and non-operational properties for the 2021/22 financial statements. The determination of fair value is carried out by Ian Hannon, MRICS, Managing Partner. The basis for valuation is set out in the Statement of Accounting Policies.

Movements in 2021/22	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Assets under Construction £'000	Surplus Assets £'000	Total Property, Plant & Equip £'000	Concession Assets Included in PPE £'000
Cost or Valuation								
At 1 April 2021	133,546	191,367	23,788	*	1,719	128	*	84,354
Additions	5,715	4,056	2,037	4,229	124	-	16,161	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	14,174	-	-	-	-	14,174	15,608
Revaluation increases/(decreases) recognised in the CIES	-	(4,451)	-	-	-	-	(4,451)	-
Assets reclassified (to)/from Assets Held for Sale	-	-	(745)	-	-	-	(745)	-
Other Reclassifications	-	(410)	-	-	-	410	-	-
At 31 March 2022	139,261	204,736	25,080	*	1,843	538	*	99,962

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Note 11 – Property, Plant & Equipment (PPE)

Movements in 2021/22	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Assets under Construction £'000	Surplus Assets £'000	Total Property, Plant & Equip £'000	Concession Assets included in PPE £'000
Depreciation charge								
At 1 April 2021	9,480	3,136	16,343	*	-	2	*	-
Depreciation charge	4,964	9,503	1,674	1,153	2	1	17,297	3,222
Depreciation written out on revaluations recognised in the Revaluation Reserve	-	(7,991)	-	-	-	-	(7,991)	(3,222)
De-recognition – Disposals	-	-	(741)	-	-	-	(741)	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-	-
At 31 March 2022	14,444	4,648	17,276	*	2	3	*	-
Net Book Value: At 31 March 2022	124,817	200,088	7,804	59,404	1,841	535	394,489	99,962

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Note 11 – Property, Plant & Equipment (PPE)

Movements in 2020/21	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Assets under Construction £'000	Surplus Assets £'000	Total Property, Plant & Equip £'000	Concession Assets Included in PPE £'000
Cost or Valuation								
At 1 April 2020	129,334	195,696	21,585	*	1,453	361	*	82,681
Additions	4,212	6,968	2,955	3,443	114	-	17,692	28
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	(8,847)	-	-	-	-	(8,847)	1,645
De-recognition – Disposals	-	-	(752)	-	-	-	(752)	-
Assets reclassified (to)/from Assets Held for Sale	-	(2,450)	-	-	-	(38)	(2,488)	-
Assets reclassified (to)/from Investment Assets	-	(23)	-	-	-	(93)	(116)	-
Other Movements in Cost or Valuation	-	23	-	-	152	(102)	73	-
At 31 March 2021	133,546	191,367	23,788	*	1,719	128	*	84,354

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Note 11 – Property, Plant & Equipment (PPE)

Movements in 2020/21	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Assets under Construction £'000	Surplus Assets £'000	Total Property, Plant & Equip £'000	Concession Assets included in PPE £'000
Depreciation charge								
At 1 April 2020	4,762	8,818	15,819	*	-	1	*	2,908
Depreciation charge	4,718	8,824	1,257	1,095	-	1	15,895	2,908
Depreciation written out on revaluations recognised in the Revaluation Reserve	-	(14,266)	-	-	-	-	(14,266)	(5,816)
De-recognition – Disposals	-	(240)	(733)	-	-	-	(973)	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-	-
At 31 March 2021	9,480	3,136	16,343	*	-	2	*	-
Net Book Value:								
At 31 March 2021	124,066	188,231	7,445	56,328	1,719	126	377,915	84,354

***Infrastructure Assets**

The CIPFA/LASAAC Code of Practice for Local Authority Accounting in the United Kingdom requires infrastructure assets to be measured using the historical cost measurement basis and carried at depreciated historical cost. Due to information deficits surrounding the derecognition of infrastructure assets components, it is unclear as to whether when an assets component is replaced the old component has been derecognised so as to avoid double counting.

The Council has adopted the Statutory Overrides contained within the Local government finance circular 09/2022: statutory override - accounting for infrastructure assets as follows:

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Statutory Override 1: For accounting period commencing from 1st April 2021 to March 2024 a local authority is not required to report gross cost and accumulated depreciation on infrastructure assets

Statutory Override 2: For accounting periods commencing 1 April 2010 to 31st March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken and accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

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Capital Commitments

At 31 March 2022 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2022/23 and future years budgeted to cost £16.6m. These commitments are not included in the financial statements. Similar commitments at 31 March 2021 were £13.3m.

The major commitments are as follows:

	£'000
HRA Window Replacement	8,931
HRA Central Heating Design & Installation	1,650
HRA Council Housing Safe Electrical Systems	1,258
HRA Secure Door Entry Replacement	1,246
HRA Council Fences and Gates	468
HRA Smaller Projects	452
Clackmannan Town Hall Roof and Wall Upgrade	1,121
Roads & Transportation	1,061
Wellbeing Hub	385
	16,572

Note 12 Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Council

	Art Collection £'000	Public Art, Statues, Glasswork & Mosaics £'000	Industrial Equipment & Other Items £'000	Total Assets £'000
Cost or Valuation				
At 1 April 2021	115	510	180	805
Revaluation	-	-	-	-
31 March 2022	115	510	180	805
Cost or Valuation				
At 1 April 2020	115	510	180	805
Revaluation	-	-	-	-
31 March 2021	115	510	180	805

Art Collection

The Council has obtained valuations for the collection of paintings by means of their insurance valuations. These insurance valuations are based on a current estimation of market value and are reviewed annually to ensure the adequacy of insurance provision and current valuation. The collection of paintings is reported in the Balance Sheet at insured value.

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The collection is relatively static and acquisitions and donations are rare. When they do occur acquisitions are initially recognised at cost and donations are recognised at valuation ascertained by the Museum & Heritage Officer.

Public Art – Statues

The Council owns several statues most of which were commissioned as part of 'Imagine Alloa' a programme targeting the regeneration of town and village centres across the county. Collectively these statues constitute the 'Public Art Trail'. The Council has obtained valuations for the collection of statues by means of their insurance valuations. These insurance valuations are reviewed annually to ensure adequacy of insurance provision. The collection of statues is reported in the Balance Sheet at Insured value

Public Art - Glassworks and Mosaics

The Council commissioned several glass and mosaic pieces for installation at several key buildings in the county and has obtained valuations for these by means of their insurance valuations. These insurance valuations are reviewed annually to ensure adequacy of insurance provision. The commissions of glassworks/mosaics are reported in the Balance Sheet at Insured Value.

Industrial Equipment and Ephemera

The Council owns several collections of artefacts relating to the mining, brewing, distilling, pottery, glassmaking and textile industries, all of which have been historically significant within the County. The larger pieces for which the Council has obtained an insurance valuation are reported on the Balance Sheet at valuation.

Items/collections within this category for which a valuation has previously been obtained are:

- Harviestoun Silver Soup Tureen
- Robert Millar Long Case Clock
- Paton & Baldwins Model
- Alloa Pottery Collection
- Arnsbrae Candelabra
- Collection of Civil Regalia

Revaluation of Heritage Assets

As part of the five yearly valuation of assets, as mentioned in Note 11, the Commemoration Room within the residential development at Menstrie Castle has been written on the Balance Sheet and is now included within the carrying value of Heritage Assets held by the Council.

Assets excluded from Heritage Assets

The Council has a number of assets that may be regarded as Heritage Assets, but which have not been included in the Balance Sheet since the Council considered that obtaining valuations would involve disproportionate cost or reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets held, and the lack of comparable market values. The Code therefore permits such assets to be excluded from the Balance Sheet. Within this category the Council owns and maintains 12 War Memorials

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throughout the County, Glassworks and mosaic pieces installed at buildings in the County. The Council also owns the Tolbooth in Clackmannan which is a listed building and classed as a heritage asset but is not within the carrying value of Heritage Assets held on the Balance Sheet.

Note 13 – Investment Properties

The following table summarises the movement in the fair value of investment properties in the year:

Investment Properties (Non Current Assets)

	2020/21	2021/22
	£'000	£'000
Balance 1 April	8,330	8,542
Additions	125	185
Net gains/(losses) from fair value adjustments	151	(232)
Assets reclassified (to)/from Assets Held for Sale	(49)	(778)
Transfers to/from:		
PPE	115	-
Assets held for sale	(124)	-
Depreciation	(6)	(6)
Balance 31 March	8,542	7,711

Investment Properties Held for Sale (Current Assets)

	2020/21	2021/22
	£'000	£'000
Balance 1 April	290	376
Additions	-	-
Assets reclassified (to)/from Assets Held for Sale	(13)	(172)
Net Gains/(losses) from fair value adjustments	(25)	-
Transfers from Investment Properties	124	-
Balance 31 March	376	204

Total Investment Properties

8,918 7,915

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or undertake repairs, maintenance or enhancement. The only direct operating expenses for the period relates to professional fees incurred in marketing Greenfield House.

The items of income and expense, in respect of Investment Property leased out as operating leases, have been accounted for in the Comprehensive Income and Expenditure Statement.

	2020/21	2021/22
	£'000	£'000
Rental income from investment property	(162)	(268)
Direct operating expenses arising from investment property	103	114
	(59)	(154)

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Note 14 – Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are all five years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £113k charged to revenue in 2021/22 was charged to the IT cost centre and then absorbed as an overhead across all the service headings in the Net Cost of Services within the Comprehensive Income and Expenditure Statement. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement in Intangible Asset balances during the year is as follows:

	2020/21	2021/22
	£'000	£'000
Cost		
1 April	1,095	1,117
Additions	22	12
Disposals Gross Cost	-	-
	1,117	1,129
Amortisation		
1 April	(581)	(706)
Disposal accumulated amortisation	-	-
Amortisation for the year	(125)	(113)
	(706)	(819)
Carrying Value 31 March	411	310

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Note 15 – Assets Held for Sale

This note provides detail of the Assets Held for Sale on the Balance Sheet. An asset is required to fulfil certain criteria in order to be classified in this category. These criteria are detailed in the Accounting Policies.

	Notes	2020/21 £'000	2021/22 £'000
Balance outstanding at start of year		-	-
Assets reclassified (to)/from Other Land & Buildings	11	2,450	745
Assets reclassified (to)/from Surplus Assets	11	38	-
Assets reclassified (to)/from Investment Properties	13	62	950
Assets sold		(2,550)	(1,695)
Depreciation De-recognition - Disposals		(240)	(741)
Other movements in depreciation and impairment		240	741
Balance outstanding at year-end		<u>-</u>	<u>-</u>

Note 16 – Inventories

This note provides detail of the major inventories that are held by the Council Departments in order for them to carry out their responsibilities.

	Building Works		Roads		Vehicle Maintenance		Other*		Total	
	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000
1 April	170	173	116	109	53	59	112	467	451	808
Purchased	643	862	234	174	353	482	1,255	1,137	2,485	2,655
Expenses in the year	(640)	(822)	(241)	(156)	(347)	(507)	(900)	(1,443)	(2,128)	(2,928)
31 March	173	213	109	127	59	34	467	161	808	535

* Included in the balance for Other is £219k in relation to personal protective equipment and test kits which was supplied free of charge to the Council by National Services Scotland (NSS) during 2020/21. All these items were used in 2021/22 and an amount of £219k is included in the Expenses for the year. The balance as at 31st March 2022 for these items is nil. A corresponding Donated Inventory Account is included in Current Liabilities within the Balance Sheet.

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Note 17 – Short-Term Debtors

This note provides detail of the Short-Term Debtors line in the Balance Sheet. A Short-Term Debtor represents money that is owed to the Council which is expected to be received in less than a year.

The Debtors balance at the year end is made up as follows:	2020/21	2021/22
	£'000	£'000
Central Government Bodies	8,801	7,770
Other Local Authorities	896	993
NHS Bodies	1,169	979
Other Corporations & Trading funds	4	-
Other entities and individuals	6,602	8,037
Total	17,472	17,779

Note 18 – Short-Term Investments and Cash and Cash Equivalents

This note provides detail of the Short Term Investments and Cash and Cash Equivalents in the Balance Sheet on page 79.

	2020/21	2021/22
	£'000	£'000
Short-Term Investments		
CSBP Clackmannanshire Investments Ltd (at cost)	1	1
Cash deposit with banks	19,003	32,000
	19,004	32,001
Cash and Cash Equivalents		
Cash held by the Council	32	32
Bank current accounts	16,915	9,202
Total Cash and Cash Equivalents	16,947	9,234
TOTAL	35,951	41,235

The investment in CSBP Clackmannanshire Investments Ltd is anticipated to be repaid during 2022/23.

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Note 19 – Short-Term Creditors

This note provides detail of the Short-Term Creditors line in the Balance Sheet. A Short-Term Creditor represents money that is owed by the Council and which is expected to be paid in less than a year.

The Creditors balance at the year end is made up as follows:

	2020/21 £'000	2021/22 £'000
Central government bodies	3,528	2,761
Other local authorities	2,602	3,272
NHS bodies	6,242	501
Public corporations and trading funds	303	310
Other entities and individuals	15,554	24,809
Total	28,229	31,653

Note 20 – Provisions

2021/22	Opening Balance At 1 April 2021 £'000	Additional provision made in 2021/22 £'000	Reduction In Provision £'000	Amounts used in 2021/22 £'000	Balance At 31 March 2022 £'000
Short Term Provisions					
Municipal Mutual	-	(9)	-	9	-
Total Short Term Provisions	-	(9)	-	9	-
Municipal Mutual	(47)	(13)	-	-	(60)
Total Long Term Provisions	(47)	(13)	-	-	(60)
Total Provisions	(47)	(22)	-	9	(60)

Municipal Mutual Insurance

Prior to Local Government reorganisation in 1996, Central Regional Council and Clackmannan District Council entered into a solvent run-off arrangement with their insurer, MMI, with the aim of having sufficient assets to meet outstanding insurance claims. However, the outcome of previous litigation has triggered the Scheme of Arrangement and created a financial liability for Clackmannanshire Council as successor Council. The Council had originally made provision to cover a levy of up to 30% amounting to £158k and payments of £147k had been made against this provision. During the year an additional provision of £9k was made to the short term provision and a further £9k was paid out. The long term provision has been increased by £13k based on estimates of the outstanding liability as at 31 March 2022 resulting in a total provision balance of £60k to meet future claims.

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Note 21 - Borrowings

This note provides details of the short and long term borrowings undertaken by the Council and shown on the Balance Sheet. These values are reflected at amortised cost:

	2020/21	2021/22
	£'000	£'000
Source of Loan		
Repayable within 12 months		
Public Works Loan Board	-	2,946
Market Loans	63	63
Revenue Advances:		
Common Good & Trust Funds	357	358
Central Scotland Valuation Joint Board	979	323
Accrued Interest on borrowing	1,236	1,229
	2,635	4,919
Repayable after 12 months		
Public Works Loan Board	77,098	74,150
Lender Option, Borrowing Option (LOBO) Loans	5,000	5,000
Market Loans	19,159	19,088
	101,257	98,238

Note 22 – Other Long Term Liabilities

	2020/21	2021/22
	£'000	£'000
PFI & Finance Liabilities (see note (a) below)	36,672	35,435
Other Long-term Liabilities (see note (b) below)	620	617
	37,292	36,052

(a) PFI & Finance Lease

This sum relates to the finance lease creditor associated with the financing of the three new secondary schools under the PFI scheme and the Street Lighting. Note 32 Leases on page 138 and Note 33 Private Finance Initiative and Similar Contracts page 139 in the Accounts provides more details in respect of the future payments that are due under the terms of the contract. The movements in the balance sheet values are detailed below:

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	PFI Scheme 2020/21 £'000	Street Lighting 2020/21 £'000	Total 2020/21 £'000	PFI Scheme 2021/22 £'000	Street Lighting 2021/22 £'000	Total 2021/22 £'000
Balance at 1 April	39,061	87	39,148	37,845	-	37,845
Finance Lease Creditor Repaid in year	(1,216)	(87)	(1,303)	(1,173)	-	(1,173)
Balance 31 March	37,845	-	37,845	36,672	-	36,672
Ageing:						
Liabilities due over more than one year	36,672	-	36,672	35,437	-	35,435
Liabilities due within one year	1,173	-	1,173	1,237	-	1,237
	37,845	-	37,845	36,672	-	36,672

(b) Other Long-term Liabilities

These sums relate to contributions received from developers to be utilised at future dates for infrastructure etc. within both private housing schemes and town centre re-development. The reinstatement bond will additionally contribute to the planned restoration of the former open cast coal site.

	2020/21 £'000	2021/22 £'000
Developer Contributions	5	2
Reinstatement Bond	615	615
	620	617

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Note 23 – Financial Instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability of another entity. The term ‘financial instrument’ covers both financial assets and financial liabilities and includes the most straightforward financial assets and liabilities, such as trade receivables (debtors) and trade payables (creditors) and the most complex ones such as derivatives and embedded derivatives.

Financial Instrument Balances

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

Financial Assets

	Non-Current				Current				Total
	Investments		Debtors		Investments		Debtors		
	31	31	31	31	31	31	31	31	
	March	March	March	March	March	March	March	March	
	2021	2022	2021	2022	2021	2022	2021	2022	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised Cost Principal	-	-	1	1	1	-	4,194	3,544	3,545
Cash & Cash Equivalents	-	-	-	-	35,950	41,234	-	-	41,234
Total Financial Assets	-	-	1	1	35,951	41,234	4,194	3,544	44,779

Financial Liabilities

	Non-Current				Current				Total
	Borrowings		Creditors		Borrowings		Creditors		
	31	31	31	31	31	31	31	31	
	March	March	March	March	March	March	March	March	
	2021	2022	2021	2022	2021	2022	2021	2022	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised Cost Principal	101,257	101,184	-	-	1,399	1,692	5,061	6,108	108,984
Accrued Interest	-	-	-	-	1,236	1,229	-	-	1,229
PFI and Finance Lease facilities	36,672	35,435	-	-	1,173	1,237	-	-	36,672
Total Financial Liabilities	137,929	136,619	-	-	3,808	4,158	5,061	6,108	146,885

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Items of income, expense, gains or losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	2020/21		2021/22	
	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000
Interest Income				
financial assets				
measured at amortised cost	289	-	78	-
Total interest revenue	289	-	78	-
Interest expense	8,651	-	8,567	-

Fair Value of Assets and Liabilities Carried at Amortised Costs

The fair value of each class of financial assets and liabilities which are carried in the balance sheet at amortised cost is described below.

Methods and Assumptions in valuation technique

Financial assets and financial liabilities represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the net present value of the cash flows that take place over the remaining life of the instruments (Level 2: inputs rather than quoted prices that are observable for the financial asset/liability), using the following assumptions:

- For PWLB loans, fair values have been calculated using both redemption and new borrowing (certainty rate) discount rates;
- Interpolation techniques have been used between available rates where the exact maturity period was not available;
- For non-PWLB loans, fair values have been calculated using both PWLB redemption and new PWLB Certainty Rate loan discount rates;
- No early repayment or impairment is recognised;
- Fair values have been calculated for all instruments in the portfolio, but only those which are materially different from the carrying value are disclosed;
- Where an instrument has a maturity less than 12 months or is a trade or other receivable the fair value is taken to be the invoiced or billed amount; and
- The fair value PFI and Finance Lease Liabilities are calculated based on the interest rates applicable to the contracts.

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Fair Values of Assets and Liabilities
The Fair values are calculated as follows:-

	2020/21		2021/22	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
PWLB – Maturity	78,263	131,225	78,256	120,801
PWLB – Annuity	30	46	29	40
LOBOs	5,041	8,442	5,041	7,527
Market Loans	19,221	28,778	19,151	26,482
Total Debt/Financial Liabilities	102,555	168,491	102,477	154,850

Fair value is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest at above the current market rates increases the amount the Council would have to pay if the lender agreed to the early repayment of the loans.

The fair value of Public Works Loan Board (PWLB) loans of £120.841m (2020/21 £131.225m) measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the PWLB borrowing interest rates, termed the PWLB certainty rates. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to repay at redemption rates published by the PWLB rather than from the markets. A supplementary measure of the fair value as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the redemption rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £78.3m would be valued at £120.8m. But if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption. The exit price for the PWLB loans including the penalty charge would be £120.8m, comprising the principal of £77.1m, accrued interest of £1.2m and a premium of £42.5m.

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Note 24 – Unusable Reserves

	Note	2020/21 £'000	2021/22 £'000
Revaluation Reserve	a)	(104,498)	(121,368)
Capital Adjustment Account	b)	(140,432)	(137,350)
Financial Instruments Investment Account	c)	1,901	1,689
Pensions Reserve	d)	151,676	88,859
Accumulating Compensated Absences Adjustment Account	e)	3,521	3,759
Total Unusable Reserves		(87,832)	(164,411)

a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment or Heritage Assets. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2020/21 £'000	2021/22 £'000
Balance at 1 April	(101,011)	(104,498)
Upward revaluation of non-current assets	(14,182)	(24,659)
Downward revaluation of non-current assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	4,455	2,494
Surplus/deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(9,727)	(22,165)
Difference between fair value depreciation and historical cost depreciation	4,140	4,715
Accumulated (losses) on assets sold or scrapped	2,100	580
Balance at 31 March	(104,498)	(121,368)

b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charges to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the

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costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2020/21 £'000	2021/22 £'000
Balance at 1 April	(141,736)	(140,432)
<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</u>		
Charges for depreciation and impairment of non-current assets	11,761	12,589
Revaluation losses on property, plant and equipment	4,308	4,451
Amortisation of intangible assets	125	113
Amounts of non current assets written off on disposal / sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,319	954
Amounts written out of the Revaluation Reserve on assets sold or scrapped	(2,100)	(580)
	16,413	17,527
<u>Capital financing applied in the year:</u>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(1)	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(7,351)	(6,778)
Application of grants to capital financing from the Capital Grants & Receipts Unapplied Account	(38)	(201)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balance	(3,581)	(2,269)
Capital expenditure charged against the General Fund and HRA balances	(4,012)	(5,429)
Movement in the market value of Investment Properties Debited or credited to CIES	(126)	232
	(15,109)	(14,445)
Balance at 31 March	(140,432)	(137,350)

c) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement of Reserves Statement.

Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

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As a result, the balance on the Account at 31 March 2022 will be charged to the General Fund over the next 33 years.

	2020/21 £'000	2021/22 £'000
Balance at 1 April	2,113	1,901
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(204)	(204)
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(8)	(8)
Balance at 31 March	1,901	1,689

d) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the cost. However, statutory arrangements require benefits earned, to be financed, as the Council makes employer's contributions to pension funds, or, eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The Statutory arrangements will ensure that funding will have been set aside by the time the benefits come.

	2020/21 £'000	2021/22 £'000
Balance at 1 April	97,912	151,676
Return on Pension Assets	(62,033)	(41,061)
Actuarial Gains or Losses on Pension Assets and Liabilities	109,466	(37,280)
Reversal of items debited or credited to CIES	16,550	26,395
Employer's Pension contributions and direct payments to pensioners in the year	(10,219)	(10,871)
Balance at 31 March	(151,676)	(88,859)

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e) Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year.

Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2020/21	2021/22
	£'000	£'000
Balance at 1 April	2,783	3,521
Settlement or cancellation of accrual made at the end of the preceding year	(2,783)	(3,521)
Amounts accrued at the end of the current year	3,521	3,759
Movement in the year	738	239
Balance at 31 March	3,521	3,759

Note 25 – Cash Flow Statement – Operating Activities

a) The cash flows for operating activities include the following items:

	2020/21	2021/22
	£'000	£'000
Interest Received	(315)	(187)
Interest Paid	11,052	8,680
(Surplus) or deficit on the provision of services (CIES)	3,717	18,144

b) The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	Notes	2020/21	2021/22
		£'000	£'000
Depreciation	11 & 13	15,901	17,304
Downward valuations	7	4,182	4,683
Amortisation	14	125	113
Increase in Interest Creditors		-	-
Increase/ (decrease) in Creditors	19	7,179	3,087
(Increase)/ decrease in Debtors	17	(4,308)	827
(Increase)/Decrease in Inventories	16	(138)	273
Pension Liability	35	6,331	15,524
Contributions to/(from) Provisions	20	(2)	13
Carrying amount of non-current assets sold	7	2,319	954
Adjustments for effective interest rates		(8)	(8)
Other non-cash items		31,581	42,770

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c) Adjustments for items included in the net deficit of provision of services that are investing & financing activities:

	2020/21	2021/22
	£'000	£'000
Capital grants credited to surplus or deficit on the provision of services	(7,558)	(6,976)
Proceeds from the sale of short and long term investments	7,264	(9,500)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(542)	(1,059)
	(836)	(17,535)

Note 26 – Cash Flow Statement – Investing Activities

	2020/21	2021/22
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	(18,325)	(16,311)
Purchase of short-term and long-term investments	(17,003)	(12,997)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	542	1,059
Proceeds from short-term and long-term investments	2,000	9,500
Other receipts from investing activities	7,345	5,841
Net cash flows from investing activities	(25,441)	(12,908)

Note 27 – Cash Flow Statement – Financing Activities

	2020/21	2021/22
	£'000	£'000
Cash receipts of short and long-term borrowing	-	292
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,302)	(1,173)
Repayments of short and long-term borrowing	(476)	(1,015)
Other Receipts from Financing Activities	324	-
Net cash from financing activities	(1,454)	(1,896)

Note 28 - Agency Income and Expenditure

The Council has an agency agreement with Scottish Water for the billing and collection of water and sewerage charges on its behalf. The income received from the Water Authority towards the Council's local tax collection costs was £0.177m (2020/21 £0.177m). This charge has been fixed by the Scottish Government for a 3 year period to 31 March 2023. This income is included in the Comprehensive Income and Expenditure Statement.

The Council acted as an agent on behalf of the Scottish Government in the administration of grants to business and individuals during the Covid-19 pandemic. This amounted £6.733m of expenditure and income which is not shown within the Comprehensive Income and Expenditure Statement.

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The Council acted as an agent on behalf of the Scottish Government in the distribution of Personal Protective Equipment and Testing Kits supplied free of charge by the National Services Scotland (NSS) and issued to third parties during 2021/22. This amounted to £219k and is not shown within the Comprehensive Income and Expenditure Statement.

Two Business Improvement District (BID) schemes operate in Clackmannanshire: Alloa First and Clacks First. The schemes are funded by a BID levy paid by non-domestic ratepayers. The Council operates as an agent on behalf of the BID bodies and as a consequence the income and expenditure is not shown in the Comprehensive Income and Expenditure Statement.

Note 29 – External Audit Costs

Fees payable to Audit Scotland within the year for external audit services carried out by the appointed auditor amounted to £0.215m (2020/21 £0.215m). These costs are shown within the Resources and Governance line in the Comprehensive Income and Expenditure Statement.

Note 30 – Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. In this context related parties include:

- Central Government;
- Other Local Authorities and Joint Boards;
- NHS Bodies;
- Subsidiary and Associated Companies;
- Joint Ventures and Joint Venture Partners; and
- Elected Members and Chief Officers.

The following related party transactions are disclosed elsewhere within the Financial Statements:

- a) Receipts from Central Government (Revenue Support Grant, NNDR Contribution from Pool, Government Grants etc.) are shown in Note 10 (Grant Income);
- b) Payments to the Falkirk Council Pension Fund and Scottish Government (Teachers' Pensions) are shown in Notes 34 and 35 Pension Schemes;
- c) Requisitions paid to Joint Boards are shown on the Comprehensive Income and Expenditure Statement;
- d) Payments to Elected Members and Chief Officers are shown in the Remuneration Report;
- e) The following table shows significant payments and receipts between Clackmannanshire Council and its associated entities

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	2020/21	2021/22
	£'000	£'000
Expenditure NHS Forth Valley	2,146	383
Income NHS Forth Valley	(10,455)	(12,116)
Contribution payment made to Clackmannanshire and Stirling Integration Joint Board*	19,041	21,583
Commissioning income received from Clackmannanshire and Stirling Integration Joint Board*	(19,041)	(21,583)

**Commissioning income received from Clackmannanshire and Stirling Integration Joint Board underspent by £1.493m in 2021/22. This funding has been accrued by the Council and is retained on behalf of the IJB. In addition the Council has invoiced the IJB for £0.903m to replenish the reserves to the agreed level of £2.396m. In 2020/21 the commissioning income received from Clackmannanshire and Stirling Integration Joint Board underspent by £1.714m. This funding has been accrued by the Council and is retained on behalf of the IJB.*

Note 31 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PPP contracts) together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR) a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2020/21	2021/22
	£'000	£'000
Opening Capital Financing Requirement	144,555	143,117
Capital Investment		
Property Plant & Equipment	17,902	16,358
Revenue Expenditure Funded from Capital Under Statute	36	57
Sources of finance		
Capital receipts	(1)	-
Government grants and other contributions	(7,425)	(7,037)
Sums set aside from revenue:		
Direct revenue contributions	(4,011)	(5,429)
Repayment of Finance Lease Capital Debt	(1,302)	(1,173)
Loans Fund Principal	(2,279)	(1,096)
Other movements affecting the CFR	(4,358)	-
Closing Capital Financing Requirement	143,117	144,797
Increase/(decrease) in CFR (unsupported by government financial assistance)	(1,438)	1,680

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Note 32 Leases

Council as Lessee

Finance Leases

The Council currently has no finance leases.

Operating Leases

The Council entered into a sub-lease with Clackmannanshire Regeneration LLP under the terms of the Business Premises Renovation Allowance (BPRA) scheme for the development of its new Council Offices. The lease was in place throughout the construction phase and a further period of 7 years. The lease ended when the refurbished building is handed back to the Council from the LLP under the landlord tenant relationship. This lease ended during 2020/21.

The expenditure charged to the respective service lines in the Comprehensive Income and Expenditure Statement during the year was:

	2020/21 £'000	2021/22 £'000
Minimum lease payments	<u>105</u>	<u>-</u>

Council as Lessor

Operating Leases

The development of the Council's new offices using the Business Premises Renovation Scheme (BPRA) required the establishment of a Limited Liability Partnership (Clackmannanshire Regeneration LLP). The LLP was a tax transparent entity consisting of the Council and Investors which allowed the Council to benefit from tax allowances. To allow the LLP to undertake the construction and reclaim tax allowances, the Council leased the premises to the LLP for the duration of the construction period plus a further 7 years. As noted above, the Council has then sub-leased the offices back from the LLP for the same period, after which the refurbished building reverted to the Council.

The lease reflected a rent of £1 per annum and this lease ended during 2020/21.

Note 33 – Private Finance Initiative and Similar Contracts

Secondary Schools PFI Scheme

2021/22 was the 14th year of a 30 year PFI contract for the construction, operation and maintenance of our three secondary schools in Clackmannanshire, namely Alloa, Alva and Lornshill Academies. The contract specifies the number of days and times that the schools are open. This includes an element of leisure provision in the evenings and weekends.

The contract specifies minimum standards for the provision of the serviced accommodation to be provided by the contractor, with reductions from the fee payable being made if the schools, or rooms, are unavailable or performance is below the minimum standards. The contractor took on

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the obligation to construct the schools and maintain them in a minimum acceptable condition and to procure and maintain the plant needed to operate the schools.

At the end of the contract the schools will be transferred to the Council for nil consideration.

Property, Plant and Equipment

The schools are recognised on the Council's Balance Sheet.

Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 11.

Payments

The Council makes an agreed payment each year which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2022, excluding any estimate of availability/performance deductions are as follows:

	Payment For Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable within 1 year	4,177	1,237	3,188	8,601
Payable within 2 to 5 years	17,136	6,417	12,522	36,075
Payable within 6 to 10 years	26,182	9,160	13,832	49,174
Payable within 11 to 15 years	27,704	14,429	12,128	54,262
Payable within 16 to 20 years	14,527	5,428	2,384	22,339
Total	89,725	36,672	44,054	170,451

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for:

- the fair value of services they provide, and
- the capital expenditure incurred and interest payable, until the capital cost is reimbursed.

The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

	2020/21 £'000	2021/22 £'000
Balance outstanding at start of year	39,061	37,845
Payments during the year	(1,216)	(1,173)
Balance outstanding at year-end	37,845	36,672

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Note 34 - Pensions Schemes Accounted for as Defined Contribution Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Scottish Government. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Scottish Government uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of these Financial Statements, it is therefore accounted for on the same basis as a defined contribution scheme.

The employer contribution rate from 1 April 2021 was 23% of pensionable pay. . In total for the year 2021/22 the Council paid £5.647m to Teacher's Pensions in respect of teachers' retirement benefits. The comparative amount paid in 2020/21 was £5.586m which equates to 22.83% of pensionable pay.

As a proportion of the total contributions into the Teacher's Pension Scheme during the year ended 31 March 2022, the Council's own contribution equated to approximately 0.8627% (0.858% in 2020/21).

Note 35 Defined Benefit Pension Schemes

Pension Costs

The Council participates in two formal pension schemes: the Local Government Pension Scheme (LGPS) administered by Falkirk Council and the Teachers' Scheme administered by the Scottish Government. Both schemes provide defined benefits to members. However, the liabilities for the Teachers' Scheme cannot be identified specifically to the Council; therefore the scheme is accounted for as if it were a defined contributions scheme. The Council does not recognise assets or liabilities related to the Teachers' Scheme as the liability for payment of pensions rests ultimately with the Scottish Government.

Local Government Pension Scheme (LGPS)

In accordance with International Accounting Standard 19 (IAS19) the Council is required to account for retirement benefits when it is committed to giving them, even if the giving will be many years into the future. This involves the recognition in the Balance Sheet of Clackmannanshire Council's share of the net pension asset or liability in the LGPS together with a pension reserve. The Comprehensive Income and Expenditure Statement (CIES) also recognises changes during the year in the pension asset or liability. Service expenditure includes pension costs based on employers' pension contributions payable to the LGPS and payments to pensioners in the year.

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of voluntary severance. Any liabilities estimated to arise as a result of an award to any member of staff (including Teachers) are accrued in the year of the decision to make the award, and accounted for using the same policies as applied to the LGPS.

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The following elements of pension costs are charged to the CIES:

- Current Service Cost - the increase in the present value of liabilities expected to arise from employee service in the current period;
- Past Service Costs - the increase in liabilities arising from decisions to improve retirement benefits in the current period but which are related to employee service in prior periods;
- Settlements - events that change the pension liabilities but are not covered by the actuarial assumptions;
- Interest Expense - the expected increase during the year in the present value of liabilities because the benefits are one year closer to settlement, and
- Expected Return on Assets (including interest income) - a measure of the expected average rate of return on the investment assets held by the scheme in the year.

The following transactions have been made in the Financial Statements in accordance with IAS19:

	Local Government Pension Scheme	
	2020/21	2021/22
	£'000	£'000
Comprehensive Income and Expenditure Statement (CIES)		
Cost of Services:		
• Current service cost	14,237	23,047
• Past service costs	16	194
Financing and Investment Income and Expenditure:		
• Interest expense – defined benefit obligation	9,406	10,569
• Interest income on scheme assets	(7,109)	(7,415)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	16,550	26,395
Other Post Employment Benefit Charged to the CIES		
Re-measurement of the net defined benefit liability comprising:		
• Return on pension fund assets (excluding interest income above)	(62,033)	(41,061)
• Actuarial (gains)/losses arising on changes in demographic assumptions	(4,332)	(2,864)
• Actuarial (gains)/losses arising on changes in financial assumptions	104,722	(34,968)
• Other experience (gains)/losses	9,076	552
(Gain)/ loss recognised in the CIES	47,433	(78,341)
Total Post Employment Benefit Charged to the CIES	63,983	(51,946)
Movement in Reserves Statement (MIRS)		
Reversal of net charge made to the surplus or deficit on the provision of Services	(16,550)	(26,395)
Employer's Contributions Payable to Falkirk Pension Fund	10,219	10,871
Pensions Assets and Liabilities Recognised in the Balance Sheet	(6,331)	(15,524)

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Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the balance sheet arising from the local authority's obligation in respect of its defined benefit plan is as follows:

Movement in Reserves Statement (MIRS)	2020/21	2021/22
	£'000	£'000
Present value of the Pension Fund Liabilities (1)	(522,011)	(508,979)
Fair value of pension fund assets	370,335	420,120
Net Liability arising from Defined Benefit Obligation	(151,676)	(88,859)
(1) Unfunded liabilities included in the figure for Present value of liabilities is:	17,071	15,629

A reconciliation of Clackmannanshire Council's share of the present value of Falkirk Pension Fund's defined benefit obligation (liabilities) is as follows:

	2020/21	2021/22
	£'000	£'000
Opening Balance at 1 April	(406,985)	(522,011)
Current service cost	(14,237)	(23,047)
Interest cost	(9,406)	(10,569)
Contributions by Pension Fund participants	(2,456)	(2,583)
Re-measurement gains/(losses)		
Actuarial gains/losses from change in demographic assumptions	4,332	2,864
Actuarial gains/(losses) from change in financial assumptions	(104,722)	34,968
Actuarial gains/(losses) from other experiences	(722)	(552)
Past service costs	(16)	(194)
Benefits paid	12,201	12,145
Closing value at 31 March	(522,011)	(508,979)

A reconciliation of Clackmannanshire Council's share of the fair value of Falkirk Pension Fund's Assets is as follows:

	2020/21	2021/22
	£'000	£'000
Opening fair value of pension fund assets	309,073	370,335
Interest income	7,109	7,415
Return on pension assets (excluding amounts included in net interest)	62,033	41,061
Contributions from employers	10,219	10,871
Contributions by employees in the scheme	2,456	2,583
Benefits paid	(12,201)	(12,145)
Re-measurements – actuarial gains/losses from other experience	(8,354)	-
Closing fair value of pension fund assets	370,335	420,120

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A reconciliation of the movements in Clackmannanshire Council's share of the fair value of Falkirk Pension Fund's assets is as follows:

	2020/21 £'000	2021/22 £'000
Equity instruments (by industry type)		
- Consumer	27,654	25,654
- Manufacturing	19,904	22,502
- Energy & Utilities	13,115	14,632
- Financial institutions	30,766	30,556
- Health & Care	10,175	13,748
- Information & Technology	33,966	34,043
- Other	1,954	4,105
Sub Total Equity	137,534	145,240
Debt Securities		
- Corporate Bond (investment grade)/Other	5,205	17,198
- Other	-	7,839
	5,205	25,037
Property (by type)		
- UK	20,498	26,022
- Overseas	32	35
Sub Total Property	20,530	26,057
Private Equity		
- UK	5,399	5,061
Sub Total Private Equity	5,399	5,061
- Equities	91,277	108,465
- Bonds	23,226	22,327
- Infrastructure	36,150	45,686
- Other	42,430	24,932
Sub Total Other Investment Funds	193,083	201,411
Cash and cash equivalents	8,584	17,314
Total Assets	370,335	420,120

Basis for Estimating Assets and Liabilities

The Council's share of the net obligations of the Falkirk Pension Fund is an estimated figure based on actuarial assumptions about the future and is a snapshot at the end of the financial year. The net obligation has been assessed using the "projected unit method", that estimates that the pensions will be payable in future years dependant upon assumptions about mortality rates, salary levels and employee turnover rates.

The fund's obligation has been assessed by Hymans Robertson, an independent firm of actuaries, and the estimates are based on the latest full valuation of the fund at 31 March 2021. The significant assumptions used by the actuary are shown in the table below. The note includes a sensitivity analysis for the pension obligation based on reasonably possible changes in these assumptions occurring at the reporting date.

	2020/21	2021/22
Long-term expected rate of return on assets in the fund		
Equity investments	2.0%	2.7%
Bonds	2.0%	2.7%
Property	2.0%	2.7%
Cash	2.0%	2.7%

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Mortality assumptions	2020/21 Years	2021/22 Years
Longevity at 65 for current pensioners (years):		
Men	20.5	20.4
Women	23.2	23.0
Longevity at 65 for future pensioners (years):		
Men	21.9	21.6
Women	25.2	25.0

Inflation assumptions	2020/21	2021/22
Rate of inflation	2.9%	3.2%
Rate of increase in salaries	3.5%	3.8%
Rate of increase in pensions	2.9%	3.2%
Rate for discounting Fund liabilities	2.0%	2.7%

LGPS liabilities are sensitive to the actuarial assumptions set out in the table below. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The method and types of assumption used in preparing the sensitivity analysis below did not change from this used in the previous period.

Changes in assumptions

	Increase to Employer %	Monetary Amount £'000's
0.1% Decrease in Real Discount Rate	2%	9,566
1 year increase in member life expectancy	4%	20,359
0.1% increase in the Salary Increase Rate	0%	974
0.1% increase in the Pension Increase Rate	2%	8,516

McCloud Ruling

When the LGPS benefit structure was reformed in 2015, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2015 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court, but in June 2019 the Supreme Court ruled that the Government has no grounds for appeal and the earlier ruling by the Court of Appeal was upheld.

The clear expectation from this ruling is that many more members would see an enhanced benefit rather than just those currently subject to these protections. In this outcome, there would likely be a retrospective increase to members' benefits, which in turn would give rise to a past service cost

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for the Fund employers when the outcome is known.

Quantifying the impact at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019.

The Fund's actuary has adjusted GAD's estimate to better reflect the Falkirk Council Pension Fund's local assumptions, particularly salary increases and withdrawal rates with a high level estimate of the impact on the pension fund liability having been built into the pension disclosures. These numbers are high level estimates based on scheme level calculations and depend on several key assumptions. The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. There has been no change to the assumptions for this in 2021/22.

Guaranteed Minimum Pension (GMP)

Guaranteed minimum pension (GMP) was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However, overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The Fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of Clackmannanshire Council for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards. There has been no change to these assumptions in 2021/22.

Impact on the Authority's Cash Flow

The objectives of the LGPS are to keep employers' contributions at a constant rate where possible. The triennial valuation at 31 March 2020 set the Employers contribution rates at 22.5% for 2021/22. The rate remains at 22.5% for 2022/23 but increases in 2023/24 to 23%. The next triennial valuation as at 31 March 2023 is currently underway, and the results are expected to be available towards the end of 2023, where the future contribution rates will be set.

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The Employer Contribution rates per the latest triennial valuation on the fund at 31 March 2020 are shown in the table below:

	2021/22	2022/23	2023/24
Employer Contribution rates	22.5%	22.5%	23%

The total contributions expected to be made by Clackmannanshire Council to Falkirk Pension Fund in the year to 31 March 2023 is £9.711m.

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Note 36 – Contingent Liabilities

Equal Pay

The Council has received claims of historic pay inequality from specific groups of staff, particularly in catering, cleaning and homecare, supervisory assistants and classroom assistants. At this time there are no known claims however, this contingent liability represents the potential liability for any future claims.

Insurance

Prior to local government reorganisation in 1996, Central Regional Council and Clackmannan District Council, entered into a solvent run-off arrangements with their insurer, MMI, with the aim of having sufficient assets to meet outstanding insurance claims. The outcome of recent litigation has triggered the Scheme of Arrangement and created a financial liability for Clackmannanshire Council as successor Council. The Council has made a provision, as detailed in Note 20, which is deemed sufficient based on the latest estimate of any future claims. However, should additional claims arise over and above the remaining provision, there remains potential for an increase in provision. At the time of preparing these accounts the timing and amount of any further liability in relation to MMI claims is unknown.

Historic Sexual Abuse Cases

The Council has received claims in relation to historic sexual abuse cases which have been passed to its insurers. It is anticipated that there may be more claims received in the future, particularly in light of the important work of the National Scottish Child Abuse Inquiry and media coverage of other claims. These claims cannot be predicted or quantified at this time, but remain a potential risk as a future liability. The Council is part of the Forth Valley working group coordinated by SOLACE which is assessing the National Redress Scheme for the impact and consequences for the Council.

Social Services Judicial Reviews (Scottish Prison Service)

At this time there are a number of Social Services cases under judicial review relating to the Scottish Prison Service. The Council has a Service Level Agreement with the Scottish Prison Service under which statutory requirements of the Scottish Prison Service sit with the Council. These cases are at an early stage and as such no timing or quantification of any potential liability is known.

Note 37 – Nature and Extent of Risks Arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

1. Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

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This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor Credit Ratings Services. The Annual

Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied. Details of the Investment Strategy can be found on the Council's website. The Treasury Management Strategy Statement for 2020/21 and Prudential Indicators for 2019/20 to 2023/24 were approved by Full Council on 6 March 2019 and are available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Authority's maximum exposure to credit risk, in relation to its investments in banks and financial institutions of £41.2m, cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution.

Debtors

The Council generally allows credit of 14 days for customers, such that £3.389m, (2020/21 £4.106m) is past its due date for payment. The past due amount can be analysed by age as follows:

	2020/21	2021/22
	£'000	£'000
Less than three months	1,402	953
Three to six months	282	160
Six months to one year	464	234
More than one year	1,958	2,042
Total	4,106	3,389

During the year £0.086m was charged to the Comprehensive Income and Expenditure statement, increasing the provision against current debts to £1.515m.

2. Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has access to a facility to borrow from the Public Works Loans Board. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 25% of loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

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The maturity structure of financial liabilities is as follows (at nominal value):

Loans Outstanding	2020/21	2021/22
	£'000	£'000
Public Works Loans Board	77,098	77,096
LOBO Loan	5,000	5,000
Market Debt	19,222	19,151
Total	101,320	101,247

Maturity Structure	2020/21	2021/22
	£'000	£'000
Less than 1 year	63	3,008
Between 1 and 2 years	3,008	-
Between 2 and 5 years	3,256	3,670
Between 5 and 10 years	3,013	5,601
More than 10 years	91,980	88,968
Total	101,320	101,247

In the more than 10 years category there are £18.5m of market loans which have a fixed rate of interest and £5m of LOBO loans which the lender has the option to alter the rate of interest at predetermined dates. If this occurs the Council has the option to repay the principal and accrued interest.

3. Market Risk

Interest rate risk

The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/ received on variable rate instruments, and the second being the affect of fluctuations in interest rates on the fair value of an instrument.

The current interest rate risk for the Council is summarised below:

- Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Comprehensive Income and Expenditure Statement;
- Increases in interest rates will affect interest paid on variable rate borrowings, potentially increasing interest expense charged to the Comprehensive Income and Expenditure Statement;
- The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact the Balance Sheet as assets are held at amortised cost, but will impact the disclosure note for fair value; and
- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities are held at amortised cost, but will impact on the disclosure note for fair value.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Notes to the Financial Statements

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 25% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is reduced by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs. However this is difficult to quantify as loan charge support is calculated on weighted average interest rates for all local authorities in Scotland.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

As the Council now only have fixed rate borrowing, there will be no impact on the Comprehensive Income and Expenditure Statement due to fluctuations in interest rates.

Price Risk

The Council has no investments held as available for sale and thus has no exposure to loss arising from price movements.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and therefore no exposure to loss arising from movements in exchange rates.

Note 38 – Trust Funds

The Council administers a number of Trust Funds listed below, some of which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR). The Sundry Trusts Funds are accounted for separately from the Council's funds and are reported in a separate set of accounts, a copy of which can be obtained on request from Clackmannanshire Council.

	2020/21	2021/22
	£'000	£'000
The Council administers the funds for 61 (2020/21 61) Trusts:		
Value of other Charitable Trusts and Endowments	363	364
Total value of all Trusts and Endowments	363	364

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
HOUSING REVENUE ACCOUNT (HRA)

Income and Expenditure Statement for the year ended 31 March 2022

The HRA Income and Expenditure Statement shows the economic cost in the year providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting costs.

The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2020/21		2021/22
£'000		£'000
	Expenditure	
6,696	Repairs and maintenance	7,366
4,161	Supervision and management	4,664
4,932	Depreciation and impairment of non-current assets	5,176
356	Impairment of debtors	174
516	Other Expenditure	504
16,661	Total Expenditure	17,884
	Income	
(19,839)	Dwelling Rents	(19,943)
(72)	Non-dwelling rents	(134)
-	Government Grant	(315)
(19,911)	Total income	(20,392)
(3,250)	Net Cost of HRA Services	(2,508)
-	(Gain)/Loss on sale of HRA non-current assets	-
1,134	Interest payable and similar charges	1,144
(8)	Interest and investment income	(12)
252	Pensions interest cost and expected return on pension assets	335
-	Charge to CIES for Movement in Investment Property on revaluation	-
(350)	Capital grants and contributions receivable	(490)
1,028		978
2,222	Deficit/(Surplus) for the year on HRA Services	(1,530)

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HOUSING REVENUE ACCOUNT (HRA)
Movement in Housing Revenue Account Statement

2020/21 £'000		2021/22 £'000
(4,504)	Balance on the HRA at the end of the previous year	(7,610)
(2,222)	Deficit/(Surplus) for the year on the HRA Income and Expenditure Statement	(1,530)
(884)	Adjustments between accounting basis and funding basis under regulations (Note HRA 1)	(719)
(3,106)	Net Decrease before transfers to/from Reserves	(2,249)
-	Transfer to the General Fund Reserve	307
-	Transfers to/from Reserves	307
(3,106)	(Increase)/Decrease in year on the HRA	(1,942)
(7,610)	Balance on the HRA at the end of the current year	(9,552)

HRA 1. Adjustment between Accounting Basis and Funding Basis under Statute

2020/21 £'000		2021/22 £'000
-	Gain/(Loss) on sale and disposal of HRA non-current assets	-
4,011	Capital expenditure funded by the HRA (CFCR)	5,265
350	Capital Grants contributions that have been applied to capital financing	490
(4,932)	Transfer to/from the Capital Adjustment Account:	
-	- Depreciation and Impairment	(5,177)
-	- Movements in the Fair Value of Investment Assets	-
596	- Repayment of Debt	304
(806)	HRA share of contributions to/from the Pension Reserve	(1,754)
(103)	Amount by which officer remuneration charged to the HRA Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	153
884		(719)

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
HOUSING REVENUE ACCOUNT (HRA)

HRA 2. Housing Stock

The Council's housing stock at 31 March 2022 was 4,974 (31 March 2021 4,969) in the following categories:

2020/21		2021/22
Number		Number
30	One apartment	29
1,359	Two apartment	1,361
2,210	Three apartment	2,211
1,224	Four apartment	1,227
142	Five apartment	142
4	Six apartment	4
4,969		4,974

HRA 3. Rent Arrears

Rent Arrears increased during the year by £0.180m to a total of £2.236m (2020/21 £2.056m). As a percentage of gross rental income, the arrears represent 11.2% (2020/21 10.4%) which is equivalent to £450 (2020/21 £414) per house.

HRA 4. Impairment of Debtors

In 2021/22 an impairment of £2.236m (2020/21 £2.056m) has been provided in the Balance Sheet for irrecoverable rents, an increase of £0.180m on the provision in 2020/21

HRA 5. Rent Lost Due To Empty Properties

Rent lost due to empty properties during the year was £0.457m (2020/21 £0.435m) this is included within the other expenditure figures in the Income and Expenditure Statement.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Council Tax Income Account for the year ended 31 March 2022

The Council Tax Income Account shows the gross income raised from Council taxes levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the Council.

2020/21		2021/22
£'000		£'000
(31,597)	Gross Council Tax levied and contributions in lieu	(31,837)
	Deduct	
3,809	Other discounts and reductions	3,839
151	Write-off of uncollectable debts and allowance for impairment	234
77	Adjustments to previous years Council Tax	46
3,922	Council Tax Reduction Scheme	3,744
(23,638)	Net Council Tax Income transferred to General Fund	(23,974)

CTI 1. Council Tax Properties and Council Tax Changes

Occupiers of domestic properties are liable to pay Council Tax. This is a tax levied by local authorities on domestic properties within their area.

Dwellings fall within a valuation band which is determined by the Assessor employed by the Central Scotland Valuation Board. In setting its budget the Council determines the Council Tax level each year. Charges for other bands are proportionate to the Band 'D' figure, which for 2021/22 was £1,304.63 (2020/21 £1,304.64). This was a 0.0% increase from the previous year.

Valuation Band	Council Tax Charge
	£
A	869.75
B	1,014.71
C	1,159.67
D	1,304.63
E	1,714.14
F	2,120.02
G	2,554.90
H	3,196.34

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Council Tax Income Account for the year ended 31 March 2022

CTI.2 Calculation of the Council Tax Charge Base 2021/22

number of dwellings (properties)

	A	A	B	C	D	E	F	G	H	Total
	(Disabled)									
	Relief)									
Total number of dwellings	-	6,308	7,333	2,146	2,733	3,383	2,057	917	54	24,931
Less exempt dwellings	-	(281)	(230)	(71)	(60)	(48)	(22)	(8)	(7)	(727)
Dwellings subject to disabled reduction	-	(24)	(32)	(23)	(21)	(50)	(17)	(5)	(2)	(174)
Dwellings subject to tax at this band due to disabled relief	24	32	23	21	50	17	5	2	-	174
Less adjustments for single discounts	(3)	(936)	(832)	(233)	(221)	(201)	(72)	(32)	(1)	(2,531)
Less adjustments for double discounts	-	(34)	(45)	(41)	(19)	(14)	(11)	(5)	-	(169)
Less adjustments for disregarded adults	-	(1)	(1)	-	-	-	-	-	-	(2)
	21	5,064	6,216	1,799	2,462	3,087	1,940	869	44	21,502
Effective number of dwellings after discounts, exemptions and reliefs										
Band D equivalent factor (ratio)	5/9	6/9	7/9	8/9	9/9	(585/360)	(473/360)	(705/360)	(882/360)	
Band D equivalent properties Number of Dwellings	12	3,376	4,835	1,599	2,462	4,056	3,152	1,702	108	21,302
Less provision for non-collection @ 2.5%										(533)
Council Tax Base 2021/22										20,769

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22

Non Domestic Rates Income Account for the year ended 31 March 2022

The Non-Domestic Rate Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The Statement shows the gross income from the rates and deductions made under statute. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

2020/21		2021/22
£'000		£'000
(21,893)	Gross rates levied and contributions in lieu	(21,281)
9,282	Reliefs and other deductions	6,610
632	Allowance for impairment of debts and appeals	384
(11,979)	Net Non-Domestic Rate Income	(15,055)
428	Adjustment to previous years' national non-domestic rates	1,216
-	Non-Domestic Rates Income Retained by Authority (BRIS)	66
(37)	Discretionary Reliefs charged to the General Fund	(34)
(11,588)	Total Non-Domestic Rates Income/Income for Contribution to Non-Domestic Rate Pool	(13,807)
2020/21		2021/22
£'000		£'000
11,588	Contribution to National Non-Domestic Rate Pool	13,807
(10,757)	Distribution from National Non-Domestic Rate Pool	(13,650)
831	(Gain)/Loss from National Pool	157
(10,757)	Net NNDR Income per the Comprehensive Income and Expenditure Statement (Note 10)	(13,650)

NDR 1. Net Rateable Value Calculation

The amount paid for NNDR is determined by the rateable value placed on the property by the Assessor multiplied by the rate per pound of £0.498 which is determined each year by the Scottish Government.

NDR 2. Rate Poundages Levied

	2020/21	2021/22
National Non-Domestic Rate	49.8p	49.0p
Intermediate Property Supplement – properties valued > £51,000	1.3p	1.3p
Large Property Supplement – properties valued > £95,000	2.6p	2.6p

CLACKMANNANSHIRE COUNCIL
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Non Domestic Rates Income Account for the year ended 31 March 2022

NDR 3. Analysis of Rateable Values as at 1 April 2021

	Number of Premises	Rateable Value £'000
Type of Subject		
Commercial	944	15,140
Industrial	292	16,160
Miscellaneous	470	10,562
Total	1,706	41,862

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Common Good

Summary

Common Good Funds are the assets and income of the former burghs of Scotland and stand separate from other accounts and funds of the Council. The Common Good is corporate property and must be applied for the benefit of the community as the Council thinks fit. The assets incorporated within the Common Good Account comprise the Speirs Centre, Alloa Town Hall and West End Park all within the former burgh of Alloa. There are also currently £9k principal funds held within the Common Good Accounts.

Common Good Comprehensive Income and Expenditure Statement
For the year ended 31 March 2022

2020/21 £'000		2021/22 £'000	2021/22 £'000
	Income		
(226)	Charges for use of premises	(267)	
<u>(226)</u>			<u>(267)</u>
	Expenditure		
17	Property Maintenance	58	
49	Utilities	57	
99	Rates	99	
47	Cleaning, land services and refuse collection	41	
14	Insurance	12	
187	Depreciation, Impairment and Revaluations	187	
<u>413</u>			<u>454</u>
187	Cost of Services		187
-	Taxation and Non-Specific Grant Income		-
<u>187</u>	(Surplus)/Deficit on Provision of Services		<u>187</u>
-	Surplus on revaluation of non-current assets charged to the revaluation reserve		-
<u>187</u>	Total Comprehensive Income and Expenditure		<u>187</u>

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Common Good Balance Sheet
As at 31 March 2022

2020/21 £'000		2021/22 £'000
	Long-Term Assets	
5,352	Property, Plant and Equipment	5,165
	Current Assets	
9	Short-Term Investments	9
5,361	Net Assets	5,174
	Reserves	
(9)	Usable Reserves	(9)
(1,701)	Revaluation Reserve	(1,701)
(3,651)	Funds tied up in Fixed Assets	(3,464)
(5,361)	Total Reserves	(5,174)

Common Good Movement on Reserves Statement
As at 31 March 2022

	Notes	Usable Reserves £'000	Unusable reserves £'000	Total reserves £'000
2021/22				
Balance at 1 April 2021		(3,660)	(1,701)	(5,361)
Movement in reserves during 2021/22				
Total comprehensive income and expenditure		187	-	187
Increase or (decrease) in 2021/22		187	-	187
Balance at 31 March 2022		(3,473)	(1701)	(5,174)
2020/21				
Balance at 1 April 2020		(3,847)	(1,701)	(5,548)
Movement in reserves during 2020/21				
Total comprehensive income and expenditure		187	-	187
Increase or (decrease) in 2020/21		187	-	187
Balance at 31 March 2021		(3,660)	(1,701)	(5,361)

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Group Financial Statements

The Council has interests in its subsidiary, associates and joint ventures. It participates in these companies by means of Board membership and the provision of funding and management support. In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, Group Accounts have been prepared in addition to single entity financial statements.

The following entities have been consolidated into the Group Financial Statements:

Subsidiary:

- Common Good

Joint Ventures:

- Clackmannanshire and Stirling Integration Joint Board

Associates:

- Central Scotland Valuation Joint Board

Information on how the Council participates in these companies is given in Note 6 to the Group's Financial Statements.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Group Financial Statements

Group Comprehensive Income & Expenditure Statement for the year ended 31 March 2022

This statement combines the Comprehensive Income and Expenditure of the Council with the share of its subsidiary, associates and joint ventures income and expenditure to show the group position.

2020/21			2021/22			
Restated Gross Expenditure	Restated Gross Income	Restated Net Expenditure /(Income)		Gross Expenditure	Gross Income	Net Expenditure /(Income)
£'000	£'000	£'000		£'000	£'000	£'000
94,791	(5,092)	89,699	People	102,799	(6,515)	96,284
25,480	(23,237)	2,243	Partnership & Performance	29,307	(22,597)	6,710
28,853	(9,514)	19,339	Place	33,875	(12,575)	21,300
16,661	(19,911)	(3,250)	Housing Revenue Account	17,884	(20,392)	(2,508)
1,423	-	1,423	Corporate Services	1,232	-	1,232
52,683	(33,501)	19,182	Clackmannanshire & Stirling IJB	58,116	(36,391)	21,725
440	-	440	Central Scotland Valuation Joint Board	445	-	445
366	-	366	Common Good	355	-	355
220,697	(91,255)	129,442	Group Cost of Services	244,013	(98,470)	145,543
1,776	-	1,776	Other Operating Expenditure	11	-	11
11,029	(485)	10,544	Financing & Investment Income & Tax Expenditure	12,157	(383)	11,774
-	(137,858)	(137,858)	Taxation & Non-Specific Grant Income	-	(138,997)	(138,997)
233,502	(229,598)	3,904	(Surplus) or Deficit on Provision of Services	256,181	(237,850)	18,331
		(3,106)	Share of (surplus) or deficit on provision of services by associates & joint ventures			(3,431)
		798	Group (Surplus)/Deficit			14,900
		(14,182)	(Surplus) or deficit on revaluation of non-current assets including share of subsidiary			(24,659)
		4,455	Impairment (gain)/ loss on non-current asset to the revaluation reserve			2,494
		47,433	Actuarial (gains)/losses on pensions assets/liabilities			(78,341)
		424	Share of other comprehensive (income) & expenditure of associates & joint ventures			(607)
		38,130	Other Comprehensive (Income) and Expenditure			(101,113)
		38,928	Total Comprehensive (Income) and Expenditure			(86,213)

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Group Financial Statements
Group Movement in Reserves Statement
For the Year Ended 31 March 2022

This statement shows the movement in the year on the different reserves held by the Council alongside the reserves of the subsidiary, associates and joint ventures that the Council has an interest in giving a total reserves position for the Group.

	Usable Reserves			Unusable Reserves			Total Group Reserves
	Council	Council's share of subsidiary, associates & joint ventures	Group Total	Council	Council's share of subsidiary, associates & joint ventures	Group Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2021/22							
Balance at 1 April 2021	(33,094)	(7,293)	(40,387)	(87,832)	(365)	(88,197)	(128,584)
Movement in Reserves during 2021/22							
Total comprehensive income & expenditure	18,144	(3,244)	14,900	(100,506)	(607)	(101,113)	(86,213)
Adjustments between accounting basis & funding basis under statutory provisions	(24,128)	(94)	(24,222)	24,128	94	24,222	-
Net increase/ decrease before transfers	(5,984)	(3,338)	(9,322)	(76,378)	(513)	(76,891)	(86,213)
Transfers to/from Earmarked Reserves	201	-	201	(201)	-	(201)	-
(Increase)/decrease in 2021/22	(5,783)	(3,338)	(9,121)	(76,579)	(513)	(77,092)	(86,213)
Balance at 31 March 2022	(38,877)	(10,631)	(49,508)	(164,411)	(878)	(165,289)	(214,797)
	Council	Council's share of subsidiary, associates & joint ventures	Group Total	Council	Council's share of subsidiary, associates & joint ventures	Group Total	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Restated 2020/21							
Balance at 1 April 2020	(22,410)	(4,332)	(27,742)	(139,939)	(830)	(140,769)	(167,511)
Movement in Reserves during 2020/21							
Total comprehensive income & expenditure	3,717	(2,917)	800	37,706	421	38,127	38,927
Adjustments between accounting basis & funding basis under statutory provisions	(14,637)	(44)	(14,681)	14,637	44	14,681	-
Net increase/ decrease before transfers	(10,920)	(2,961)	(13,881)	52,343	465	52,808	38,927
Transfers to/from Earmarked Reserves	236	-	236	(236)	-	(236)	-
(Increase)/Decrease in 2020/21	(10,684)	(2,961)	(13,645)	52,107	465	52,572	38,927
Balance at 31 March 2021	(33,094)	(7,293)	(40,387)	(87,832)	(365)	(88,197)	(128,584)

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Group Financial Statements
Group Balance Sheet as at 31 March 2022

The Group Balance sheet shows the value of the Group combining Clackmannanshire Council's assets and liabilities with its share of the assets and liabilities of those entities in which it has a financial interest.

Restated		31 March 2022
31 March 2021		
£'000		£'000
383,267	Property, Plant & Equipment	399,654
805	Heritage Assets	805
8,542	Investment Properties	7,690
411	Intangible Assets	310
3,553	Investments in Associates and Joint Ventures	7,062
1	Long-Term Debtors	1
396,579	Non-Current Assets	415,522
376	Investment Properties held for Sale	225
808	Inventories	535
17,472	Short-Term Debtors	18,727
19,013	Short-Term Investments	32,010
16,947	Cash and Cash Equivalents	9,234
54,616	Current Assets	60,731
(28,229)	Short-Term Creditors	(31,653)
(219)	Donate Inventories Account	-
(2,635)	Short-Term Borrowings	(5,867)
(31,083)	Current Liabilities	(37,520)
(47)	Provisions	(60)
(101,257)	Long-Term Borrowing	(98,238)
(188,968)	Other Long-Term Liabilities	(124,911)
(1,256)	VJB Liabilities	(727)
(291,528)	Long-Term Liabilities	(223,936)
128,584	Net Assets	214,797
(40,387)	Usable Reserves	(49,508)
(88,197)	Unusable Reserves	(165,289)
(128,584)	Total Reserves	(214,797)

The unaudited financial statements were issued on 25 August 2022 and the audited financial statements were authorised for issue on 23 March 2023.

Lindsay Sim
Chief Finance Officer

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Group Financial Statements

Notes to the Group Financial Statements

Note 1 Prior Period Adjustments

The 2020/21 comparative figures within the Group Financial Statements have been restated to reflect minor changes to reported figures in the 2020/21 Annual Accounts in relation to Clackmannanshire and Stirling Integration Joint Board and Coalsnaughton NHT 2012 LLP.

Note 2 Group Accounting Policies

In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, Group Accounts have been prepared in addition to single entity financial statements. The Financial Statements for the Group have been prepared in accordance with the Accounting Policies specified for the Council's Financial Statements and are set out in Note 1 of this document.

Note 3 Disclosure of Interest in Other Entities

The Council has adopted the recommendations of the Code, which requires local authorities to consider their interests in all types of entity to incorporate into Group Financial Statements. Group accounts have been prepared using the following basis:

- subsidiaries – consolidated on a line by line basis; and
- associates and joint ventures – using the equity method of accounting.

A full set of Group Financial Statements with the exception of a Cash Flow Statement, has been prepared and presented in the pages above, incorporating material balances from identified associates. The Group Cash Flow Statement is provided alongside the single entity statements as it is not materially different to the cash flow statement for the Council as a single entity.

Note 4 Group Entities

The accounting period end for the entities below is for the year end 31 March. Financial information up to 31 March was obtained and accounted for in the Group accounts. The dates of these accounts are included below.

The Group Accounts consolidate the results of other entities:

- The Common Good Fund has been consolidated in full as a subsidiary (31/03/22).
- Central Scotland Valuation Joint Board has been incorporated as an associate with a 15.7% share of total requisitions (31/03/22); and
- Clackmannanshire & Stirling Integration Joint Board has been incorporated as a joint venture with a 25% shareholding (31/03/22).

The Council also has an interest in Coalsnaughton NHT 2012 LLP as an associate and in CSBP Clackmannanshire Investments Limited as a joint venture. On assessment of the financial information of both entities, the total net assets of each are below materiality level and the financial information is not consolidated into the Group Financial Statements.

The individual accounts relating to these entities are published separately, and are available from Companies House or the Chief Finance Officer and Section 95 Officer, Kilncraigs, Alloa, FK10 1EB.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Group Financial Statements

Notes to the Group Financial Statements (continued)

With regard to the Joint Boards, the Council's interest reflects the requisition share paid by the Council. As no consideration was paid for such interests, there is no requirement to account for goodwill.

The Council holds no shares in the bodies governed by these Boards.

The Joint Boards have a wide range of functions to discharge, and members of each Board are elected Councillors and are appointed by the Council in proportions specified in the legislation.

Under accounting standards guidance, the Council can be seen to have significant influence over these statutory bodies, through nominated Council Member involvement in the bodies' governing Boards. The Boards are included within the Group Accounts even when our interest in these bodies is less than the 20% that is normally presumed to represent significant influence.

The Council has accounted for its interest in its joint venture using the equity method of accounting. The consideration paid by the Council equalled the fair value of assets and liabilities acquired, and therefore no goodwill arose on acquisition.

Note 5 Non-Material Interest in Other Entities

The Council recognises Coalsnaughton NHT 2012 LLP as an associate. The Council is one of four members of the LLP (25%). The Council made no contribution to the associate in the 2021/22 or 2020/21 financial years and the financial information from this associate has not been consolidated into the Group Financial Statements as it is considered immaterial to the understanding of the accounts.

The Council recognises CSBP Clackmannanshire Investments Limited as a joint venture. The council has two elected members of the Council who sit on the board of directors (50%). The Council received £0.043m in 2021/22 which was the repayment of rent guarantee funds previously provided by the Council. The Council made no contribution to the joint venture in the 2021/22 or 2020/21 financial years and the financial information from this joint venture has not been consolidated into the Group Financial Statements as it is considered immaterial to the understanding of the accounts.

The Council also has an interest in SEEMIS Group LLP, Scotland Excel and Clackmannanshire Regeneration LLP. The financial results of the organisations have not been consolidated into the Council's Group Accounts as they are considered immaterial to the understanding of the accounts.

Note 6 Financial Impact of Group Consolidation

The effect of inclusion of the Subsidiary (Common Good), Associate, Joint Ventures and entities on the Group Balance Sheet is to increase both the Reserves and Net Assets by £11.509m (2020/21 £7.658m) representing the Council's net asset in the consolidating entities.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Group Financial Statements

Notes to the Group Financial Statements (continued)

Note 7 Financial Results of Associates and Joint Ventures

The Council has interests in its subsidiary, associates and joint ventures. It participates in these companies by means of Board membership and the provision of funding and management support

Subsidiary:

- **Common Good – the Common Good is administered and fully controlled by Clackmannanshire Council.**

Common Good is treated as a subsidiary within the Council's Group accounts with assets, liabilities, reserves, income and expenditure being consolidated line by line.

The income and charges made in the year by the Council for services provided can be seen in the previous section of these accounts.

Joint Ventures:

- **Clackmannanshire and Stirling Integration Joint Board**

The Clackmannanshire and Stirling Integration Joint Board (IJB) is a statutory body established to integrate health and social care services between Clackmannanshire Council, Stirling Council and NHS Forth Valley. The contribution provided by Clackmannanshire Council to the IJB in 2021/22 was £21.6m (2020/21 £19.2m). The IJB Board comprises twelve voting members with three elected members of Clackmannanshire Council (25% voting share).

Associates:

- **Central Scotland Valuation Joint Board**

The Central Scotland Valuation Joint Board (VJB) is the statutory body responsible for maintaining the electoral, council tax and non-domestic rate register for Clackmannanshire, Stirling and Falkirk Councils. The contribution made by Clackmannanshire Council to the board for 2021/22 was £0.445m (2020/21 £0.440m). The VJB board comprises fifteen voting members with three elected members of Clackmannanshire Council (20% voting share) the accounts are consolidated based on the payment share of 15.7%.

- **Coalsnaughton NHT 2012 LLP**

Under the NHT initiative, the Scottish Futures Trust, Hadden Construction and Clackmannanshire Council (25%) entered into a Limited Liability Partnership (LLP) to purchase newly-built homes so they could be made available for rent at 'mid market' rates, for a period of up to 10 years. All housing units were sold to Kingdom Housing Association on 7th March 2021 and the investment was fully repaid to the Council on that date. This associate is not included within the Group Financial Statements for 2021/22 or 2020/21 as it is considered immaterial to the understanding of the accounts.

CLACKMANNANSHIRE COUNCIL
ANNUAL ACCOUNTS 2021/22
Group Financial Statements

The following table represents the Group's share of key financial information included within the Group statements, extracted from the accounts of the above entities for 2021/22:

	Central Scotland VJB		Clackmannanshire and Stirling IJB		Common Good	
	2020/21 £'000	2021/22 £'000	Restated 2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000
Gross Income	(495)	(477)	(1,797)	(2,116)	(226)	(267)
Gross Expenditure	498	557	57,635	58,176	413	454
Financing & Investment Income & Expenditure	20	27	(58,967)	(60,568)	-	-
(Surplus)/ Deficit on Provision of Services	23	77	(3,129)	(3,508)	187	187
Other Comprehensive Income/ Expenditure	424	(607)	-	-	-	-
Non-current assets	10	8	-	-	5,352	5,165
Current assets	171	172	3,553	7,062	9	9
Current liabilities	(97)	(80)	-	-	-	-
Pension liabilities	(1,340)	(827)	-	-	-	-

Report to: Council

Date of Meeting: 23 March 2023

**Subject: Annual report to those charged with Governance and the
Controller of Audit for Financial Year Ended 2021/22**

Report by: Chief Finance Officer

1.0 Purpose

- 1.1. This report and appendices set out the findings arising from the work carried out by the External Auditors on the Audit of the 2021/22 Financial Statements.

2.0 Recommendations

It is recommended that Council:

- 2.1. note the content of the Independent Auditor's Report (Appendix 1);
- 2.2. approve the content of the Letter of Representation (ISA 580), (Appendix 1) and
- 2.3. note the content of the Annual Audit Report, the recommendations for improvement and the follow up on prior year recommendations (Appendix 2).

3.0 Considerations

- 3.1 International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 3.2 Appendix 1 of this report contains a covering letter from the Auditor and the Independent Auditors Report. This sets out the basis of the audit work and the Audit opinion.
- 3.3 Also contained within Appendix 1 is the draft Letter of Representation (ISA 580) to the Auditor which the Council is required to prepare confirming the representations that have been made in connection with the audit of the Councils annual accounts for the year ended 31 March 2022. On approval, this letter will be signed by the Council's Chief Finance Officer.
- 3.4 The 2021/22 Annual Audit Report is included at Appendix 2 and sets out the significant findings from the 2021/22 audit of the Councils Annual Accounts (Exhibit 2). The report covers the scope of the audit as set out in the Annual Audit Plan presented to Council in June 2022, considering the four audit dimensions that frame the wider scope of public audit set out in the Code of Audit Practice 2016 covering:

- Financial Sustainability;
- Financial Management;
- Governance & Transparency; and
- Value for Money.

3.5 The report also sets out recommendations and provides an action plan which has been agreed with Senior Officers, set out at Appendix 1. Contained within the action plan is an update on progress on recommendations brought forward from 2020/21.

4.0 Conclusion

4.1 Council is asked to approve the Letter of Representation and note the content of the Independent Auditor's Report and the 2021/22 Annual Audit Report.

5.0 Sustainability Implications

5.1 Not applicable

6.0 Resource Implications

6.1 *Financial Details*

6.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

6.3 Finance have been consulted and has agreed the financial implications as set out in the report. Yes

7.0 Exempt Reports

7.1 Is this report exempt? Yes (please detail the reasons for exemption below) No

8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing

- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

(2) Council Policies (Please detail)

9.0 Equalities Impact

9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No

10.0 Legality

10.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

11.0 Appendices

11.1 Appendix 1 - Independent Auditor's Report and Letter of Representation (ISA 580)

11.2 Appendix 2 - Clackmannanshire Council 2021/22 Annual Audit Report

12.0 Background Papers

12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)



Yes (please list the documents below) No

Council Draft and Audited Financial Statements 2021/22

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Lindsay Sim	Chief Financial Officer	2022

Approved by

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Stuart Crickmar	Director of Partnership & Performance	

8 Nelson Mandela Place
Glasgow
G2 1BT

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www.audit-scotland.gov.uk



Clackmannanshire Council

23 March 2023

Audit of 2021/22 annual accounts

Independent auditor's report

1. Our audit work on the 2021/22 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 23 March 2023 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Audit and Scrutiny Committee's consideration our draft Annual Audit Report on the 2021/22 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.

3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.

4. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature and request that these misstatements be corrected.

6. There are two unadjusted misstatements within the accounts. These are detailed in paragraph 33 of our 2021/22 annual audit report and relate to the valuation of one property within non-current assets (£0.282 million) and the calculation of component values in the revaluation adjustment of non-current assets (£0.398 million).

Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the Council we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

Representations from Section 95 Officer

8. As part of the completion of our audit, we are seeking written representations from the Chief Finance Officer, as the Section 95 Officer, on aspects of the annual accounts, including the judgements and estimates made.

9. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Chief Finance Officer with the signed annual accounts prior to the independent auditor's report being certified.

Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Clackmannanshire Council and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Clackmannanshire Council and its group for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement in Housing Revenue Account Statement, the Council Tax Income Account, the Non Domestic Rates Income Account, the Common Good Comprehensive Income and Expenditure Statement, the Common Good Balance Sheet and the Common Good Movement on Reserves Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the council and its group as at 31 March 2022 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 10 June 2021. The period of total uninterrupted appointment is two years. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the council and its group. However, I report on the council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Chief Finance Officer and the Audit and Scrutiny Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

The Audit and Scrutiny Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the council and its group is complying with that framework;
- identifying which laws and regulations are significant in the context of the council and its group;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

I have audited the part of the Remuneration Report described as audited. In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Chief Finance Officer is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature will be inserted electronically]

Carole Grant CPFA
Audit Director
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

[Date will be inserted electronically]

Appendix B: Letter of Representation (ISA 580)

Carole Grant
Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

[Date will be inserted electronically]

Dear Carole

Clackmannanshire Council Annual Accounts 2021/22

1. This representation letter is provided about your audit of the annual accounts of Clackmannanshire Council and its group for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the Remuneration Report, Management Commentary and Annual Governance Statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Chief Executive and Senior Leadership Group, the following representations given to you in connection with your audit of Clackmannanshire Council and its group's annual accounts for the year ended 31 March 2022.

General

3. Clackmannanshire Council and I have fulfilled our statutory responsibilities for the preparation of the 2021/22 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Clackmannanshire Council and its group have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (2021/22 accounting code), and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the Clackmannanshire Council and its group at 31 March 2022 and the transactions for 2021/22.

Accounting Policies and Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2021/22 accounting code where applicable. Where the code does not specifically apply I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to Clackmannanshire Council and its group's circumstances and have been consistently applied.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

9. I have assessed Clackmannanshire Council's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Clackmannanshire Council's ability to continue as a going concern.

Assets

10. Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2022 does not differ materially from that which would be determined if a revaluation had been carried out at that date.

11. I carried out an assessment at 31 March 2022 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.

12. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2022.

13. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.

14. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

15. All liabilities at 31 March 2022 of which I am aware have been recognised in the annual accounts.

16. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2022 of which I am aware where the conditions specified in the 2021/22 accounting code have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2022. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.

17. Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2022 or to reflect material changes in the assumptions underlying the calculations of the cash flows.

18. The accrual recognised in the financial statements for holiday untaken by 31 March 2022 has been estimated on a reasonable basis.

19. The pension assumptions made by the actuary in the IAS 19 report for Clackmannanshire Council have been considered and I confirm that they are consistent with management's own view.

20. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Contingent liabilities

21. There are no significant contingent liabilities, other than those disclosed in Note 36 to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed, including any outstanding legal claims which have not been provided under the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and IAS 37.

Fraud

22. I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated because of fraud
- any allegations of fraud or suspected fraud affecting the financial statements
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

23. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

24. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2021/22 accounting code. I have made available to you the identity of all the Clackmannanshire Council and its group's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

25. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

Management Commentary

26. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

27. I confirm that Clackmannanshire Council has undertaken a review of the system of internal control during 2021/22 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

28. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2022, which haven't been reflected.

Group Accounts

29. I have identified all the other entities in which Clackmannanshire Council has a material interest and have classified and accounted for them in accordance with the 2021/22 accounting code. Any significant issues with the financial statements of group entities, including any qualified audit opinions, have been advised to you.

Common Good Fund

30. I confirm, to the best of my ability, that all material common good assets have been identified and correctly accounted for within the common good financial statements. Where appropriate any common good assets in use by Clackmannanshire Council have been assessed and accounted for in line with IAS 17.

Events Subsequent to the Date of the Balance Sheet

31. All events subsequent to 31 March 2022 for which the 2021/22 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

[Signature will be inserted electronically]

Lindsay Sim, Chief Finance Officer
Section 95 Officer

Clackmannanshire Council

2021/22 Annual Audit Report – PROPOSED



 AUDIT SCOTLAND

Prepared for the Members of Clackmannanshire Council and the Controller of Audit
March 2023

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Key messages

2021/22 annual accounts

- 1 Our audit opinions on the annual accounts of Clackmannanshire Council and its group are unmodified and confirm that the 2021/22 financial statements present a true and fair view of the financial activities of the council and its group.
- 2 Due to delays in receiving supporting documentation the statutory deadline was not met with the audited annual accounts signed on 23 March 2023.
- 3 The unaudited annual accounts were received in line with our agreed audit timetable on 31 August 2022. However this version, which was considered by the Audit and Scrutiny Committee, did not include the council cashflow statement, the group financial statements or the transactions for the Clackmannanshire and Stirling Integration Joint Board funding adjustment.
- 4 Bank reconciliations were not carried out on a regular basis during 2021/22. The year-end bank reconciliations were not completed and passed to audit until 5 December 2022.
- 5 Our audit noted opportunities to strengthen the management commentary and annual governance statement to provide clearer information to the reader of the accounts.
- 6 There were a number of audit adjustments identified in our testing of non-current assets including errors in accounting for surplus assets, revaluations, and impairments.

Financial management and sustainability

- 7 Financial management is effective with budget setting focused on the council's strategic priorities. There was a general fund increase of £3.2 million for 2021/22 and 85 per cent of planned efficiency savings were achieved.
- 8 Financial systems of internal control need to be strengthened and supported by updated financial management and governance documents.
- 9 Medium-term financial plans are aligned to the council's corporate priorities, are regularly updated and demonstrate how the council intends to address future financial challenges.
- 10 Transformational planning has continued during 2021/22 with a focus on the work that is needed to deliver required outcomes.

Governance and transparency

- 11** The council demonstrates its commitment to conducting its business in an open and transparent manner.
- 12** Officers should ensure the extensive remit of the newly established Audit and Scrutiny committee still allows sufficient time for members to review papers and provide effective scrutiny and challenge.

Best Value

- 13** The council continues to make positive progress addressing the recommendations contained in the Best Value Assurance Report published in January 2018 and the subsequent progress report published in June 2019.
- 14** Performance reporting during 2021/22 was appropriate and the LGBF data demonstrates the council is maintaining performance levels but needs to focus on the Raising Attainment priority.

Introduction

1. This report summarises the findings arising from the 2021/22 audit of Clackmannanshire Council and its group. The scope of the audit was set out in our 2021/22 Annual Audit Plan presented to the June 2022 meeting of Clackmannanshire Council.
2. This report comprises the findings from:
 - our audit of the annual accounts, and the issue of an independent auditor's report setting out our opinions for Clackmannanshire Council and its group
 - a review of the council's key financial systems
 - audit work covering the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) and consideration of the council's arrangements for securing Best Value with a focus on performance, outcomes and progress in addressing the matters arising from previous Best Value reports.

Adding value through the audit

3. We add value to Clackmannanshire Council by:
 - identifying and providing insight on significant risks and making clear and relevant recommendations and conclusions
 - sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides.

Responsibilities and reporting

4. Clackmannanshire Council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.
5. It is also responsible for compliance with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.
6. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice 2016](#) and supplementary guidance, and International Standards on Auditing in the UK.

- 7.** As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on financial management, the arrangements for securing financial sustainability, the suitability of corporate governance arrangements and the effectiveness of the council's performance management arrangements.
- 8.** Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).
- 9.** This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.
- 10.** An agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes details of progress made against prior year recommendations.

Auditor Independence

- 11.** Auditors appointed by the Accounts Commission must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2021/22 audit fee of £214,256 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.
- 12.** This report is addressed to both the council and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

Audit appointments from 2022/23

- 13.** The Accounts Commission is responsible for the appointment of external auditors to local government bodies. External auditors are appointed from Audit Scotland's Audit Services Group or a private firm of accountants. This is the final year of the current appointment round.
- 14.** The procurement process for the new round of audit appointments was completed in May 2022. From financial year 2022/23 Deloitte will be the appointed auditor for Clackmannanshire Council. We are working closely with the new auditors to ensure a well-managed transition.
- 15.** A new [Code of Audit Practice](#) applies to public sector audits for financial years starting on or after 1 April 2022 and includes some significant changes including the integration of Best Value into annual wider scope audit work.

1. Audit of 2021/22 annual accounts

The principal means of accounting for the stewardship of resources and performance

Main judgements

Our audit opinions on the annual accounts of Clackmannanshire Council and its group are unmodified and confirm that the 2021/22 financial statements present a true and fair view of the financial activities of the council and its group.

The unaudited annual accounts were received in line with our agreed audit timetable on 31 August 2022. However this version, which was considered by the Audit and Scrutiny Committee, did not include the council cashflow statement, the group financial statements or the transactions for the Clackmannanshire and Stirling Integration Joint Board funding adjustment.

Due to delays in receiving supporting documentation the statutory deadline was not met with the audited annual accounts signed on 23 March 2023.

Bank reconciliations were not carried out on a regular basis during 2021/22. The year-end bank reconciliations were not completed and passed to audit until 5 December 2022.

Our audit noted opportunities to strengthen the management commentary and annual governance statement to provide clearer information to the reader of the accounts.

There were a number of audit adjustments identified in our testing of non-current assets including errors in accounting for surplus assets, revaluations, and impairments.

Our audit opinions on the annual accounts are unmodified

16. The accounts for the council and its group for the year ended 31 March 2022 were approved by Clackmannanshire Council on 23 March 2023. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework

- the audited part of the remuneration report, management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

Delays in receiving supporting audit documentation resulted in the statutory deadline being missed

17. Submission dates for the 2019/20 and 2020/21 audited annual accounts were deferred due to the impact of the Covid-19 pandemic. Audit Scotland set target dates for 2021/22 to support the transition to pre-pandemic timescales of 31 October 2022 for the audited annual accounts, with a statutory deadline of 30 November 2022.

18. The unaudited annual accounts were received in line with our agreed audit timetable on 31 August 2022. However this version, which was considered by the Audit and Scrutiny Committee, did not include the council cashflow statement, the group financial statements or the transactions for the Clackmannanshire and Stirling Integration Joint Board funding adjustment. We received a revised version of the unaudited annual accounts on 5 September 2022 adjusted for these items.

19. Our experience of remote working is that it takes longer to obtain, review and document audit evidence than when working onsite. We experienced challenges accessing key working papers and receiving responses to audit queries due to resourcing pressures within the finance team. As a result, and to allow officers additional time to provide additional information, it was agreed to defer the sign off of the annual accounts until 23 March 2023.

20. In particular, we note reliance on one officer to cover significant areas within the finance department, such as non-current assets, due to the ongoing vacancies. The council continues to experience recruitment and retention issues.

Recommendation 1

The council should ensure that the finance team is adequately resourced to prepare a comprehensive set of unaudited accounts and provide the necessary working papers in a timely manner to support the audit process.

There were no objections raised to the annual accounts

21. The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies to publish a public notice on its website that includes details of the period for inspecting and objecting to the annual accounts. This must remain on the website throughout the inspection period. The council complied with the regulations. There were no objections to the 2021/22 accounts.

Overall materiality was reviewed on receipt of the unaudited accounts and remains at the planning level of £2.3 million

22. We apply the concept of materiality in both planning and performing the audit and in evaluating the effect of identified misstatement on the audit when forming the opinion in the auditor's report. We identify a benchmark on which to base overall materiality, such as gross expenditure, and apply what we judge to be the most appropriate percentage level for calculating materiality values. We also determine a lower performance materiality threshold.

23. The determination of materiality is based on professional judgement and is informed by our understanding of the audited body and what users are likely to be most concerned about in the annual accounts. In assessing performance materiality, we have considered factors such as our findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

24. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. As detailed within our Annual Audit Plan, these apply to both Clackmannanshire Council single entity and the group financial statements. This was reviewed on receipt of the unaudited annual accounts and remains unchanged, as summarised in [Exhibit 1](#).

Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£2.3 million
Performance materiality	£1.2 million
Reporting threshold	£50,000

Source: Audit Scotland

We have significant findings to report on the audited annual accounts

25. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. The significant findings are summarised in [Exhibit 2](#).

Exhibit 2

Significant findings from the audit of financial statements

Issue	Resolution
<p>1. Bank reconciliations</p> <p>Bank reconciliations are a fundamental key control for all public sector bodies. The council's own financial regulations require that all bank accounts must be reconciled at least once a month.</p> <p>Bank reconciliations were not carried out on a regular basis during 2021/22.</p> <p>We were advised by finance staff that the year-end bank reconciliations, to 31 March 2022, were not available during the audit process, due to issues reconciling the variances.</p>	<p>The various bank reconciliations, including the main General Fund account, were received by audit on 5 December 2022, more than 8 months after the year end.</p> <p>We undertook additional audit procedures and concluded it was materially accurate and complete.</p> <p>This issue has now been disclosed in the annual governance statement.</p> <p>Recommendation 2</p>
<p>2. Statutory adjustment for depreciation</p> <p>Statutory adjustments are processed in the annual accounts due to differences between accounting requirements and funding requirements. <i>The Statutory Basis for Accounting for and Disclosing Reserves in Scottish Local Government Bodies</i> is mandatory guidance that was issued by LASAAC in May 2021.</p> <p>This guidance made a change to the way the statutory adjustment for the difference between fair value and historic cost depreciation is processed. From 2020/21 this was to be processed from the revaluation reserve to the general fund instead of the capital adjustment account.</p> <p>The revised approach was not reflected in the council's annual accounts.</p>	<p>The audited financial statements have been revised to reflect this adjustment.</p> <p>Statutory adjustments have decreased by £4.140 million and £4.715 million in 2020/21 and 2021/22 respectively, with corresponding increases in adjustments permitted by accounting standards.</p> <p>This adjustment does not have any impact on the council's reserves. Notes 7 and 24 have been updated to reflect adjustments.</p>
<p>3. Non-current asset accounting</p> <p>There were a number of audit issues identified in our testing of non-current assets. This included errors in accounting for surplus assets, revaluations, and impairments.</p> <p>One property declared surplus by council was not reclassified as a surplus asset within the financial statements. A valuation showed that the value of the asset was overstated by £5.682 million.</p> <p>One vacant property identified had not been revalued or subject to impairment review for the financial statements. A valuation showed that the</p>	<p>The audited financial statements have been revised to reflect the adjustment to the surplus asset which decreases the value of the non-current asset by £5.682 million, and disclosure has been updated as a surplus asset.</p> <p>The two misstatements in respect of impairment and revaluation, identified during our audit testing have not been corrected by management. These are detailed in Appendix 2.</p> <p>Recommendation 3</p>

Issue	Resolution
<p>value of this asset was understated by £0.282 million.</p> <p>On review of revaluation adjustment workings, we identified that changes in component values detailed in the valuer's report were not applied across assets subject to adjustments for revaluation movements. A revised calculation showed that the total value of assets was understated by £0.398 million.</p>	
<p>4. Revenue advances due to Central Scotland Valuation Joint Board</p> <p>Our work identified that the balance due to Central Scotland Valuation Joint Board within the financial statements was overstated by £0.948 million. This resulted in cash and cash equivalents being overstated and a corresponding understatement in short term debtors. There was no overall impact on net assets.</p>	<p>The audited financial statements have been revised to reflect this adjustment.</p>
<p>5. Accounting for developer Income</p> <p>In response to our 2020/21 audit finding on developer income the council agreed to a full review of the short-term creditor balance would be undertaken.</p> <p>Our audit work identified that no adjustment had been made in respect of these balances in the unaudited 2021/22 financial statements.</p> <p>As there is no requirement for these amounts to be repaid they should not be included within the creditors balance and should be recognised as income in the Comprehensive Income and Expenditure Statement.</p>	<p>The council completed this review and subsequently confirmed that £0.772 million should be recognised as income and held within earmarked reserves.</p> <p>The audited financial statements have been revised to reflect this adjustment.</p>
<p>6. VAT reconciliation</p> <p>Our work identified that no year-end reconciliation had taken place for the VAT control account. It was confirmed that the last VAT reconciliation was as at 31 December 2021.</p> <p>The balance per the annual accounts is £1.1 million compared to a balance in the VAT return of £0.770 million, resulting in an unreconciled difference of £0.332 million.</p>	<p>The VAT return remains outstanding. Whilst the unreconciled balance is not material, there is a potential unadjusted error of £0.322 million included within the financial statements.</p> <p>This should be considered as part of the internal control review captured at Recommendation 5.</p>

Issue	Resolution
<p>7. Disclosure of Borrowings repayable within 12 Months</p> <p>The financial statements provided for audit disclosed the Public Works Loan Board loans as repayable after 12 months. Our audit work confirmed that two loans totalling £2.946 million were due for repayment within 12 months.</p>	<p>The audited financial statements have been revised to reflect this adjustment.</p>
<p>8. Management commentary</p> <p>The management commentary that accompanies the annual accounts should clearly explain how the council has performed against its budget and how this is reconciled to the financial statements.</p> <p>Our audit noted several areas where financial and performance reporting could be strengthened, including clearer analysis of how the council performed against its priorities and better financial information which can be reconciled more easily to the financial statements.</p>	<p>The disclosures in the management commentary have been amended and it now meets the minimum statutory requirements.</p> <p>We believe there are further opportunities to improve these key disclosures.</p> <p>Recommendation 4</p>
<p>9. Annual governance statement</p> <p>The annual governance statement should provide the reader of the accounts with a clear understanding of how the council complies with the national framework.</p> <p>Responsibility for the preparation changed this year and our review noted a number of areas where disclosures needed to be improved. In addition the certificates of assurance were not completed prior to the unaudited accounts being considered by the Audit and Scrutiny committee in August 2022.</p>	<p>The audited annual governance statement has been amended.</p> <p>Signed certificates of assurance have now been obtained.</p> <p>We believe there are further opportunities to improve these key disclosures.</p> <p>Recommendation 4</p>

Source: Audit Scotland

26. We have obtained audit assurances over the identified significant risks of material misstatement to the financial statements. [Exhibit 3](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2021/22 Annual Audit Plan. It summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 3**Significant risks of material misstatement in the financial statements**

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by the management override of controls</p> <p>International Auditing Standards require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. Management is in a unique position to perpetrate fraud because of the ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> • Assess the design and implementation of controls over journal entry processing. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • Test journals at the year-end and post-closing entries and focus on significant risk areas. • Evaluate significant transactions outside the normal course of business. • Assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year. • Focused testing of accounting accruals and prepayments. 	<p>Results: We did not identify any significant issues within our work on journals. There were no significant transactions outside the normal course of business. The methods and assumptions used for accounting estimates were consistent with the prior year. Our testing of accruals and prepayments did not identify any issues.</p> <p>Conclusion: No issues were identified that indicate management override of controls.</p>

Source: Audit Scotland

27. In our 2021/22 Annual Audit Plan we identified other areas where we considered there to be a risk of material misstatement to the financial statements. Based on our assessment of the likelihood and magnitude of the risk, we did not consider these to represent significant risks. The areas of specific audit focus were:

- **Valuation and measurement of non-current assets:** We carried out 'reliance on a management expert' work on the valuer.
- **Measurement and judgements applied to the valuation of pension liabilities:** We carried out 'reliance on a management expert' work on the actuary. This included review of Audit Scotland's consulting actuary's report on actuarial assumptions. Based on the findings of the audit procedures performed we concluded that we could place reliance on the actuary's valuation of the pension liability.

28. We kept these areas under review throughout our audit based on the findings of the audit procedures performed. In relation to non-current assets details on the resulting adjustment can be seen in [Exhibit 2](#).

Across the UK a technical accounting issue has been identified covering infrastructure assets

29. Infrastructure assets typically include highways, footpaths, bridges and culverts and are included at depreciation historical cost in the financial statements (£59 million for Clackmannanshire Council). A replaced component of an asset has to be de-recognised and at some councils the records of additions were not detailed enough to comply with accounting code. A failure to derecognise assets correctly results in double-counting and an overstatement of the gross book value, accumulated depreciation and net book value of the assets.

30. CIPFA/LASAAC considered the matter and proposed amendments to the 2021/22 accounting code to allow a reasonable assumption that the net book value of replaced parts of infrastructure assets are £ nil and a temporary adaptation to remove the requirement to disclose gross book value and accumulated depreciations in the financial statements. The Scottish Government has issued Finance Circular 9/2022 to implement these changes.

31. At Clackmannanshire Council management considered the detailed records available to support infrastructure additions since 2010 and concluded that the above statutory overrides were required and have amended the infrastructure disclosures. This is explained at Note 11 of the audited annual accounts.

Identified misstatements were above performance materiality but our audit approach did not need to be revised

32. Adjustments made in the audited annual accounts increased net expenditure in the Comprehensive Income and Expenditure Statement by £4.910 million and decreased net assets in the Statement of Financial Position by £4.910 million. We have reviewed the nature and causes of these misstatements and concluded that further audit procedures were not required as the misstatements arose from issues that have been isolated and identified in their entirety and do not indicate further systemic error.

33. Misstatements, totalling £0.680 million were identified that have not been adjusted by management in the accounts, as these assets will be reviewed as part of the 2022/23 revaluation process. If adjusted, this would have increased net assets and total unusable reserves in the Balance Sheet by £0.680 million respectively ([Appendix 2](#)).

The number of charitable trusts administered by the council should be reviewed

34. Clackmannanshire Council administers the funds of 61 trusts, some of which have charitable status and are registered with the Office of the Scottish Charity Regulator. Due to changes implemented in 2017/18 the council is no longer the sole trustee meaning there is no requirement for an external audit in line with Section 106 of the Local Government in Scotland Act 1973. However, there is still a requirement for the council to disclose information on the nature and amounts of these trusts. The disclosure note shows that the trust funds have a total value of £0.4 million.

35. None of the trust funds received any income, other than interest, or incurred any expenditure during this, or the preceding year. Consideration should be given to whether the trust funds could be merged to make them more accessible.

Limited progress has been made on prior year recommendations

36. The council has made limited progress in implementing our prior year audit recommendations. Workload pressures on staff and capacity issues have contributed to a delay in addressing several areas as detailed in [Appendix 1](#).

2. Financial management

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Main judgements

Financial management is effective with budget setting focused on the council's strategic priorities. The council reported a general fund increase of £3.2 million for 2021/22 and achieved 85 per cent of planned efficiency savings.

Financial systems of internal control need to be strengthened and supported by updated financial management and governance documents.

The council should review and update its anti-fraud arrangements and policies and ensure these are clearly communicated to staff.

The council reported a surplus, but the Covid-19 pandemic continued to impact on the 2021/22 financial year

37. The council's budget is aligned to its strategic priorities. The approved Budget Strategy sets out the planning assumptions and indicative savings figures for a rolling four year period. The key aims outlined within the Strategy are to focus on a framework to reduce expenditure; maximise income and to transform service provision, including more joint working.

38. Clackmannanshire Council approved its 2021/22 budget in March 2021. The budget was set at £131.9 million and included a contribution from general reserves of £0.9 million and the application of unapplied capital receipts of £0.7 million. The budget also required the achievement of £2.1 million of efficiency and policy savings.

39. The council revised its financial position during the year as the Covid-19 pandemic continued to impact of costs and income. The final budget forecasted net expenditure of £148.3 million and estimated total income of £139.8 million, with budgeted funding from reserves of £8.5 million. Over the course of the year additional revenue support of £5 million was provided by the Scottish Government to address service pressures.

40. As at 31 March 2022 the council reported a final general fund surplus of £3.2 million. The improved outturn position is largely due to additional Covid funding received from the Scottish Government and delays in budgeted expenditure.

41. During 2021/22 the council administered the distribution of £6.7 million of Covid-19 support grants to local businesses and residents. There was an agency arrangement between the council and the Scottish Government in the administration of these grants.

The housing revenue account operated within budget

42. The council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set a level which will at least cover the costs of its social housing provision.

43. The housing revenue account recorded a surplus of £1.530 million in 2021/22 (deficit of £2.222 million in 2020/21). Housing revenue account reserves have increased by £1.9 million to £9.6 million. This reserve is used to support the delivery of the council's housing business plan.

Budget processes were appropriate and the council achieved 85 per cent of planned efficiency savings

44. We observed that senior management and members receive regular and accurate financial information on the council's performance against budgets. We concluded that the council has appropriate budget setting and monitoring arrangements in place.

45. The council prepare a year end outturn report for councillors. This report provides an important opportunity to scrutinise the financial performance of individual services and investigate the reasons for significant revenue and capital over and underspends. The Audit and Scrutiny committee considered the 2021/22 year-end outturn report in August 2022.

46. The 2021/22 budget included planned savings and contributions from reserves to address the budgeted funding gap. Savings plans totalling £2.1 million were approved as part of the budget process and the council achieved actual savings of £1.8 million (85 per cent of this total).

The level of general fund reserves has increased, but this is already earmarked for specific purposes

47. One of the key measures of the financial health of a local authority is the level of reserves held. Clackmannanshire Council has increased its usable reserves however the majority is held for a statutory purpose or is ring-fenced and aligned to future spending plans.

48. The overall level of usable reserves increased by £5 million from £33.1 million in 2020/21 to £38.1 million in 2021/22. A table showing all reserves movements is included in [Exhibit 5](#).

Exhibit 5

Movements in usable reserves in 2021/22

	Opening £m	Used £m	Added £m	Closing £m
General Fund (Unallocated)	6.452	(4.527)	4.123	6.048
General Fund (Ring-fenced)	13.573	(8.404)	11.983	17.152
Total General Fund	20.025	(12.931)	16.106	23.200
Housing Revenue Account	7.610	(0.307)	2.249	9.552
Insurance Fund	1.276	(0.027)	0.001	1.250
Capital Receipt Reserve	1.333	(1.690)	1.158	0.801
Capital Statutory Funds	2.850	(0.689)	1.141	3.302
Total	33.094	(15.644)	20.655	38.105

Source: Audited annual accounts 2021/22

49. The council reviews the level of unallocated reserves when setting the budget each year and, as part of the 2021/22 budget setting process, agreed to retain this at a minimum of 3 per cent of net expenditure. At the end of 2021/22 the council's unallocated reserves were £6 million, 4.3 per cent of net budgeted expenditure. The council has since agreed to reduce the minimum level to 2.4 per cent as part of the 2022/23 budget setting process to reflect additional pressures and financial uncertainty.

Underspending against the capital budget continued in 2021/22 due to delays in capital projects

50. Plans for capital expenditure are approved as part of the budget setting process each year. The council approved a capital budget of £26.8 million for 2021/22 (including £9 million on housing related projects). In 2021/22 total spending on capital projects was £16.4 million (£17.7 million in 2020/21), with non-housing capital expenditure of £10.5 million and housing capital expenditure of £5.7 million. This represents an overall underspend of £10.4 million.

51. The capital programme for 2021/22 has been adversely impacted by the Covid-19 pandemic and ongoing global events. The underspend was mainly due to delays in the timing of large projects such as Clackmannan Regeneration, City Region Deal, digital infrastructure project and the delivery of purchased vehicles. Housing revenue account projects were delayed due to lockdown restrictions, contractor availability and supply chain issues.

52. The council continues to adjust future years capital programmes to reflect the rephasing of projects. As at 31 March 2022, the council had commitments on capital contracts for non-housing projects of £2.6 million (£7.2 million in 2020/21) and for housing projects of £14.0 million (£6.2 million in 2020/21).

Financial systems of internal control need to be strengthened and supported by updated financial management and governance documents

53. As part of our audit we identify and assess the key internal controls in those accounting systems which we regard as significant to produce the financial statements.

54. In September 2021 we presented our management letter to the Audit Committee and concluded that the introduction of remote working, additional duties and reprioritisation of tasks had impacted on the control environment. A number of control weaknesses were identified that required us to revise our audit approach and increase our substantive testing to obtain the required audit assurances.

55. The control weaknesses identified last year have yet to be addressed. As noted at [Exhibit 2](#) there was a significant delay in the council completing the year-end bank reconciliations. Bank reconciliations are a key financial control designed to highlight possible irregularities and help identify potential fraud.

56. In addition the council's procedures should include undertaking monthly and year end Valued Added Tax (VAT) reconciliations. As part of our financial statements audit we noted that no year-end reconciliation had taken place for the VAT control account. We confirmed that the last VAT reconciliation was as at 31 December 2021, due to staff shortages within the council.

57. In previous years we have highlighted the importance of ensuring that key financial management and governance documents are regularly reviewed and updated. The Scheme of Delegation is a key document that contains details of duties and delegated responsibilities and provides guidance to committees, subcommittees and officers. This document has not been reviewed since December 2012.

58. The council has approved Standing Orders which set out the framework within which the council conducts its business. This includes information on the timing of meetings, order of business, rules of debate and matters of procedure. Whilst the Standing Orders were updated in June 2020 they have not yet been updated to reflect the change in governance arrangements adopted following the May 2022 elections.

Recommendation 5

The council must review the control environment and reinstate critical key controls such as timely reconciliations. This should be supported by revised financial management and governance documents that clearly define expectations and responsibilities.

Supporting evidence to inform the risk assessment of housing benefits was limited

59. In July 2022, we issued a Risk Assessment Report on the audit of Housing Benefit for Clackmannanshire Council as part of our wider risk assessment programme. The key objective of this work is to determine the extent to which the benefit service is meeting its obligations to achieve continuous improvement. The risk assessment considers the effectiveness of the benefit service's business planning and reporting in meeting priorities and delivering outcomes.

60. The report noted that due to the limited information and supporting evidence submitted by the council, auditors were unable to conduct a full and comprehensive review of performance. However, the report also highlighted that since the last housing benefit performance audit in 2015, the council has significantly improved its claims processing times, with performance for new claims the best in Scotland in 2020/21.

61. Despite this strong performance the analysis indicated that there was a lack of documented management checks in place which would ensure that claims are being processed accurately. This finding challenges the council's overall performance in this area and highlights that it is critically important that a robust framework of management checks is introduced to ensure claimants are receiving the correct payments.

Arrangements for the prevention and detection of fraud and error need to be improved

62. The council is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption. Furthermore, it is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

63. The risk profile of public bodies during 2021/22 continued to be affected by the Covid-19 pandemic. We have previously highlighted weaknesses in the council's anti-fraud arrangements and the results of the Your Reputation @ Risk Survey that was run during 2020/21 indicated issues with staff awareness of key policies and individual responsibilities.

64. Due to capacity issues the council has made limited progress against the agreed action to address these weaknesses and work will continue in 2022/23.

Recommendation 6

The council should review and update its anti-fraud arrangements and policies and ensure these are clearly communicated to staff.

3. Financial sustainability

Financial sustainability looks forward to the medium and long term to consider whether the council is planning effectively to continue to deliver its services or the way in which they should be delivered

Main judgements

The council is effectively managing emerging pressures and plans to strengthen the 2023/24 budget-setting process.

Medium-term financial plans are aligned to the council's corporate priorities, are regularly updated and demonstrate how the council intends to address future financial challenges.

Transformational planning has continued during 2021/22 with a focus on the work that is needed to deliver required outcomes.

Recent financial reporting highlights that the council is managing the emerging pressures in the 2022/23 budget

65. Clackmannanshire Council approved its 2022/23 general revenue budget in March 2022. The budget was set at £141.4 million and includes a contribution from uncommitted reserves of £3.9 million. The budget also requires the achievement of £1.8 million of efficiency savings. The latest forecast outturn for 2022/23 indicates a projected overspend for the council of £0.3 million, a significantly improved position from earlier reporting. In addition 87 per cent of the planned efficiency savings are expected to be delivered.

Development of an enhanced budget setting process is being implemented for 2023/24

66. It is likely that further decisions and announcements by the UK and Scottish Governments will impact and influence the council's outlook, in the short, medium and longer-term. The council recognises this is an extremely challenging time for the public sector.

67. An enhanced corporate budget process is underway for 2023/24 with the aim of ensuring the achievement of a balanced budget position. Planning work for this has started and includes:

- The establishment of a Budget Challenge Board in August 2022, consisting of the Chief Executive, Strategic Directors and the Chief Finance Officer.

- Agreement of an in-depth review of existing budgets across all services and the development of a workplan to focus on specific areas including producing a list of savings and collating information on additional contractual pressures
- Inclusion of the impact of organisational redesign and digital transformation into the budget process.

We have obtained assurances over the wider audit risk identified in our Annual Audit Plan on financial sustainability

68. [Exhibit 6](#) sets out the significant risk we identified in our 2021/22 Audit Plan, our assurance procedures and the conclusions from our work.

Exhibit 6

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p>Financial sustainability</p> <p>Clackmannanshire Council continues to face significant financial pressures.</p> <p>The council's 2022/23 budget has a £5.8 million funding gap with plans to balance this through £1.8 million savings and £3.9 million reserves.</p> <p>The council's updated cumulative funding gap for 2023/24 to 2027/28 is £33 million.</p> <p>Longer-term financial planning has been developed with the establishment of a 20-year capital budget, organised around the council's 'Be the Future' transformation programme priorities.</p> <p>The council's medium to longer term financial plans must continue to be updated to reflect the future financial impact of the Covid-19 pandemic.</p>	<ul style="list-style-type: none"> • Regular budget strategy reports to councillors, including scenario planning and identifying and tracking the progress of savings. • As part of the budget for 2022/23, the council intends to take advantage of the financial flexibility arrangements to secure financial stability in the short-term. • Setting of annual council tax / budget. • Council's transformation programme. 	<p>Results: The council continues to invest in long term planning through the 20-year capital programme.</p> <p>Despite the pandemic the council successfully delivered 85 per cent of planned efficiencies.</p> <p>Conclusion: Long-term planning remains an important area and the council recognises the need to regularly refresh and update this due to emerging pressures.</p>

Source: Audit Scotland

Medium-term financial plans are aligned to the council's corporate priorities, are regularly updated and demonstrate how the council intends to address future financial challenges

69. The financial pressures on Clackmannanshire Council are significant. The impact of the Covid-19 pandemic is likely to extend across several years and could include a reduction in income from business rates and council tax non-payments as well as a reduction in fees and charges and increased costs such as higher staff costs to cover the delivery of services. The cost of living crisis is driving greater demand for public services at the same time as the council faces rising costs due to high inflation, affecting energy, fuel, food and materials.

70. It is important that long-term financial strategies (typically covering five to ten years) are in place which link spending to the council's strategies. These support the annual budgets approved by council by providing the context of indicative future spending plans and the impact of forecasted pressures on the council.

71. Clackmannanshire Council has longer term financial plans in place that cover a range of scenarios for a rolling five-year period. These scenarios, which are regularly reviewed, are based on a range of assumptions for a number of variables including the level of Scottish Government funding, demand pressures and pay awards.

72. The council updated its indicative funding gap for 2023/24 to 2027/28 as part of the 2022/23 budget setting process. This resulted in an indicative fundings gap of £11.311 million in 2023/24 and a cumulative funding gap of £32.995 million by 2027/28. The council is planning to take advantage of the approved financial flexibility arrangement to secure financial stability in the short-term and help address the forecast medium-term budget deficit.

73. The council's longer-term financial plans have been developed with the establishment of a 20-year capital budget, organised around the council's 'Be the Future' transformation programme priorities.

74. It is likely that further decisions and announcements by the UK and Scottish Governments will impact and influence the Council's financial outlook, both in the short, medium and longer-term.

75. The council continue to experience financial pressures within the People directorate attributable to Social Services Childcare which is a demand-led cost.

Transformational planning has continued during 2021/22 with a focus on the work that is needed to deliver required outcomes

76. Alongside the significant financial and demand pressures the council is facing there are additional challenges relating to workforce and technology advances. We previously reported that the council is using its 'Be the Future' transformation programme as the basis for building financial and service sustainability.

77. To support this, the council has now also agreed to establish a Target Operating Model that will provide a consistent foundation and framework within which future organisational change and redesign can be developed and accelerated. The aim of the Target Operating Model is to ensure the council is delivering the right services in the most efficient way. It sets out a new operating approach for the council which aims to address the funding gap and secure longer-term sustainability. This was agreed in August 2022.

78. The development of the Target Operating Model around 'People, Process and Digital' has resulted in the priorities of the 'Be the Future' programme being increasingly focused on exploring new delivery models and future ways of working. This combines an internal service delivery focus with a recognition of the importance of engaging with communities and partners to develop collaborative services. It also builds on the importance of data to provide insight and support improved service delivery.

79. The council plans to provide an overall picture of the impacts and outcomes of the 'Be the Future' programme in February 2023, along with proposals for resourcing transformation and the management of the capital programme moving forward. Proposals are also due to come forward on the organisational redesign and Target Operating Model in Spring 2023, which will draw on recent work of capacity and skills analysis.

80. All posts in respect of the above are funded through transformation funds on a temporary basis. The 2023/24 budget approved additional capacity to continue supporting Transformation and key projects. However, the Strategic Director role will end as at 31 March 2023 with the Senior Manager continuing until 31 May 2023. The five transformation officers roles will continue until 17 May 2023 although it is anticipated that some posts may become vacant before this date. The PMO administrator role which is due to end as at 31 March 2023 became vacant in February 2023.

81. The council are looking at sustainable options for a transformation team moving forward however as the new structure will not have a Strategic Director for transformation with this function transferring to the Chief Executives' Office, overseen directly by the Chief Executive.

4. Governance and transparency

The effectiveness of scrutiny and oversight and transparent reporting of information

Main Judgements

The council demonstrates its commitment to conducting its business in an open and transparent manner through the recording of committee meetings and the availability of information on the council website.

Officers should ensure the extensive remit of the newly established Audit and Scrutiny committee still allows sufficient time for members to review papers and provide effective scrutiny and challenge.

Clackmannanshire Council demonstrates its commitment to conducting its business in an open and transparent manner

82. The council made significant changes to its governance arrangements in response to the Covid-19 pandemic. Throughout 2021/22 all committee meetings were held virtually. In May 2022 Clackmannanshire Council introduced hybrid arrangements for full Council and committee meetings. These meetings are recorded and available on the council's website alongside the agenda papers and minutes for each meeting.

83. As noted at [Exhibit 2](#) the audit process has identified opportunities for the council to improve the annual governance statement to ensure that it provides the reader of the accounts with a clear understanding of how the council complies with the [national framework](#). The Annual Governance Statement includes a large number of agreed improvement actions to the governance arrangements that have been carried forward from 2019/20 and 2020/21. Limited progress has been made on a significant number of these actions.

New administration and revised governance arrangements should be kept under review to monitor any impact on the effectiveness of the scrutiny

84. In May 2022 the Scottish Local Authority elections were held. For Clackmannanshire Council 18 councillors were elected and a new administration was formed with the Scottish National Party (SNP). A key change to the revised governance arrangements is the establishment of the Audit and Scrutiny Committee which replaces the previous Audit Committee.

85. The remit of this new committee also includes the remit of the dis-established People, Place and Partnership and Performance Committees. As the workload of four committees have now been combined into a single committee it is important that the council keeps the arrangements under review to ensure that there is sufficient time available to members to scrutinise performance across all service areas. Members should also feel supported to highlight any concerns about the volume of papers required given the changed remit.

Recommendation 7

Officers should keep the revised Audit and Scrutiny committee arrangements under review to ensure there is sufficient time for members to review papers and provide effective scrutiny and challenge.

86. It is important that councillors ensure they have the skill and knowledge to perform their role. Following the election in May 2022 an induction programme for newly elected members was put in place, including:

- A welcome session where members were issued with an induction pack including details about the council, roles and responsibilities, support for councillors and council procedures.
- A training programme, split in to two phases covering essential training events for all members and those councillors appointed to specific boards and committees followed by events and opportunities for further development.

87. Induction and training sessions are still ongoing, with eight phase two sessions still to be held. The council will continue to monitor training uptake and reflect on feedback to ensure it is fit for purpose.

5. Best Value

Using resources effectively and continually improving services.

Main judgements

The council continues to make positive progress addressing the recommendations contained in the Best Value Assurance Report published in January 2018 and the subsequent progress report published in June 2019.

Performance reporting during 2021/22 was appropriate and the LGBF data demonstrates the council is maintaining performance levels but needs to focus on the Raising Attainment priority.

The council is continuing to make progress in securing Best Value

88. Best value is assessed over the audit appointment, as part of the annual audit work. In addition, a Best Value Assurance Report (BVAR) for each council has been considered by the Accounts Commission at least once in this period. The BVAR report for Clackmannanshire Council was published in January 2018 with a BVAR progress report published in June 2019.

89. Our 2021/22 audit work focused on the council's progress against the recommendations of the BVAR progress report which were:

- Councillors and officers should build on recent progress and work collaboratively to agree initiatives which secure transformational change, long-term savings, and service and financial sustainability.
- The council should work urgently to finalise its new management structure and proceed with organisational change and ensure the initiatives that are in train provide the necessary capacity to support and embed change.
- The council should further develop its working relationships with local councils and others and use these to secure efficiencies in services.

90. The Stirling and Clackmannanshire City Region Deal was signed in February 2022. The UK Government and Scottish Government are investing up to £90.2 million into the region over the next 10 years. Alongside this joint Government investment, regional partners, including Clackmannanshire Council, Stirling Council and The University of Stirling, will invest up to £123.8 million.

91. As part of the deal, a capital fund for Clackmannanshire Council was created. A number of projects are now in the delivery phase, including the Japanese Garden renovation project, which received £750,000 in funding.

92. The council is now in year three of its ten-year 'Be the Future' Plan and work has continued on the transformation projects and programmes. This has involved work with the community and collaborative working between councillors, officers and other organisations. Some of the main projects include:

- Transformation Zones – the council has been working closely with the Scottish Future's Trust to develop a Project Initiation Document for Alloa Transformation Zones. The Transformation Zone approach is to build place-based integration of capacity, services, investment and infrastructure.
- Digital Transformation – this programme covers a range of activities that will support operational efficiencies in line with budgetary pressures. The programme is developing a series of workstreams that address the priorities identified from budget work. It will focus on three key areas: customer centred digital services, digitally enabled workforce, and data centric and data informed organisation. Work is still ongoing to enable the Microsoft 365 implementation and additional funding has been allocated to Digital Transformation to support this.
- Family Wellbeing Partnership – the council and the Social Innovation Partnership have agreed to a transformation partnership with an aim to build services around communities. A member briefing was held in October 2022 detailing the breadth of the work being carried out. This focuses on what changes are needed at system and local level to improve the lives of families across Clackmannanshire. As part of the work on the partnership the council has been working with Columba 1400 and the Hunter Foundation.

The council has maintained performance levels but needs to focus on the Raising Attainment priority

93. The council presented a year end outturn report to the Audit and Scrutiny Committee in August 2022 with an update on financial performance for the year ended 31 March 2022. Each of the three service areas set measurable targets in the business plans, with year-end performance data included in the forward-looking business plans.

94. The council participates in the [Local Government Benchmarking Framework \(LGBF\)](#). The framework aims to bring together a wide range of information about how all Scottish councils perform in delivering better services to local communities, including the cost of services and how satisfied citizens are with them.

95. Clackmannanshire Council produced a [Corporate Plan 2018-22 performance report](#). This summaries performance for each of the council's corporate priorities using results from the LGBF. It is presented as a combined report including indicators, risks and strategies. The report includes targets for individual indicators along with management commentary to add further context on performance outcomes. The performance reporting provided a timely opportunity for members to scrutinise service performance.

Exhibit 7**Corporate Priority performance for LGBF indicators in 2020/21**

Corporate Priority	Number of LGBF indicators	Performance in upper 2 quartile		Performance in bottom 2 quartile	
		Number	(%)	Number	(%)
Inclusive Growth, Jobs & Employment	19	11	57.9%	8	42.1%
Reducing Child Poverty	6	3	50.0%	3	50.0%
Raising Attainment	25	9	36.0%	16	64.0%
Sustainable Health & Social Care	11	6	54.5%	5	45.5%
Empowering Families & Communities	23*	10	43.5%	13	56.5%
Organisational Transformation	15	8	53.3%	7	46.7%
<i>* Note that there are 24 indicators but 1 indicator has not been ranked</i>					
All LGBF indicators	99	47	47.5%	52	52.5%

Source: Corporate Plan 2018-22 Performance Report to Audit and Scrutiny Committee (August 2022)

96. Overall the council's performance has been relatively stable when compared to the prior year, however there is a key challenge in Raising Attainment where 64 per cent of the indicators are currently in the bottom quartiles.

The council complies with the Accounts Commissions' Statutory Performance Information Direction

97. The Accounts Commission has a statutory responsibility to define the performance information that councils must publish. In turn, councils have their own responsibility, under their Best Value duty, to report performance to the public. The commission does not prescribe how councils should report this information but expects them to provide the public with fair, balanced and engaging performance information.

98. The Accounts Commission issued a revised Statutory Performance Information Direction in December 2018 which requires a council to report:

- its performance in improving local public services provided by the council (on its own and with its partners and communities), and progress against agreed desired outcomes
- its own assessment and independent audit assessments of how it is performing against its duty of Best Value, and how it plans to improve these assessments and how it (with its partners where appropriate) has engaged with and responded to its diverse communities.

99. We have evaluated the council's arrangements for fulfilling the above requirements and concluded that the council complies with the direction.

National performance audit reports

100. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2021/22, Audit Scotland published a number of reports which may be of interest to the body. These are outlined in [Appendix 2](#).

Appendix 1. Action plan 2021/22

2021/22 recommendations

Issue / risk	Recommendation	Agreed management action / timing
<p>1. Finance team capacity</p> <p>The unaudited annual accounts did not include key areas including the council cashflow statement and group financial statements.</p> <p>There were delays in receiving audit information due to workload pressures within the finance team. We note reliance on one officer to cover a number of significant areas, including non-current assets, due to the ongoing vacancies.</p> <p>Risk – The lack of finance team resources could impact on the audit opinion.</p>	<p>The council should ensure that the finance team is adequately resourced to prepare a comprehensive set of unaudited accounts and provide the necessary working papers in a timely manner to support the audit process.</p> <p>Paragraph 20.</p>	<p>Finance management continue to review team capacity and undertake recruitment of permanent staff. Due to a tight labour market, recruiting to vacancies continues to be challenging and a redesign of the Service is underway including the opportunity to offer apprenticeships and/ or trainee positions to support future succession planning.</p> <p>Responsible officer - Chief Finance Officer</p> <p>Agreed date - ongoing</p>
<p>2. Bank reconciliations</p> <p>Bank reconciliations are a fundamental key control that must be completed each month in a timely manner.</p> <p>The year-end bank reconciliation, including the main General Fund account, were not received by audit until 5 December 2022.</p> <p>Risk – A delay in preparing bank reconciliations weakens the control environment and increases the risk of fraud and error in the ledger.</p>	<p>The council must comply with its own financial regulations and prepare bank reconciliations at least once a month.</p> <p>Exhibit 2</p>	<p>Bank reconciliations were completed in a timely manner through the year, however, work to resolve reconciling items led to delays in finalising the reconciliations and passing the information over to External Audit.</p> <p>Regular reviews have been scheduled to ensure progress through the year.</p> <p>Responsible officer - Chief Finance Officer</p> <p>Agreed date - ongoing</p>

Issue / risk	Recommendation	Agreed management action / timing
<p>3. Non-current asset accounting</p> <p>There were a number of audit issues identified in our testing of non-current assets. This included errors in accounting for surplus assets, revaluations, and impairments.</p> <p>Risk – The financial statements do not accurately capture the asset position or correct accounting treatment.</p>	<p>The process for identifying surplus assets, impairment and accounting for revaluations should be strengthened to ensure they can be accurately captured in the financial statements.</p> <p>Exhibit 2</p>	<p>Finance staff will continue to liaise with internal officers and external valuers to ensure financial statements accurately reflect the non-current asset position.</p> <p>Responsible officer – Chief Finance Officer</p> <p>Agreed date – September 2023</p>
<p>4. Management commentary and annual governance statement</p> <p>Our review of the unaudited accounts noted a number of areas where the process and disclosures should be improved, including:</p> <ul style="list-style-type: none"> • clearer analysis of how the council performed against its priorities • better financial information which can be reconciled easily to the financial statements • ensuring certificates of assurance support the preparation of the annual governance statement • reviewing the length and detail to ensure accessibility / focus. <p>Risk - The documentation to support the preparation of the annual governance statement is incomplete.</p>	<p>The council should review the project plan for the preparation of the unaudited annual governance statement to ensure it is prepared to the appropriate standard and fully supported by audit evidence.</p> <p>Exhibit 2</p>	<p>A number of enhancements were made to the Management Commentary and Annual Governance Statement during the audit period. Officers will review both these areas for the 2022/23 accounts.</p> <p>Responsible officer - Chief Finance Officer and Monitoring Officer</p> <p>Agreed date – June 2023/24</p>

Issue / risk	Recommendation	Agreed management action / timing
<p>5. Financial systems of internal control and key supporting documents</p> <p>The control weaknesses identified last year have yet to be addressed. In addition there are a number of financial management and governance documents that have not been subject to recent review and update.</p> <p>Risk – The control environment is not supported by key governance documents and is not sufficiently robust to support the prevention of fraud and the preparation of the financial statements.</p>	<p>The council must review the control environment and reinstate critical key controls such as timely reconciliations. This should be supported by revised financial management and governance documents that clearly define expectations and responsibilities.</p> <p>Paragraph 58.</p>	<p>As reported to Council on 6th October 2022, a working group consisting of Officers and Elected Members has been set up to consider and review both the Scheme of Delegation & Standing Orders. These will be presented to Council for approval following completion.</p> <p>Responsible officer - Chief Finance Officer and Monitoring Officer</p> <p>Agreed date – 2023/24</p>
<p>6. Prevention and detection of fraud and error</p> <p>We reported last year that the results of the 2020/21 Your Reputation @ Risk Survey indicated weaknesses in the council's anti-fraud arrangements, particularly in relation to staff awareness.</p> <p>Risk – Staff are not aware of their responsibilities and the steps they should take in response to issues identified.</p>	<p>The council should review and update its anti-fraud arrangements and policies and ensure these are clearly communicated to staff.</p> <p>Paragraph 63.</p>	<p>An annual fraud and corruption training plan will be developed for all staff and the profile of the whistleblowing policy raised through a programme of internal communication.</p> <p>Responsible officer Senior Manager, Legal & Governance</p> <p>Agreed date December 2022</p>
<p>7. Audit and scrutiny committee</p> <p>The newly established audit and scrutiny committee includes the remit of a number of previous committees which could impact on the volume of papers and robustness of scrutiny.</p> <p>Risk - Members may not have sufficient time to review papers and deliver effective scrutiny.</p>	<p>Officers should keep the revised Audit and Scrutiny committee arrangements under review to ensure there is sufficient time for members to review papers and provide effective scrutiny and challenge.</p> <p>Paragraph 85.</p>	<p>Officers will monitor this during the year.</p> <p>Responsible Officer – Extended Strategic Leadership Group</p> <p>Ongoing</p>

Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action / timing
PY1. Assets held for sale	The process for identifying assets held for sale should be strengthened to ensure they can be accurately captured in the financial statements.	Replaced by Recommendation 3 above.
PY 2. Developer income	The council should review the remaining short term creditors balances to ensure the correct accounting treatment for any that relate to developer income.	Completed – now addressed as detailed in Exhibit 2
PY 3. Finance team capacity	<p>The council should continue to work to recruit to key finance posts and develop a plan to address any capacity and skills issues identified by the workforce analysis.</p> <p>The council should continue to ensure the finance team has the resources needed to prepare its annual accounts</p>	Replaced by Recommendation 1 above
PY 4. Control environment	The council must reintroduce key controls to ensure the overall control environment is robust and appropriate.	Replaced by Recommendation 6 above
PY 5. Whistleblowing and fraud and corruption awareness training	Clackmannanshire Council should focus on improving the communication of key corporate policies and implement training for staff on whistleblowing and preventing and detecting fraud and corruption.	Replaced by Recommendation 7 above
PY 6. Long-term planning	Long-term planning arrangements, including a range of scenarios, should continue to be developed to support the council in recovering from the Covid-19 pandemic and in transforming services.	Progressing – the council has a clear focus on continuing to develop its longer-term planning.

Appendix 2. Summary of uncorrected misstatements

We report all uncorrected misstatements in the annual accounts that are individually greater than our reporting threshold of £50,000 and request they be corrected.

The table below summarises uncorrected misstatements that were identified during our audit testing and have not been corrected by management. Cumulatively these errors are below our performance materiality level as explained in [Exhibit 2](#). We are satisfied that these errors do not have a material impact on the financial statements however we request that they be corrected.

Account areas	Comprehensive income and expenditure statement		Balance sheet	
	Dr £000	Cr £000	Dr £000	Cr £000
1. Non-Current Assets			282	
Revaluation reserve				(282)
2. Non-Current Assets			398	
Revaluation reserve				(398)
Net impact			680	(680)

Notes:

Entry 1: relates to the increase in valuation of a building revalued in the financial year but not recognised in the 2021/22 accounts.

Entry 2: relates to a difference in the calculation of component values used in Non-current asset revaluations not recognised in the 2021/22 accounts.

Appendix 3. Summary of 2021/22 national performance reports and briefing papers

May

[Local government in Scotland Overview 2021](#)

June

[Covid 19: Personal protective equipment](#)

July

[Community justice: Sustainable alternatives to custody](#)

September

[Covid 19: Vaccination programme](#)

January

[Planning for skills](#)

[Social care briefing](#)

February

[NHS in Scotland 2021](#)

March

[Local government in Scotland: Financial Overview 20/21](#)

[Drug and alcohol: An update](#)

[Scotland's economy: Supporting businesses through the Covid 19 pandemic](#)

Clackmannanshire Council

2021/22 Annual Audit Report Proposed

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Report to: Council

Date of Meeting: Thursday 23 March 2023

Subject: Non-Domestic Rates - Empty Property Relief

Report by: Chief Finance Officer

1.0 Purpose

- 1.1. The existing reliefs that apply to empty non-domestic properties will cease to apply from 1st April 2023. Clackmannanshire Council, as all other local authorities in Scotland, are required to develop a policy on the reliefs available to empty properties within the Non-Domestic Rating system.
- 1.2. This report sets out the Councils policy for Non-Domestic Rates (NDR) Empty Property Relief effective from 1 April 2023.

2.0 Recommendations

- 2.1. It is recommended that Council:
 - 2.1.1 note the need to have a policy for Empty Property Relief effective from 1 April 2023;
 - 2.1.2 agree the proposed policy effective from 1 April 2023 as set out in Appendix A, and
 - 2.1.3 note that this policy will be reviewed during 2023/24.

3.0 Considerations

- 3.1. NDR is a tax on business, commercial, industrial and other miscellaneous property types. All properties are given an independently assessed rateable value by the Scottish Assessors, with a revaluation carried out every three years from 1 April 2023. This value is then used along with the NDR poundage rate set by the Scottish Government to determine the annual charge for each property. Businesses may be entitled to reductions in their bill through relief schemes.
- 3.2. NDR is collected by Councils on behalf of the Scottish Government. As part of the annual funding package, the Scottish Government agrees an amount of funding based on an estimate of the rates income to be collected. For Clackmannanshire this equates to £17.8m for 2023/24. The actual amount collected in-year often differs from the original forecast provided by local

authorities to the Scottish Government due to change in circumstance, reliefs etc. To protect local authorities from these differences, the Scottish Government guarantees the amount of NDR income local authorities will receive. The Scottish Government pays any shortfall, and keeps any extra collected, and then adjusts the following year's guaranteed amounts accordingly. This process is often referred to as the "NDR pooling arrangement".

- 3.3. Local Authorities currently administer Empty Property Relief on behalf of the Scottish Government and are compensated on the full cost of the relief through the NDR pooling arrangement. However, from 1st April 2023 legislation will no longer permit empty property reliefs and as such local authorities will not be compensated for the award of any Empty Property relief.
- 3.4. To compensate local authorities for the cost of delivering empty property relief, the Scottish Government have confirmed funding of £105m per annum for 3 years to 2025/26. For Clackmannanshire Council, the share of the funding is £0.562m per annum. Based on the cost of reliefs awarded for 2022/23, this amount is expected to exceed this cost.
- 3.5. The policy proposed in appendix A is based on the relief available to rate payers per the current legislation.
- 3.6. Due to the short timescale to implement this policy, it is proposed that the policy is reviewed during 2023/24. This will allow full consideration of the financial implications to the Council as well as the impact on local business.

4.0 Sustainability Implications

- 4.1. None

5.0 Resource Implications

5.1. Financial Details

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.
- 5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

5.4. Staffing

- 5.5. None

6.0 Exempt Reports

- 6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please click on the check box)

Clackmannanshire will be attractive to businesses and people and ensure fair opportunities for all

Our families, children and young people will have the best possible start in life

Women and girls will be confident and aspirational, and achieve their full potential

Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

8.1. Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes

No

9.0 Legality

9.1. It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

10.1. Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A: Non-Domestic Rates Empty Property Relief Policy

11.0 Background Papers

11.1. Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered).

Yes


No

(please list the documents below)

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director (Partnership and Performance)	

Clackmannanshire Council

Non-Domestic Rates Empty Property Relief Policy

Author: Ben Watson

Date: 24th February 2023

1. Policy Title

Non-Domestic Rates Empty Property Relief.

2. Policy Statement

Clackmannanshire Council is required to develop a policy on the charging and reliefs available to empty properties within the Non-Domestic Rating system.

The policy will be effective from 1st April 2023 and replaces the statutory reliefs in place up to 31st March 2023

3. Definition

Empty properties are defined as those subjects that have been added to the Valuation List by the Assessors for Central Scotland which are not currently occupied.

4. Extent to which relief can be awarded for subjects completely unoccupied

The following relief will be awarded, where relevant conditions are met, normally following an application made by ratepayer, or their agent.

Relief to be awarded – time limited

- Unoccupied industrial property is eligible for 100% relief for the first six months since becoming unoccupied, and 10% awarded thereafter until occupied.
- Other (non-industrial) unoccupied property is eligible for 50% relief for the first three months since becoming unoccupied and awarded 10% thereafter until occupied.

100% Relief awarded – without limit of time

100% relief will be indefinitely awarded for unoccupied properties which meet any of the following:-

- Empty property is a listed building.
- The rateable subjects are:
 - a) Subject of a building preservation notice/s as defined by Section 56 of the Town and Country Planning (Scotland) act 1972(a) or included in a list compiled under Section a of that Act; or
 - b) Included in the Schedule of Monuments compiled under Section 11 of the Ancient Monuments and Archaeological Areas Act;
- Empty property where the rateable value is under £1,700.

- Empty property which is owned by a trustee for sequestration, liquidation, or executors.
- The person entitled to possession of the lands and heritages is so entitled by virtue only of being:-
 - a) The trustee under a trust deed for creditors; or
 - b) The trustee under an award of sequestration; or
 - c) The executor of the estate of a deceased person.
- Empty property where the owner is a company or partnership being wound up under the Insolvency Act.
 - a) The person entitled to possession of the lands and heritages is so entitled in his capacity as liquidator by virtue of an order made under Section 112 or Section 145 of the Insolvency Act 1986 (d); or
 - b) The owner of the lands and heritages is a company which is subject to a winding-up order made under the Insolvency Act 1986, or which is being wound up voluntarily under that Act.
- Empty property which cannot be occupied by law or the owner of the lands and heritages are prohibited by law from occupying them or allowing them to be occupied.
- Empty property which is under a compulsory purchase order or the lands and heritages are kept vacant by reason of action taken by or on behalf of the Crown or any local or public authority with a view to prohibiting the occupation of the lands and heritages or to acquiring them.
- Empty property which has no buildings (i.e. land).

5. Property Partly Unoccupied For A Short Time

If a property is partly unoccupied for a short time, relief may be awarded on that part of the property which is not occupied. Any constant period of part non-occupation of less than four weeks (28 days) duration will not qualify for relief.

Applications for relief due to part occupation will only be considered if there is no outstanding appeal against the rateable value of subjects.

6. General

Applications for relief need to be made on an annual basis to confirm continued eligibility.

This policy has no impact on occupied properties.

Empty Property Relief does not affect other statutory reliefs such as Fresh Start Relief or New and Improved Reliefs.

7. Implementation

Any ratepayer currently in receipt of empty property relief in 2022/23 will have to reapply for 2023/24, this will ensure that there has been no change to their circumstances or entitlement to the relief. All ratepayers will be written to advising of the changes.

An application form will be made available online and paper forms will also be available for those unable to use digital services.

8. Review

This Policy will be reviewed during 2023/24 and as required thereafter.

Report to: Clackmannanshire Council

Date of Meeting: 23 March 2023

Subject: Clackmannanshire Investment Strategy

**Report by: Strategic Director (Transformation) & Strategic Director
(Place)**

1.0 Purpose

- 1.1. The purpose of this report is to provide Council with information on the proposed investment strategy for Clackmannanshire focused on six strategic investment opportunities. The paper provides the forward plan for developing the investment proposals, resourcing the plan and undertaking the consultation with partners and communities.

2.0 Recommendations

It is recommended that Council approves:

- 2.1. The overall approach to the investment strategy which will seek to develop proposals for the six strategic investment opportunities as outlined at section 7.0 and shown in the Map in Appendix 1;
- 2.2. The use of the £125k Levelling Up Fund capacity building funding to bring in expertise to develop the business cases and masterplans for the strategic investment opportunities as proposed in paragraph 11.1;
- 2.3. The proposal to bring forward detailed plans for a Clackmannanshire Consultation as outlined in paragraph 11.1
- 2.4. The development of a prospectus of opportunities as proposed in paragraph 11.1.
- 2.5. The proposed approach to Levelling Up Fund proposals in anticipation of a Round 3 opening as outlined in paragraphs 9.1-9.7;
- 2.6. The proposed political sponsorship, senior officer sponsorship and operational delivery model as outlined in paragraph 10.2.

It is recommended that the Council notes:

- 2.7. The investment strategy is not the Council's investment strategy but is an investment strategy for Clackmannanshire. Delivery and success will

require significant partnership working, agreements and commitments as outlined in paragraph 6.1 and 8.2

- 2.8. The principles that underpin the investment strategy that the Council and partners would uphold as we develop the plans and approaches to realising the strategy as outlined in section 6;
- 2.9. The investment strategy is a 10 year strategy that will seek investment from an investment mix as detailed in Appendix 3;
- 2.10. The shift of our focus from reactive submissions of grant applications to a more strategic and considered approach to grant capture which will help move us away from maintaining the status quo as outlined in section 4;
- 2.11. The role of our communities in developing the thinking on the strategic investment opportunities and also having a stake hold in the investment as outlined in the principles in section 6;
- 2.12. The strong alignment between this investment strategy and the other investment and strategies already in place such as our Capital programme and City Region Deal;
- 2.13. The alignment of the strategy to national policy such as Wellbeing, National Strategy for Economic Transformation, Community Wealth building and spatial plan for Scotland as presented in the National Planning Framework 4.

3.0 Background to Investment Strategy

- 3.1. At the December 2022 Council, we committed to bringing forward an Investment Strategy designed to provide a strategic approach to how we pursue external capital and revenue investment into opportunities within Clackmannanshire. The Council paper on the Place-based Investment Fund brought forward at the same meeting, outlined some of the priority areas of investment across Clackmannanshire.
- 3.2. Our ambitions to maximise the social and economic impact of the investment from our £255m 20-year capital programme remains. However, with the current inflationary impacts, we recognise that in the coming 3-5 years that the investment allocated to deliver on key projects will deliver less. Across the public sector, capital programmes are estimating between 10%-24% inflation on construction costs, supply chain and contracts.
- 3.3. For us to realise our ambitions for Clackmannanshire we know that we need to leverage additional investment from other sources to counter-balance inflation impacts and to address the long-term challenges of cost-of-living related to energy costs.
- 3.4. We have had success in leveraging funding from grants. We reported to Council in March 2022 that our grant capture in the preceding 18 months to support Council and community led projects was £2m. Since then, our success in grant capture has continued and now totals in the region of £6m into Clackmannanshire.

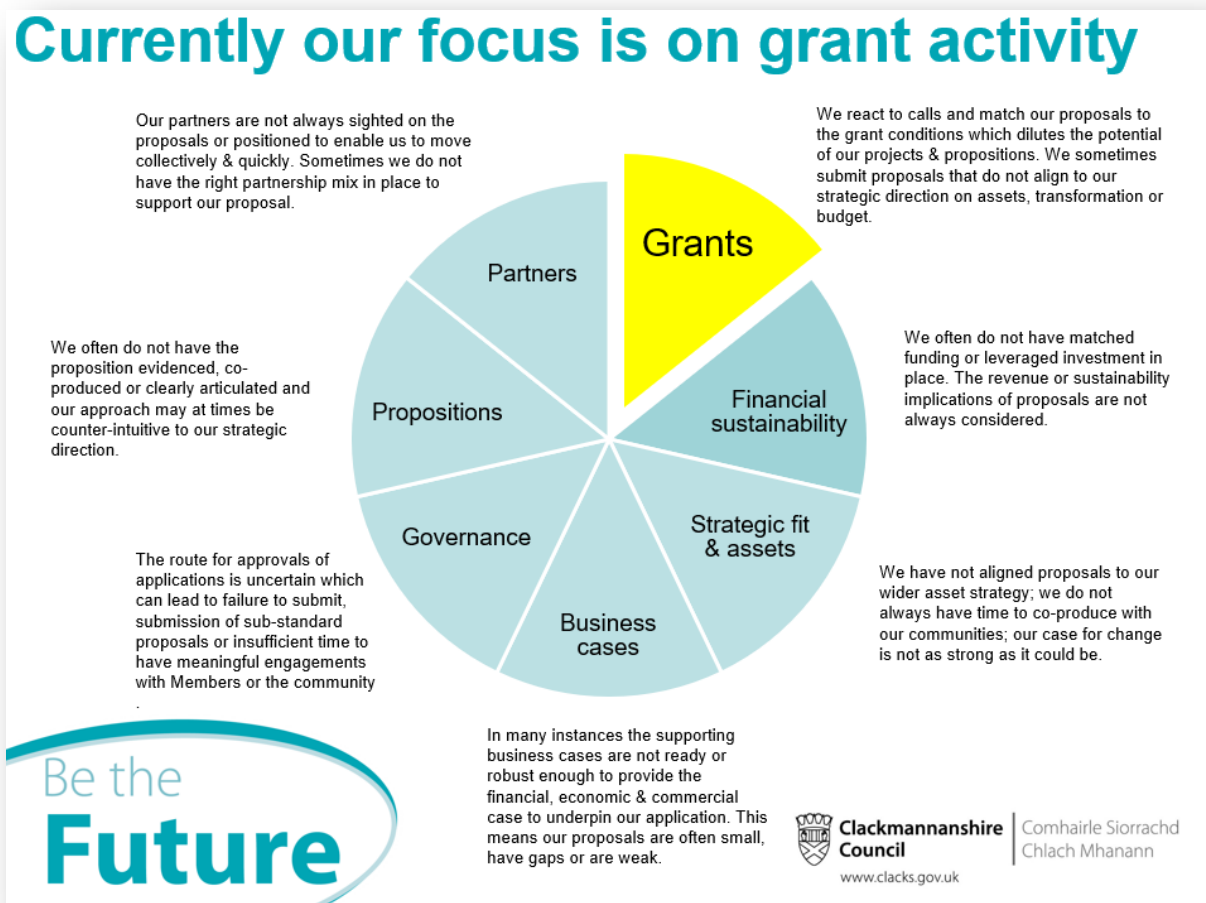
- 3.5. In February 2023 we were informed that we have successfully secured £500k for community-led food production in Clackmannanshire from Scottish Government's Vacant and Derelict Land Fund. This is an indication that the scale of our grant capture is also growing.
- 3.6. The Council has also attracted investment through public/private partnership such as The Hunter Foundation and Scottish Government investment in the Family Wellbeing Partnership. Over the 3-year period to the end of 23/24, the Family Wellbeing Partnership has secured in the region of £2.5m of revenue investment supporting child poverty, wellbeing and council projects.
- 3.7. We need to build out from this success to develop a wider Investment Strategy and Plan that will drive investment into larger-scale projects and other investable assets. This needs to be derived from a wider investment mix that includes patient capital, private investment, major donor campaigns and philanthropy as outlined in Appendix 3.
- 3.8. At the same time, we will continue to pursue grants through the full range of challenge funds but will apply a more strategic lens to what projects are put forward for investment and ensure that this is tied to the priorities within the Capital programme, our own building and land assets and ensure that proposals are sustainable in the longer term.
- 3.9. The Investment Strategy and plan will be developed with officers, members, communities, and partners over the coming months as outlined in section 10 of this paper.
- 3.10. It is critical from the outset that this investment strategy is recognised as an investment strategy for Clackmannanshire and not the sole endeavour of Clackmannanshire Council. The principles in section 6 are designed to deal with this explicitly.

4.0 A shift from a primary focus on grant capture

- 4.1. Grants have formed an important component of our investment mix but come with limitations in how we apply the funding. Grants are most often capital (not revenue) and come with specific terms and conditions.
- 4.2. Any grant capture requires significant staff investment, which can detract from work on our existing, approved capital programme, with no guarantee of success.
- 4.3. The UK Government Levelling Up Fund (LUF) is a good example of the dilemma we face when presented with the opportunity to secure investment. These challenge funds are competitive and require significant work to develop a submission with no guarantee of receiving funding. In the two rounds of LUF so far Local Authorities in Scotland have received 10% of the overall awards (£172m) in Round 1 and 8% of the overall awards in Round 2 (£177m) of the £2.1b UK total. The process for applying for those funds is onerous and has very tight timescales to make submissions.

- 4.4. As Diagram 1 demonstrates, when we seek grant funding we have to start with the focus of the grant and funding objectives. This can mean that we need to adjust our project proposals to the grant conditions which can dilute the potential of our projects. This presents a risk for us as at times this can mean we are submitting proposals that are not aligned to our strategic direction, our asset strategy, our transformation approaches, our budget needs or on what our partnerships have been built to deliver.
- 4.5. The proposed investment strategy recognises the importance of grants in our investment mix but also acknowledges that we need to take a more robust and strategic approach to their pursuit. This means developing strong, core propositions, underpinned by business cases, co-produced with our partners, strategically aligned to our priorities and financially sustainable in the long-term.

Diagram 1: Grant capture



5.0 The challenge we need to address in our investment approach

- 5.1. As grants are not a secure and stable basis for our future investment ambitions, our proposed investment strategy will provide us with opportunities to obtain more unrestricted investment that matches Clackmannanshire's needs.

- 5.2. This demonstrates that we can secure investment from a wider portfolio. Our challenge now is to develop a strategy that delivers at scale. We estimate that the strategy should seek to deliver £100m of investment across a 10-year horizon. This means making some significant shifts to our current approach.

A shift from funding that maintains the status quo

- 5.3. In developing our thinking, we have looked at the work undertaken by Foundation Scotland and Wellbeing Economy Alliance that questions the current model of both grant distribution and the projects that grants are supporting. This work challenges us to answer three questions:
- Is the money that we seek through our grants helping to hold up and maintain problems or is it seeking to change some of the things that currently maintains these problems?
 - Is our investment operationalising transformative activity or maintaining the status quo?
 - Are we involving our potential investors, communities and partners in co-producing proposals and projects sufficiently?
- 5.4. We worked with the Be the Future Investment Working Group, with the Council's Senior Leadership Group and with key stakeholders and partners to look at these questions and our conclusion was that our current collective funding approach has a tendency to support the status quo and not transformation, is not getting sufficiently upstream of the issues that we are seeking to solve and does not involve partners and communities at an early enough stage. Our investment strategy has therefore been framed to tackle this by adopting some core principles as outlined in section 6 of this paper.

6.0 Key principles of the investment strategy

- 6.1. The investment strategy is underpinned by the following principles:
- Supporting the increased convergence between people and place and ensuring that we maximise the approaches exemplified through the Family Wellbeing Partnership and our own investment approaches in our capital programme, such as the Transformation Zones.
 - Developing a shared purpose within the Council, with partners and investors that strengthens our identity around Clackmannanshire as an investable place and a county led by the principles of delivering a wellbeing economy, community wealth building and empowering communities.
 - This shared purpose will ensure that the delivery of the investment is powered by partnership, not just as a Council endeavour. Through co-production we will build confidence amongst our communities to participate in investment opportunities.

- We recognise that our investment needs to move away from maintaining the status quo by getting upstream of the issues we are seeking to solve. This means taking more of an upstream mind set – the mind set that has made the STRIVE approach so successful.
 - That the investment we secure ensures fairer distribution of wealth by supporting community land and asset ownership, wherever that is possible and in line with our future asset strategy.
- 6.2. The investment strategy will apply the principles of the National Planning Framework (NPF4) that seeks to deliver a spatial plan for Scotland through to 2045 based on developing sustainable, liveable, and productive places. This will ensure that our strategy is policy aligned at the national level whilst remaining locally relevant.

7.0 Our six strategic investment opportunities in Clackmannanshire

- 7.1. The work we have done with Council and partners has identified 6 strategic development opportunities in Clackmannanshire. These are represented on the map in Appendix 1.
- 7.2. The development opportunities are:
- Well-being Hub/Alloa West Masterplan
 - Gartmorn Dam Masterplan
 - ForthBank Transformation Zone Masterplan
 - Alloa Town Centre Transformation Zone
 - Connectivity Masterplan
 - The Alloa Innovation Hub/Campus
- 7.3. Council will note that these strategic investment opportunities align to our other strategic priorities including investment from the City Region Deal and our own Capital programme as outlined to Council in the Budget Papers 23/24; the Council's assets; the Local Development Plan and our Transformation Programme. The investment opportunities have good alignment to national policy making these attractive not only to private investors but also government funds.
- 7.4. Each one of the strategic investment opportunities has anchor investment attached to it or the opportunity to secure that investment. We have unique opportunities through this anchor investment to open up catchment of wider connected opportunities as can be seen in the

Appendix 1 map. This anchor and catchment approach will be an underpinning approach in our investment strategy.

- 7.5. The paper presented to Council on the Innovation Hub demonstrates this very well. The anchor investment from the City Region Deal for the Innovation Hub opens catchment of wider connected prospects and expands our potential investment mix. This presents opportunities of a scale that would not otherwise be available to us.

8.0 Developing investable propositions for the six strategic opportunities

- 8.1. To build confidence in the viability of the strategic opportunities outlined in section 7, we need to develop investable propositions. Appendix 2 demonstrates the full range of evidence that we need to assemble to build that confidence and the diverse investment mix we will seek to access.
- 8.2. Building confidence means working with partners and others to undertake feasibility work to develop the business cases, to develop the masterplans that provide the confidence that these are investable. This underpinning work is essential and will require its own investment stream to realise it. However, by applying the principles in section 7 this will not be the sole endeavour of the Council but a partnership approach.
- 8.3. We will also need to evidence that the investment opportunities have endorsements from partners and have community buy-in. This will require a workstream around consultation with stakeholders and our residents and communities.
- 8.4. The evidence base will be scrutinised by potential investors and will need to speak to their expectations of the return they expect from their investment. Some investors will want to see social and economic value, while other investors will seek a financial return. This means assembling the case for the financial, social and economic benefits that could accrue from the investment.
- 8.5. This approach enables us to widen our investment mix. Appendix 2 and 3 demonstrates the range of potential investment streams. This includes patient capital, private and commercial investment, major donor campaigns as well as applications to our usual grants and challenge funds.
- 8.6. The strategic opportunities outlined in section 7, in particular the City Region Deal projects around the environment and intergenerational living provide openings to approach Clackmannanshire's diaspora. Our diaspora may have relatives still living in the County and wish to make investment into intergenerational living to support residents. The City Region Deal investment into Culture, Heritage and Tourism also presents opportunities to engage with Clackmannanshire's diaspora.

9.0 Levelling Up and the investment strategy

- 9.1. As outlined in paragraph 4.3, Levelling Up Fund (LUF) is an example of a challenge fund that requires robust business cases to be developed to support the submission.
- 9.2. There have been two rounds of LUF so far and £3.8b of the £4.8b investment has now been distributed. It has been intimated by UK Government that there will be a round 3 of LUF but that there may be an adjustment to the approach adopted in the previous 2 rounds.
- 9.3. For the purposes of the Fund, each local authority was assessed against the UK Government's 'Index of Priority Places', which the government uses as an overall measure of 'need' for levelling up. There are 3 categories and category 1 has the greatest priority. Clackmannanshire was assessed as being in category 2 and remained in category 2 for the second round of LUF. There is no indication that the methodology for LUF will be adjusted for Round 3 so it remains likely that we will be in category 2. This immediately decreases our competitiveness in the process.
- 9.4. In previous rounds, Levelling Up has comprised two strands - constituency projects and transport projects. Constituency projects must relate to the themes of town or green space regeneration or cultural investment. The constituency strand can have up to three projects but must be linked. Constituency projects can be up to £20 million in total. The Transport strand can also have up to three linked projects and again the total can be up to £20 million. Constituency and transport projects do not have to be connected.
- 9.5. The applications are based on HM Treasury Green Book 5 case model business cases. This requires a strategic, economic, commercial, management and financial case, supported by appendices and technical notes.
- 9.6. The 6 strategic opportunities in the proposed investment strategy outlined in section 7 either individually or collectively present potential bids to the Constituency strand of LUF. However, we must develop the business cases first. These business cases provide the information to assess the most appropriate investment approach to secure those priorities and are needed for **all** our investment work, not just exclusively for LUF.
- 9.7. Once we have the business cases and we know what Round 3 of LUF looks like, we can come forward to Council with recommendations on how we approach LUF and what proposal or proposals are the best fit. Timescales with LUF have been extremely challenging in the previous two rounds so if we are to take advantage of a potential round 3, resourcing the development of the business cases for candidate opportunities is urgent.

10.0 Resourcing the strategy

- 10.1. The investment strategy is an investment strategy for Clackmannanshire, not Clackmannanshire Council's investment strategy. We recognise that

we as the Council need to invest resource into the strategy if we are to be equal partners, but we also acknowledge that this is not a sole endeavour, and we must secure similar commitments from our partners.

- 10.2. The structure outlined in section 10.3 indicates the resource that the Council will realign to support the Investment strategy implementation. This resource will link to our key partners and regional structures including City Region Deal and the Forth Valley Regional Economic Forum.
- 10.3. Subject to approval from Council, with this model in place, the next step is for discussions to secure resource commitments from across our partners. Partners we will approach include the University of Stirling, Forth Valley College, Third Sector, NHS Forth Valley and other health partners, private companies and individuals, social investment and community wealth building agencies and patient capital investors including Scotland's National Investment Bank. A group will be convened with membership from our partners to provide the focus for driving the strategy.
- 10.4. The proposed commitment from the Council for the preliminary stage of the strategy implementation is:
 - The political sponsorship for the strategy sits with the Council Leader as part of the financial and transformation portfolio that this role already oversees
 - The senior leadership sponsorship for the strategy hands over from the Strategic Director (Transformation) to the Strategic Director (Place)
 - The operational leadership for the strategy sits with the Senior Manager (Capital PMO approved at the Special Council meeting 9 March 2023) and is supported by a Senior Manager from each of the three portfolios to provide cross-organisational buy-in and perspective
 - The Funding and Investment Officer role (approved at the Special Council meeting 9 March 2023) sits within the Capital PMO and reports to the Senior Manager.
- 10.5. It is proposed that within the Council the operational governance for the strategy sits with the Strategic Oversight Group and from there will report to Council on progress.

11.0 Next steps

- 11.1. Subject to approval of this approach to the investment strategy we propose the following next steps:
 - We commence the formal discussions with partners to establish the coalition of the willing to co-deliver the investment strategy and seek the commitments outlined in section 10.
 - We use the LUF capacity building funding (£125k) to procure consultancy and expertise to lead the feasibility work on the 6 strategic investment opportunities.

- That the outcomes from this work are used to develop a prospectus for engagement with our communities in Clackmannanshire and to engage with potential investors.
- That we undertake a Clackmannanshire Consultation focused on the 'big listen' approach that asks what a liveable, productive and sustainable Clackmannanshire looks and feels like for our residents, communities and business. This builds the evidence of need and support.

12.0 Sustainability Implications

- 12.1. Environmental and financial sustainability are key priorities of the Be the Future programme and business cases for individual programmes/projects will require to demonstrate clear links to related outcomes.

13.0 Resource Implications

13.1. *Financial Details*

- 13.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Ye

- 13.3. Finance has been consulted and have agreed the financial implications as set out in the report.

13.4. *Staffing*

14.0 Exempt Reports

- 14.1. Is this report exempt? Yes (please detail the reasons for exemption below) No **X**

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all	X
Our families; children and young people will have the best possible start in life	
Women and girls will be confident and aspirational, and achieve their full potential	X
Our communities will be resilient and empowered so that they can thrive and flourish	X

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No

9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1: Map showing the six strategic investment opportunities

Appendix 2: Developing investable propositions

Appendix 3: Investment mix

11.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)


Yes (please list the documents below) No

Be the Future Update papers to Council – September 2020, December 2020, March 2021, June 2021, August 2021

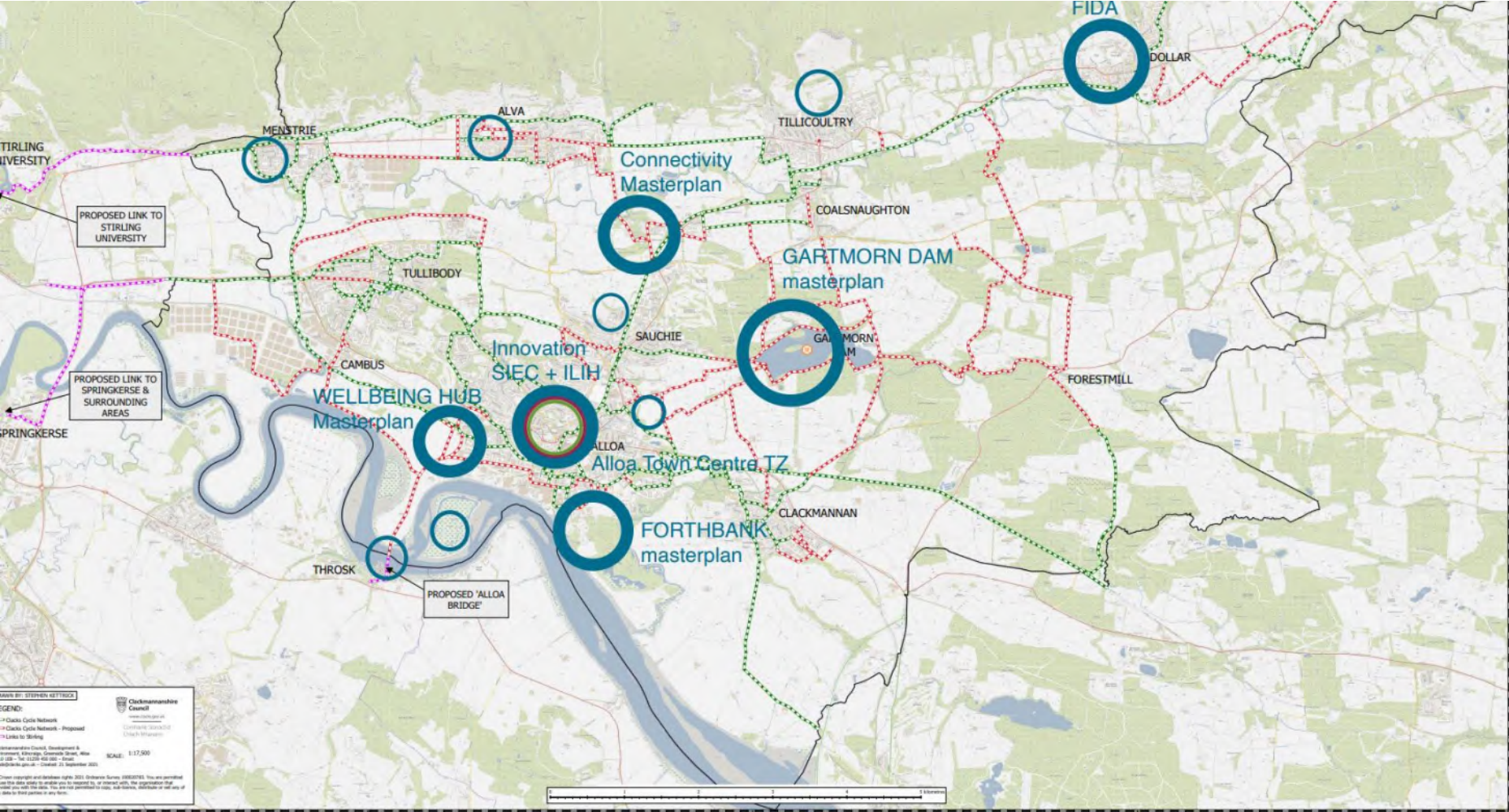
Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
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Pete Leonard	Strategic Director (Place)	

Appendix 1: Six strategic investment opportunities



Appendix 2: Developing investable propositions

		First we need to						Then we				And finally we consider how to											
		Build confidence						Build evidence				Build the investment mix											
	Potential investment propositions	Masterplan	Feasibility activity	Business case	Formal partners	Endorsements	Community buy-in	Staff & members as ambassadors	Co-production	Social & economic value	Other ROI	Local media coverage	Patient capital	Community ownership	Social enterprise	Private/commercial	Philanthropic	Major donor	Government	Clacks Council	Diaspora	Grants/challenge funds	Income generation
Productive places	<u>ForthBank</u>	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐				☐	☐
	Alloa TZ	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐				☐	☐
Liveable Places	ILIH		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐		☐	☐	☐
	<u>Gartmorn Dam</u>	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐					☐	☐	☐
	Wellbeing Hub	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
	Connectivity		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐		☐	☐	
Sustainable places	Environment Centre		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐		☐	☐	☐
	FIDA				☐	☐	☐	☐		☐	☐	☐			☐	☐	☐					☐	

Appendix 3: Investment mix

Clackmannanshire’s investment strategy aims to attract investment from a wider portfolio than we do currently. This Appendix explains the potential investment that we would build into the portfolio.

Investment type	Definition
Patient capital	Long term capital investment is where the investor is willing to make a financial investment in an opportunity without expecting a quick profit, in anticipation of a larger return in the future. Scotland’s National Investment Bank is an example of a bank that provides mission impact investment to projects in Scotland. Depending on who is leading the project the opportunities to access patient capital will change. For example, if a third sector organisation leads a project then they will have access to the investment offered through Social Investment Scotland .
Private/Commercial	Private investors are often wealthy individuals (or angel investors) who are looking for a profitable return in a viable business investment. Angel investors may bring their networks and own expertise to the business, as well as financial investment.
Philanthropic	Philanthropy is where individuals or trusts provide investment (money, time and other forms of altruism) into social, environmental and other worthy causes. There is no expectation of a financial return – but there will be a shared cause and is likely to establish a long term relationship between the investor and the project.
Major donor	A major donor is an individual who makes a gift that has a significant impact on the work of an organisation or project. A major donor is defined by the scale of the investment and is generally explicitly stated in the major donor campaign. In a major donor campaign typically 80% of your revenue will come from 20% of the donors.
Diaspora	Members of diaspora communities often feel that they want to give back to the communities where they grew up or started their own businesses. Typically diaspora fundraising focuses on telling the story and encouraging giving. This could include investment into early stage companies, involvement in board membership and often sees diaspora working alongside private funders or local organisations.
Grants/Challenge funds	Grants and challenge funds are competitive financial processes to disburse funding. Examples are Levelling Up Fund and the Regeneration Capital Grant Fund. Proposals are submitted to a deadline and against specific terms and conditions and are assessed by those managing the grant process. As this is a competitive process, there is no guarantee of funding and should be considered as part of a wider investment mix.

Community ownership	This enables communities to hold shares in a venture and take ownership of an asset or enterprise to hold it for community benefit which is often a catalyst for community led interventions.
Social enterprise	A social enterprise is an asset-locked business that recycles profits into the business and not to shareholders. They apply commercial strategies to improve financial, social and environmental well-being.
Government	The investment strategy should seek to secure investment from UK and Scottish Governments outside the challenge fund process.
Partners	Our partners are critical to leveraging additional investment into Clackmannanshire. Our investment strategy is not a sole endeavour for the Council but is a partnership endeavour for Clackmannanshire.

Report to Clackmannanshire Council

Date of Meeting: 23 March 2023

Subject: Alloa Innovation Hub

Report by: Strategic Director (Place)

1.0 Purpose

- 1.1. This report provides Members with an update on progress of the joint work that has been taking place with the University of Stirling and others on two projects within the Innovation workstream of the Stirling and Clackmannanshire City Region Deal: Scotland's International Environment Centre (SIEC), and the Intergenerational Living Innovation Hub (ILIH).
- 1.2. The outcomes from this work have resulted in a proposal for the creation of an Alloa Innovation Hub, encompassing SIEC Phase 2 and ILIH that is presented in this paper.

2.0 Recommendations

- 2.1. It is recommended that Council:
- 2.1.1. notes the progress set out in the report and endorses the creation of an Alloa Innovation Hub, encompassing SIEC phase 2 and ILIH.
- 2.1.2 notes the next steps set out in sections 3.23 to 3.26, and specifically, the site options appraisal and feasibility actions and Deal governance milestones for securing Scottish and UK Government approvals;
- 2.1.3 notes the links to the Council's Be The Future transformation programme and specifically the Transformation Zone place based approach.
- 2.1.4 notes the link to the Clackmannanshire Investment Strategy, which is the subject of a further paper to Council.

3.0 Considerations

Introduction

- 3.1. The University of Stirling is the lead partner for two projects within the Innovation workstream of the Stirling and Clackmannanshire City Region

Deal: Scotland's International Environment Centre, and the Intergenerational Living Innovation Hub.

- 3.2. Phase 1 of Scotland's International Environment Centre (SIEC) is already in delivery and is establishing the Forth Environmental Resilience Array (Forth ERA). A business accelerator team is in place, based at Forth Valley College in Alloa, and is leading development and delivery of the SIEC programme and associated Deal benefits. Phase 2 of the SIEC project will develop a large-scale innovation community centred on SIEC, physically headquartered in Alloa, and an associated research and policy centre on the University of Stirling Campus.
- 3.3. The Intergenerational Living Innovation Hub (ILIH) project, following approval by the Clackmannanshire Commission, was on-boarded formally to the Deal in December 2021. The Hub will create a research and innovation platform, pioneering novel approaches to ways of living, working and socialising, and developing solutions that enhance well-being as we age. It will enable businesses to embrace the opportunities presented by an ageing population by undertaking at-scale research, product and service development and testing, skills development and training.
- 3.4. In the second half of 2022 a collaborative programme of workshops and associated discussions took place involving the SIEC and ILIH teams from the University, the Transformation and Place teams from Clackmannanshire Council, and colleagues from Forth Valley College. This work has developed a specification of requirements for the SIEC Phase 2 and ILIH projects, set in the strategic context of the Clackmannanshire transformation programme, Be The Future; Clackmannanshire Council's developing investment strategy; and a socio-economic policy analysis including the Scottish Government's National Strategy for Economic Transformation.
- 3.5. The outcomes from the work in 2022 have resulted in the proposal for the creation of an Alloa Innovation Hub, encompassing SIEC Phase 2 and ILIH that is presented in this paper.

An innovation destination

- 3.6. Clackmannanshire has a heritage built on innovation. Together the ILIH and SIEC will celebrate and build on this heritage creating a shared future for the people of Clackmannanshire. The projects will be intrinsically linked to place and people. Their twin focuses of Ageing Population and Climate represent two of societies' biggest challenges. Bringing together academic research, innovation, business and skills development within the heart of the Clackmannanshire provides the opportunity to enrich both, make positive change, attract further investment, build Community Wealth and create a lasting legacy.
- 3.7. The analysis and evidence underpinning the National Strategy for Economic Transformation makes clear that sustained action is required to address the principle structural weaknesses in the Scottish economy. This must focus on delivering a step change in early-stage entrepreneurship, creation and growth of innovative businesses, business investment in R&D, and tackling income and opportunity inequality.

“Success means a strong economy where good, secure and well-paid **jobs** and growing **businesses** have driven a significant reduction in poverty and, in particular, child poverty. It means a nation of **entrepreneurs** and **innovators**, with resilient supply chains and competitive advantages in the new industries generated by technological change, scientific advance and our response to the **climate and nature crises**. It means a society in which **everyone can participate in economic success**, in every community and in every region.”

Scotland's National Strategy for Economic Transformation, Scottish Government, March 2022

- 3.8. Whilst there is substantial evidence that Clackmannanshire faces stark socio-economic challenges, there are also a number of important strengths and assets. Through our Wellbeing Economy programme we, alongside Scottish Government, completed a data deep-dive using the Inclusive Growth Framework which benchmarked key national performance indicators with Clackmannanshire and Scotland. This demonstrated higher than average productivity measures in Clackmannanshire including % GVA annual growth and higher than national average exports as % of Scottish totals. Business survival rates per head and GVA per head of population were shown to underperform against the Scottish average. Scotland ranks 8th out of the 12 UK Regions for Business Enterprise Research & Development (BERD) spend as a % of GDP, and 9th out of 12 per head of population. At 0.92% of GDP, Scotland ranks 24th out of 38 OECD countries for BERD spend. Clackmannanshire has 0.4% of GPD, 16th of the 32 Scottish local authority areas.
- 3.9. Clackmannanshire’s employment rate in its working age population is over 72% and is performing better than the Scottish average, as median earnings for males working full time are at just under £700 per week. Job density; earnings for females working full time and business density measures are underperforming against the Scottish average.
- 3.10. The Scottish Government’s National Performance Framework tracks Scotland’s business creation using the Total Early-stage Entrepreneurial Activity (TEA) rate. Scotland’s TEA rate remains significantly below that of other advanced economies, including the rest of the UK. Scotland needs to increase its TEA rate by around 70% if it is to match the performance of other small, advanced economies. There are also significant gender inequalities in early-stage entrepreneurship. Men dominate Scotland’s businesses creation despite the fact that half of people approaching Business Gateway are female. Scotland’s TEA rate for women remains lower than that for men.

- 3.11. We know that income and health inequalities are prevalent in Clackmannanshire. Poverty related performance measures are generally underperforming compared with Scotland with children living in low income families; % of workless households; qualifications and life expectancy rates all higher than the national rate. Whilst food and fuel poverty measures are prevalent in Clackmannanshire national performance data shows these are not significant outliers when compared with Scottish figures. Cost of living impacts will undoubtedly affect performance relating to these measures however these impacts are yet to materially change national performance measures on inclusive growth and wellbeing.
- 3.12. The Scottish Index of Multiple Deprivation is used to measure area based levels of deprivation over seven domains: income, employment, education, health, access to services, crime and housing. 25% of Clackmannanshire's data zones are in the 20% most deprived areas in Scotland (local share) and 1.29% of data zones are in Scotland's 20% most deprived areas (national share). 16% of people living in Clackmannanshire live in the least deprived quintile; 28% live in the most deprived quintile demonstrating the deprivation gap. The most deprived areas in Clackmannanshire are sited in the Alloa South and East area which has high levels of income, employment and health deprivation.
- 3.13. Place and sustainability measures tend to perform better in Clackmannanshire against the national average with higher satisfaction levels in public services; access to green and blue spaces; % of households meeting SHQS standards and lower proportions of crimes per 10k population.
- 3.14. The programme of work supported by the Family Wellbeing Partnership (FWP) (funded by the Scottish Government and the Hunter Foundation) is taking a system wide approach to address some of these significant barriers that communities face, creating the conditions for wider change. By putting the voices of communities at the centre, services and supports can be redesigned, reaching families and individuals quicker and more effectively.
- 3.15. It is clear that the same areas of focus for economic change are required in Clackmannanshire as are set out in the National Strategy. Indeed, the local need for business creation, entrepreneurship, innovation and investment, and tackling income inequalities is even greater than nationally. The priorities for the Alloa Innovation Hub have been designed directly to deliver on those areas of focus, tied to a skills ecosystem that ensures the opportunities, jobs and prosperity created through economic change are accessible to all citizens.
- 3.16. Innovation is required to transform public service delivery, both to respond to increasing budgetary constraints, and in the face of the ageing population which will increase demand, especially in health and social care. Clackmannanshire is ageing faster than the rest of Scotland with more over 65s and over 75s compared against the average across Scotland. This will likely filter into the over 85 years category in coming years and present an increased demand on service provision. The experience gained from the work of the FWP so far (para 3.13 above) is demonstrating how you can streamline funding and supports more holistically to shift the public sector

response to being more person-centred, and from being reactive to a focus on early intervention and prevention. Taking all of this into account, a statement of vision, ambition and outcomes has been developed for Alloa as an innovation destination, delivering sustained positive change in the town, and across Clackmannanshire:

- An innovation destination:
- Centred on community wealth building
- Creating jobs and work opportunities
- Attracting businesses to the region
- Developing an entrepreneurial economy
- Driving social innovation
- Supporting transformation of public service delivery
- Catalysing additional investment, benefits and impact
- Opening up “the way to the river”
- Linking assets and expertise together in a connected community and region
- Tackling child poverty
- Improving health equalities, fuel and food poverty, social care, digital inclusion, wellbeing
- Providing an “anchor” in the heart of the community
- Maximising use and re-use of existing assets

3.17. The vision, ambition and outcomes have been mapped against wider transformation and investment projects across Clackmannanshire for both ILIH and SIEC Phase 2, through the lenses of wellbeing, community resilience, and environmental enhancement (see maps Appendices 2 and 3). There is a very high degree of correlation between the ILIH and SIEC maps.

3.18. The proposed Investment Strategy for Clackmannanshire focuses on six strategic investment opportunities, of which the Alloa Innovation Campus is one. Each one of the strategic investment opportunities has anchor investment attached to it and in the case of the Innovation Campus this anchor investment is the City Region Deal money and our own capital investment. Through this anchor investment we open up catchment of wider connected opportunities. The Alloa Innovation Campus demonstrates this anchor and catchment approach and how this will expand our investment mix.

Specification of Requirements and Use of Growth Deal Investment

3.19. Through the workshops a specification of functional requirements has been developed for both the ILIH and SIEC Phase 2, as set out in Appendix 1. As can be seen, the requirements for both projects are effectively the same.

3.20. The investment available through the City Region Deal is £8m (£7m Scottish Government, £1m Clackmannanshire Council) for SIEC 2 in Clackmannanshire, £7.25m (UK Government) for ILIH, and £5m (UK Government) for SIEC 2 Research and Policy Centre on the Stirling Campus. The total investment for the innovation hubs in Clackmannanshire, therefore, is £15.25m.

3.21. The impact of inflationary pressures and supply chain challenges, especially in the construction sector, mean that the £15.25m will inevitably deliver less

infrastructure than when the projects were first mooted some five years ago. In order to secure maximum benefit and leverage from the investment, therefore, it is recommended that the £15.25m is concentrated on the creation of an initial 'anchor' innovation development – The Alloa Innovation Hub - stimulating innovation and entrepreneurship through R&D and business incubation spaces. This will deliver the range of functionality set out in the specification of requirements in Appendix 1.

- 3.22. The Alloa Innovation Hub will, in turn, catalyse additional investment over time in a portfolio of business, community, place-based and other developments, aligned with the Clackmannanshire Council investment strategy. These, for example, could include the Alloa town centre transformation zone, Forthbank, Glentana Mill, Gartmorn Dam, the new Wellbeing Hub, and business grow-on space. It could further be aligned with other Growth Deal projects including the Digital Hub, Active Travel, and Culture, Heritage and Tourism projects.
- 3.23. Given that the specification of requirements for both SIEC 2 and ILIH are the same, it is proposed that they be developed through a single build, encompassing both innovation facilities. This would also have the potential for extending use of the facility to other innovation areas, including health and social care. A single build would maximise the impact of the available £15.25m of investment by removing the need to duplicate functionality in two locations.
- 3.24. The Alloa Innovation Hub would form a cornerstone of the innovation campus model, anchored in the town centre transformation zone, and supporting the use of other assets including the college campus and school learning estate. Evaluation of a number of potential sites for the Hub within Alloa is currently underway, to establish a preferred option and indicative costs. This will, in turn, inform the development of the required business case to release the Growth Deal investment. This work will also help to shape wider town centre masterplanning in Alloa as part of the transformation zone approach to improving community life and economic resilience.

Next Steps

- 3.25. Subject to agreement by the University and Clackmannanshire Council on the proposed Alloa Innovation Hub approach, a formal change request will require to be submitted to the UK and Scottish Governments through the Regional Programme Management Office. This will request that SIEC Phase 2 and ILIH are combined into a single project within the Stirling & Clackmannanshire City Region Deal, to be named the Alloa Innovation Hub. Assuming agreement is forthcoming from the Governments, the University will establish a Project Board, including representation from Clackmannanshire Council, and assemble a team to develop the required Outline and Full Business Cases to release the Deal investment.
- 3.26. Development and approval of the Business Case, based on Government guidance and Deal experience, is expected to take 18 months. The construction period for the Hub will commence thereafter, with the timeline to completion and opening determined by the requirements of the preferred option that is established through the business case development process.

- 3.27. While governance approvals are being sought, work is continuing to develop the Hub proposition. At present, a site options appraisal exercise is underway. A long list of potential sites for the Hub in Alloa is being examined (see Appendix 4), with initial feasibility studies and cost estimates being undertaken. In addition, engagement with key potential project stakeholders, including communities, is underway. All work to date, including the current activities, will feed into the preparation of the project Business Case.
- 3.28. Clackmannanshire Council has provided grant funding to the University of £294,833 (subject to contract) to support development of the Alloa Innovation Hub project and business case. The University is providing additional cashflow support for the costs of programme and project management and business case development. This expenditure will be recoverable against the Deal investment at the point of Full Business Case approval.

4.0 Sustainability Implications

- 4.1. Environmental and financial sustainability considerations form a key part of the Deal Benefit Realisation Plan and all business cases must demonstrate clear links to the agreed outcomes.

5.0 Resource Implications

5.1. *Financial Details*

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

- 5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

5.4. *Staffing*

5.5.

6.0 Exempt Reports

- 6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
Our families; children and young people will have the best possible

- start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies**

8.0 Equalities Impact

- 8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
 Yes No

9.0 Legality

- 9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

- 10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 – Functional Requirements for ILIH & SIEC 2
 Appendix 2 – SIEC Links to Clacks Transformation & Investment Priorities
 Appendix 3 – ILIH Links to Clacks Transformation & Investment Priorities
 Appendix 4 – Long List of Candidate Sites


11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)
 Yes (please list the documents below) No

Author(s)

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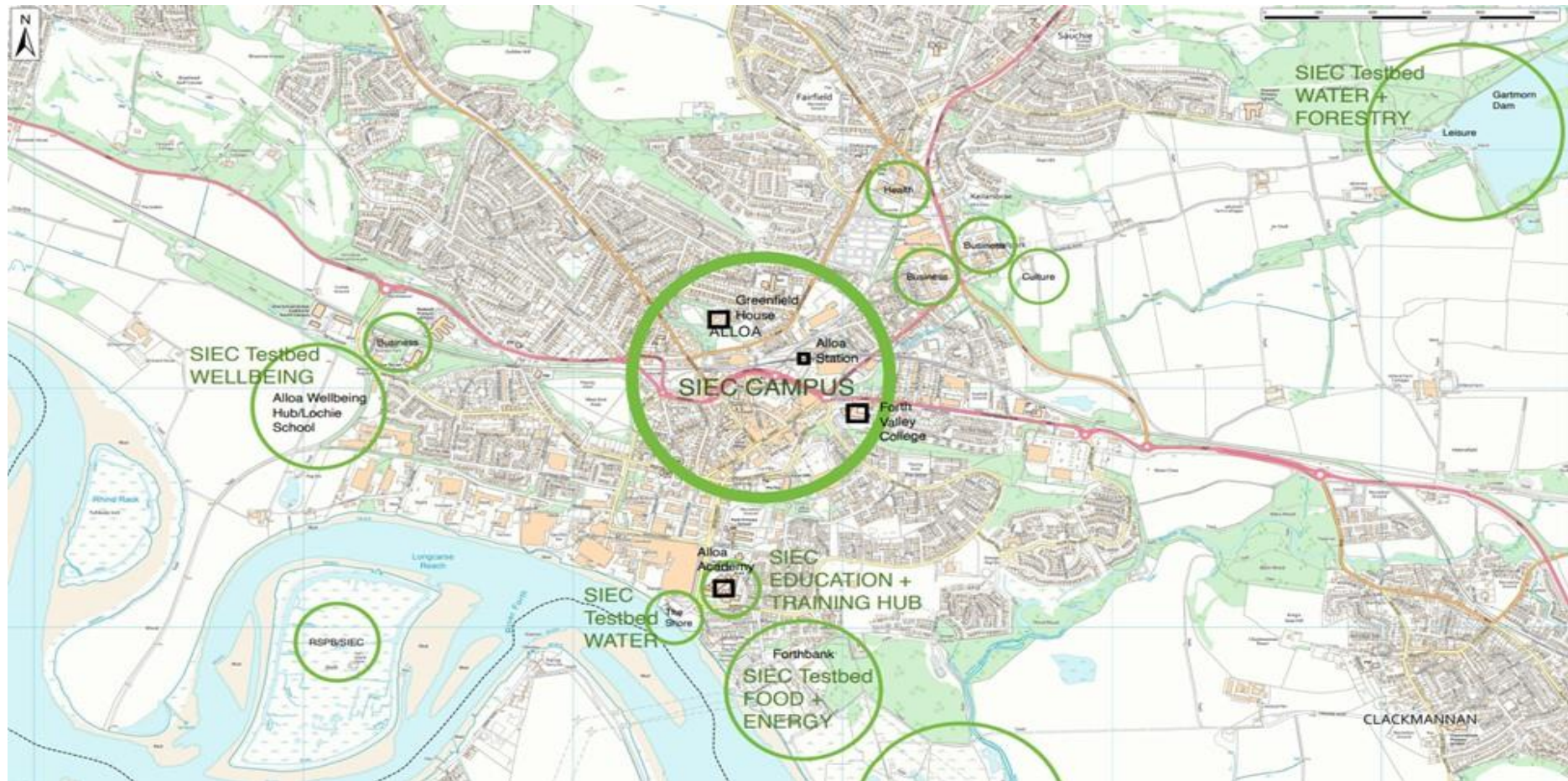
Approved by

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Chief Executive	

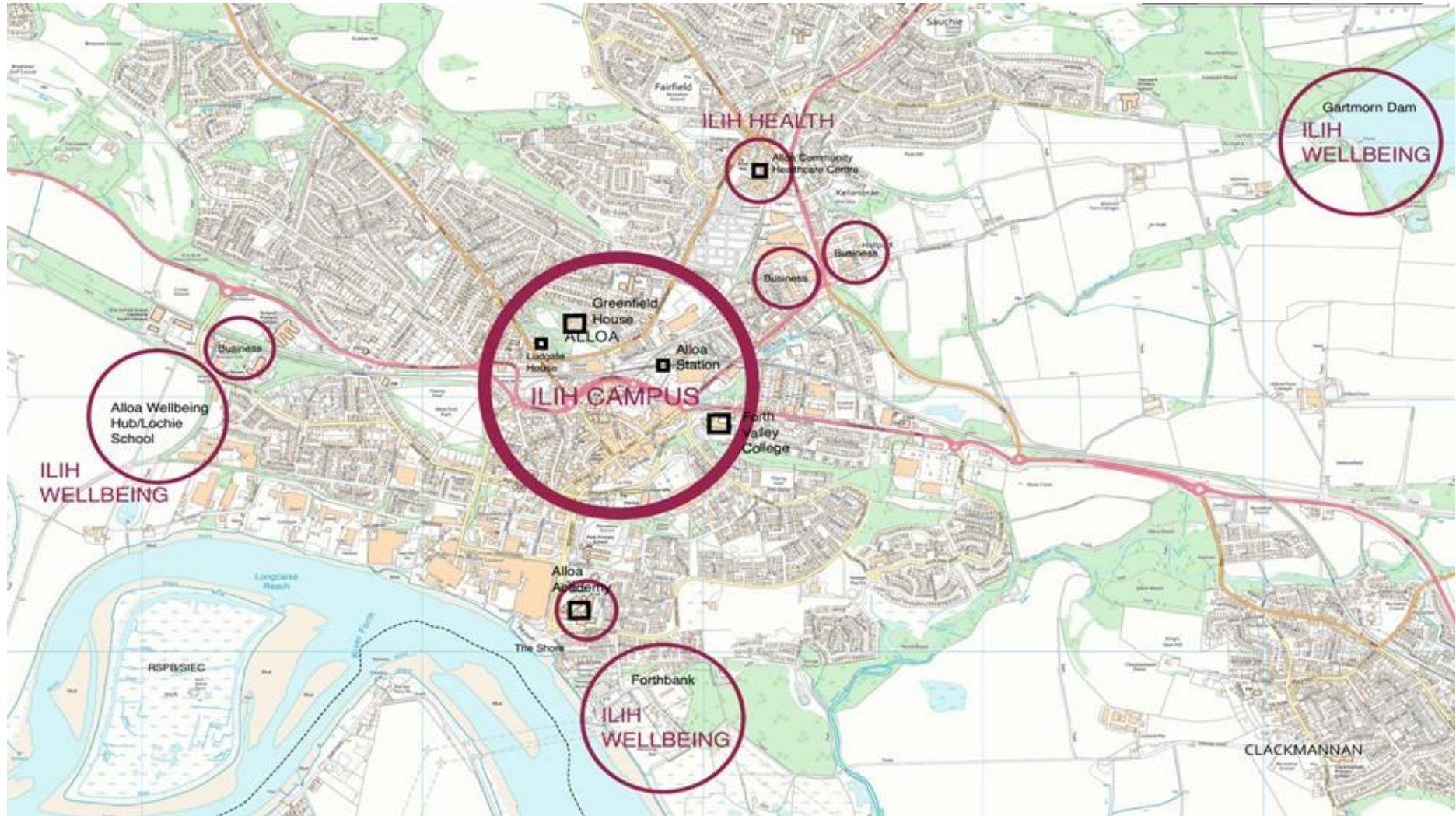
Appendix 1 : Functional Requirements for ILIH and SIEC 2

Functions	ILIH	SIEC	Notes
Public facing zone “Café, Drop in, Interact, build trust and action”	√	√	Public / Welcoming space critical for community engagement Accessibility is key
R&D HUB Collaborative working and co-working	√	√	Practitioners, Researchers, Communities Private, Flexible, Open Plan
Technology and Lab Zone Testbed, product development, showcasing kit (sensors etc) Makers Lab, prototyping and workshop	√	√	Product development suite/lab suitable for testing large products with co-production areas. Prototyping facilities – workshop area with CNC, lathe, workbenches. Workshop space (clean and dirty)
Data and Immersion Zone Understanding data VR, AR and Immersive Experiences	√	√	VR for Healthy Ageing Friendly Products, Homes, Environments and Services. Forth ERA. Digital Twins. Landscapes, Seascapes and Streetscapes, changing scenarios
Education and Engagement Zone Training Facilities Conference, Event and Meeting Space	√	√	KE Business Engagement Core services: e.g. Dementia training
Business Incubation / Co-Location Zone	√	√	e.g. Hydro Nation Chair Incubator space Labs, workshop, prototyping space paid by start-ups Desk space / Shared meeting spaces
ILIH Housing Demonstrator	√	√	Core but catchment with leveraged investment
Skills and Teaching			Delivered within existing core assets in college, schools and UoS campus

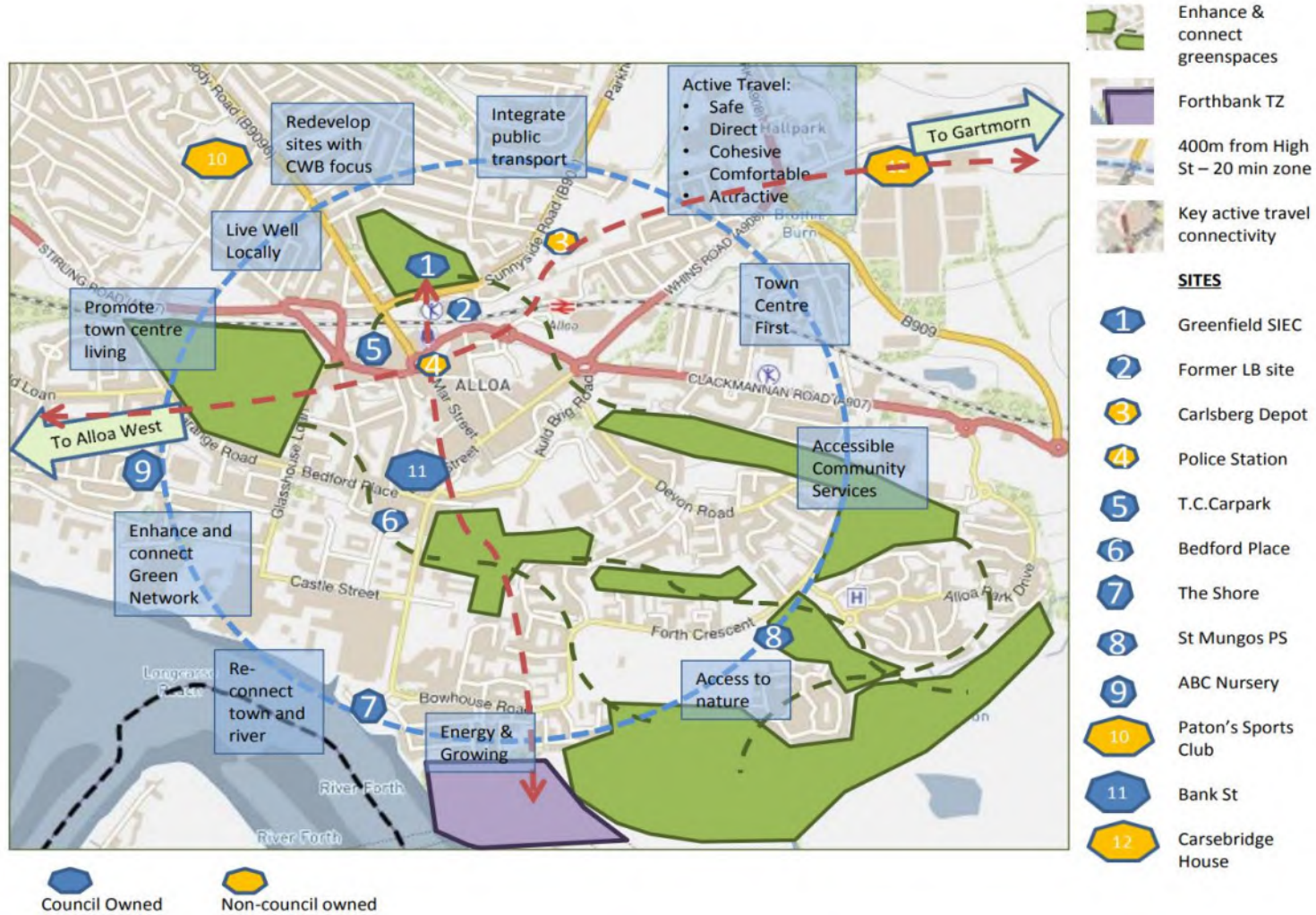
Appendix 2 – SIEC links to Clacks transformation and investment priorities



Appendix 3 – ILIH links to Clacks transformation and investment priorities



Appendix 4 – Long list of candidate sites



Report to Council

Date of Meeting: 23 March 2023

Subject: Consultation Report - Proposal on the permanent relocation of Lochies Primary School

Report by: Senior Manager: Inclusion and Partnerships

1.0 Purpose

- 1.1. This report provides information on the outcome of the formal consultation on the permanent relocation of Lochies Primary School.

2.0 Recommendations

- 2.1. On 06 October 2022, Council agreed that the new site for the permanent relocation of Lochies School , Gartmorn Road, Sauchie, FK10 3PB should be at The Pavilions, Alloa West. This decision was subject to the outcome of the formal consultation. It is recommended that Council notes the outcome of the formal consultation on the permanent relocation of Lochies School. This is a proposed new build, with an indicative opening date of August 2026.

3.0 Considerations

3.1. Background

- 3.1.1 At the Meeting of Clackmannanshire Council on 06 October 2022 it was agreed that, a statutory consultation process on the proposed permanent relocation of Lochies Primary School to Alloa West, The Pavilions should be undertaken.
- 3.1.2 The consultation required to be a formal consultation under the Schools Consultation (Scotland) Act 2010, as amended by the Children and Young People (Scotland) Act 2014 and focused on the educational benefits of the proposal.
- 3.1.3 Following the decision detailed in paragraph 3.1.1, the Council undertook a formal consultation.
- 3.1.4 Copies of the consultation document, were distributed to all parents, carers and staff from Lochies Primary School. Copies were also made available on the Council website.

- 3.1.5 The consultation document was also sent to Alloa Community Council, Sauchie and Fishcross Community Council, all councillors and identified Educational Institute of Scotland (EIS) and UNISON representatives.
- 3.1.6 Two formal consultation meetings were held with staff from Lochies Primary School on 16 November 2022.
- 3.1.7 A formal consultation meeting was held with parents/carers from Lochies Primary School on 23 November 2022.
- 3.1.8 As required by The Schools (Consultation) (Scotland) Act 2010, as amended by the Children and Young People (Scotland) Act 2014, a statutory consultation was held. Education Scotland were invited and attended. This took place on 30 November 2022 at Lochies Primary School.

3.2 Outcome of the consultation

- 3.2.1 The consultation responses were gathered via Clackmannanshire Council's online consultation database, Citizen Space, which opened on 01 November 2022 and ran until 16 November 22. Postal responses were open until 05 January 2023.
- 3.2.2 There were 104 responses to the public consultation survey received online and no postal responses; 79% of respondents were in favour of the proposal, 21% of respondents were opposed to this proposal.
- 3.2.3 A report of the statutory consultation on the proposed relocation of Lochies Primary School was sent to Education Scotland – see **appendix 1**.
- 3.2.4 The consultation also gave people an opportunity to provide any further comments; these responses are detailed in **appendix 2**.

3.3 Education Scotland Report

- 3.3.1 As part of the statutory consultation, an officer from Education Scotland attended the public meeting. However, there were no members of the public in attendance. An officer from Education Scotland subsequently met with staff, parents, carers and children from Lochies Primary School.
- 3.3.2 Following this meeting, Education Scotland prepared a report on the consultation undertaken by Clackmannanshire Council to relocate Lochies Primary School. This is provided in **appendix 3**.
- 3.3.3 The summary of the report by Education Scotland concludes that the Council's proposal is of clear educational benefit for children and young people accessing Lochies Primary School.
- 3.3.4 In line with legislative requirements, a copy of the Education Scotland report was published on Clackmannanshire Council website on 1 March 2023.

Next Steps

- 3.3.5 In the report produced by Education Scotland (**appendix 3**), it is recommended that, should the proposal go ahead, the Council should continue to keep parents, staff and other stakeholders informed about progress of the new build. A programme of communication and co-creation with stakeholders is scheduled.
- 3.3.6 Education officers are aware of the perceived access challenges and transport to and from the proposed site for families. As part of the development process, the project team, which includes colleagues from across Council departments, will continue working hard to ensure solutions and alternatives to support families accessing the school and the wider site, are fully considered.

4.0 Sustainability Implications

4.1. Funding

- 4.1.1. The project may attain Learning Estate Investment Programme funding; hence the building would need to comply with metrics, which exceed the current minimum building standards. To receive 100% funding for this metric, the project would need to meet an energy target of 67-83kWh/m²/yr for core hour facilities. This operational energy target is comparable with typical new build Passivhaus schools.
- 4.1.2. Funding is provided based on a sliding scale for this metric. Consequently, although Passivhaus is not specified, it is implied by the 100% funding target. As can be seen from the table below, no funding is provided if the school exceeds 130kWh/m²/yr.

Energy Consumption kWh/sqm/p.a.	Energy Funding %
A 67- 83	100%
B 84- 99	90%
C 100 - 115	60%
D 116 -130	30%
E 131+	0%

- 4.1.3. This has resulted in several new schools in Scotland targeting Passivhaus to ensure their projects meet SFT metrics in order to achieve maximum funding.

Improved Environment Quality

- 4.2. Targeting higher standards aligns with wider environmental objectives and the primary function of the building – to support the health and wellbeing of children with severe and complex needs in a healthier learning environment. This will be done through the development of infection resilient environments, building on lessons learned from the pandemic. Applying Passivhaus principles or equivalent will facilitate this.
- 4.2.1. A massive priority for the school is the inclusion of easily accessible outdoor covered areas to allow pupils to benefit from the fantastic natural setting the site provides.

4.2.2. Targeting the highest building standards will ensure the best learning and teaching experience for pupils for the present and the future.

4.3. **Environmental Impact**

4.3.1. Specific energy performance targets will be attained which are further supported by embodied carbon targets, minimising environmental impact of the project.

4.3.2. Consideration will be given to the influence of smart building sensors on the health and wellbeing of pupils, while minimising environmental footprint and enabling shared spaces between Lochies School and the Wellbeing Hub.

4.3.3. Successful LEIP funding would require a zero emissions heating solution to be developed for the project that ensures no on-site emissions.

4.3.4. The collocation of the school with the Wellbeing Hub provides innovative opportunities to be investigated based on the differences in operating hours.

4.4. **Energy Savings**

4.4.1. Higher building standards will result in a more energy efficient building and resultant reduced running costs. These initial increased capital costs can be paid back through reduced revenue costs in operating the building.

4.4.2. The higher building standards result in a more environmentally and financially sustainable building as energy costs rise in future years.

4.4.3. The initial increased capital cost results in the best quality environment for the health and wellbeing of the pupils. In addition to achieving the primary function of the building, the increased building standards provide the added benefit of a 'payback' function through reduced revenue costs in the operation of the building. The weighting of the operational revenue costs of the building are likely to outweigh the capital build costs over the lifespan of the building.

4.4.4. Consequently, short term expenditure would result in long term gain in terms of environmental quality, user experience, building lifespan and operational costs.

Resource Implications

4.5. Funding for Lochies School relocation was agreed at Council on 9th March 2023.

4.6. Staffing – Staff have been consulted on the relocation of their school and if relocation approved, staff consultation will continue as planning progresses.

5.0 Exempt Reports

5.1. Is this report exempt?

Yes (please detail the reasons for exemption below) No

6.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

- Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
- Our families; children and young people will have the best possible start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies** (Please detail)

Clackmannanshire Council Corporate Plan 2017-2022

7.0 Equalities Impact

- 7.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes No

8.0 Legality

- 8.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes No

9.0 Appendices

Appendix 1: Clackmannanshire Council, Report of the Statutory Consultation on the Proposed Relocation of Lochies Primary School

Appendix 2: Public Consultation Comments

Appendix 3: Education Scotland, Report on the Statutory Consultation on the Proposed Relocation of Lochies Primary School

10.0 Background Papers

Consultation Paper - Report to Clackmannanshire Council, Subject: Lochies and Deerpark Primary schools Options Appraisal, 6 October 2022

The Education (Additional Support for Learning) (Scotland) Act 2004 (amended 2009)

The Standards in Scotland Schools etc Act (2000)

The Children and Young People (Scotland) Act 2014

Scottish Government (2012) The Right Help at the Right Time in the Right Place
Strategic Review of Learning Provision for Children and young People with
Complex Additional Support Needs (The Doran Review), Scottish Government
(2008)

Getting it Right for Every Child (GIRFEC) UNESCO (2017) Education 2030
Agenda, UNESCO France

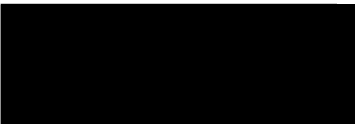
HundrED (2018) Every Child to Flourish

- 11.0 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)
Yes (please list the documents below) No

Author(s)

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Approved by

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**REPORT OF THE STATUTORY CONSULTATION
ON THE PROPOSED RELOCATION OF LOCHIES PRIMARY SCHOOL,
CLACKMANNASHIRE COUNCIL**

Tuesday 1st November 2022 until Friday 16th December 2022



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1. INTRODUCTION

1.1 PURPOSE OF THE REPORT

The purpose of this report is to give information on:

- Clackmannanshire Council's proposal to relocate Lochies Primary School
- The Consultation Process
- Consultee Responses
- Note of the Public Meeting

1.2 SUMMARY OF PROPOSAL

Clackmannanshire Council Education Services propose to:

- relocate Lochies Primary School to a purpose built accommodation at a site near The Pavilions Business Park, Alloa.
- This current proposal, if agreed and implemented, would result in Lochies Primary School occupying the new facility in August 2026.

1.3 BACKGROUND

Clackmannanshire Council Education Executive, at a meeting on 6 October 2022 approved Education Services proposal to commence formal consultation in relation to Lochies Primary School relocation.

During 2021-22 academic year, the Council undertook surveys of its entire learning estate and measured them against the criteria that Scottish Government use to ensure consistent reporting across Scotland of the condition and suitability of school buildings. Lochies Primary School was the only school in the Authority to be graded as a category D "unsatisfactory" in the suitability category. The condition of the building was assessed as being category C "poor". The reason for this is that the needs of children attending Lochies has changed with continued increases in severity and complexity of pupil's conditions. Children attending Lochies also require a significant amount of equipment to support their needs. Currently, the school has inadequate storage facilities to meet children's needs

Lochies and Deerpark Primary School currently share the same building. Lochies, located within a wing of Deerpark Primary School, has been retrofitted over many years to attempt to meet the changing needs of the pupils. The building was not designed to meet these needs and has reached a point where staff are meeting the needs of pupils but the building is making this increasingly challenging. This has resulted in one pupil having to attend a provision in another local authority. A new build Lochies would enrich the educational experience of pupils by providing equality, ensuring that the needs of all Clackmannanshire pupils can be met.

An outline planning application has been submitted for a housing development on the site of the former Carsebridge distillery and warehouse site which is mainly in the catchment area of Deerpark. This will mean that Deerpark primary will need additional accommodation. Lochies School also needs additional accommodation to meet the needs of its current pupils and the demand for additional spaces. Given



this, officers, partner colleagues and the design team have been considering a new site for Lochies. As Lochies pupils attend Alloa Academy EASN provision, the school is part of the Alloa cluster of schools so only new sites in the Alloa Academy catchment area were considered as potential new locations.

The council was successful in its application for Learning Estate Investment Programme funding. The project continues to be based on the development of a new school but also now includes alignment with the proposed Wellbeing Hub, which will be adjacent.

1.4 EDUCATIONAL BENEFITS OF RELOCATION

The proposal to relocate Lochies Primary School to the Pavilion, Alloa has clear educational benefits. The delivery of the curriculum at Lochies may look different to mainstream schools, as it is individualised to meet the specific needs of the children. Planning for learners with severe and complex needs is based on the Experiences and Outcomes from Curriculum for Excellence, with personalisation where required.

Learners who are not able to achieve any of the benchmarks within Early Level still require tracking and monitoring of their progression. Whilst many of these learners will move on to work at Early Level, some learners will continue to make progress at the pre-early stage.

Milestones support practitioners to track the progression of learners. They are not an alternative curriculum for children and young people with complex additional support needs. The educational benefits of the proposed learning environment are as follows:

- Appropriately resourced and accessible experiential learning facilities would mean children would have richer learning experiences – developing life skills and independence. It would also support the transference of teaching concepts into different contexts.
- Appropriate accessible space to be outdoors and interact with their environment, would provide a wide range of opportunities for outdoor learning in a safe, contained environment for all age groups. There is scope for these areas to potentially support children's broader achievements, including developing their skills when outdoors.
- Currently inaccessible areas of the school for some pupils due to fire exits not being suitable, which restricts access and participation.
- An environment where all shared areas and spaces are accessible to all across the school would enable all children to be accommodated as a whole school e.g. lunches, assemblies. These opportunities reaffirm a sense of belonging to the school group.
- The current placement of school, particularly the steep drive, makes it more difficult for the pupils to be active in their school area. Currently, wheel chair users are dependent of transport to go outwith the school grounds. The proposed new school surroundings would be more accessible enabling the learners to be more active and develop more links with the surrounding community.
- There are associated health benefits to learning outdoors. Research indicates that the use of greenspace or 'green exercise' improves health. In addition, interacting with greenspace improves emotional wellbeing and mental health.



- Multi-purpose space that can be used for other agencies e.g. NHS would reduce the amount of time lost going to appointments as children could be seen at school.
- Better IT connectivity and access to the most up-to-date assistive technology products which are designed to help facilitate greater independence for wheelchair users to explore their surroundings by increasing, maintaining or improving their functional capabilities.
- Improved sensory environment across the school to meet the varied needs of learners – appropriate lighting etc. to reduce over stimulation and spaces to regulate.
- As children grow, the size of equipment grows and Clackmannanshire Council will potentially be in another situation unable to accommodate and educate a child with complex physical needs due to building restriction, therefore having to place him/her out with the authority away from their peers and community links. There are therefore educational, social and emotional benefits for children, young people and their families to keeping children learning within their community.



1.5 TIMELINE

The following Consultation Timeline encompasses statutory legislative requirements detailed in Schools (Consultation) (Scotland) Act 2010.

Date	Event
06 October 2022	Report to Clackmannanshire Council – <i>Appendix 1</i>
31 October 2022	Consultation report published on Clackmannanshire Council website. Letters to all stakeholders regarding consultation process.
01 November 2022	Public Consultation open: https://clackmannanshire.citizenspace.com/education/proposed-relocation-of-lochies-school/
16 November 2022	Lochies School Staff meetings: 1.30pm and 4.00pm
23 November 2022	Lochies School - Parent/Carer meeting: 1.30 -2.45pm
23 November 2022	Closing date for request to join public meeting
30 November 2022	Public meeting 7.00pm at Lochies School Education Scotland in attendance
16 December 2022	Public Consultation Closed
05 January 2023	Last date for receipt of postal votes
07 January 2023	Report to Education Scotland
24 February 2023	Deadline for Committee Report
28 February 2023	Final Report published on Clackmannanshire Council website
23 March 2023	Clackmannanshire Council Meeting



1.6 CONSULTEES

In terms of the Schools (Consultation) (Scotland) Act 2010, any proposal to make amendments to the school estate in this case, establishment of a new education establishment, requires a formal consultation.

The Schools (Consultation) (Scotland) Act 2010, as amended by the Children and Young People (Scotland) Act 2014, sets out the statutory consultation requirements.

The statutory consultees for a proposal to relocate an education establishment are prescribed as follows:

- the Parent Council or Combined Parent Council of any affected school
- the parents of the pupils at any affected school
- the parents of any children expected by the education authority to attend any affected school within two years of the date of publication of the proposal paper
- the pupils at any affected school (in so far as the education authority considers them to be of a suitable age and maturity)
- the staff (teaching and other) at any affected school
- any trade union which appears to the education authority to be representative of the persons mentioned in bullet point above
- the community council (if any)
- the Community Planning Partnership (within the meaning of section 4(5) of the Community Empowerment (Scotland) Act 2015) for the area of the local authority in which affected school is situated.
- any other community planning partnerships considered relevant by the Authority.
- any other education authority that the education authority considers relevant
- any other users of any affected school that the education authority considers relevant
- in relation to any relevant proposal which affects a denominational school, the Church, Denominational Body or Scottish Hierarchy of the Roman Catholic Church



1.7 CONSULTATION PROCESS

The consultation period incorporated a period of 30 school days (excluding any school holiday) from Tuesday 01 November 2022 until Friday 16 December 2022. This timescale adheres to the statutory consultation period for such circumstances which is a minimum of 6 consecutive weeks and includes at least 30 school days.

To communicate, the Education Service proposal information was delivered through the undernoted media avenues:

- Clackmannanshire Council Website:
<https://www.clacks.gov.uk/community/events/?event=3077>
- Clackmannanshire Council digital media products:
<https://twitter.com/ClacksCouncil/status/1588154643783131136>
<https://twitter.com/lochies16/status/1595181324444352518>
<https://www.clacks.gov.uk/learning/schools/lochieschool/>
- Lochies Primary School newsletter and communications routes to parents
- Local Press <https://www.alloaadvertiser.com/news/23106428.consultation-open-lochies-school-relocation-plans/>
- Made available in hard copy via central locations within Clackmannanshire Council, on request and available for postal distribution, on request

In order to ensure all parties had the same opportunity to access the consultation information, facilities were put in place to communicate the proposal in a manner best suited to the needs of the individual. To this regard, the Consultation Document was made available through the following means as and when requested:

- Translation Services
- Provision for deaf and hearing impaired, blind and visually impaired

A copy of the Consultation Document is attached as Appendix 1. Appendices 2-7 are stakeholder communications.



2. CONSULTEE RESPONSES TO PROPOSAL

Clackmannanshire Council Education Services noted comments made through a variety of means. However only those official representations submitted in the terms of the Consultation Document SECTION 5: Consultation Process and How To Have Your Say (Appendix B) have been recorded for reporting purposes.

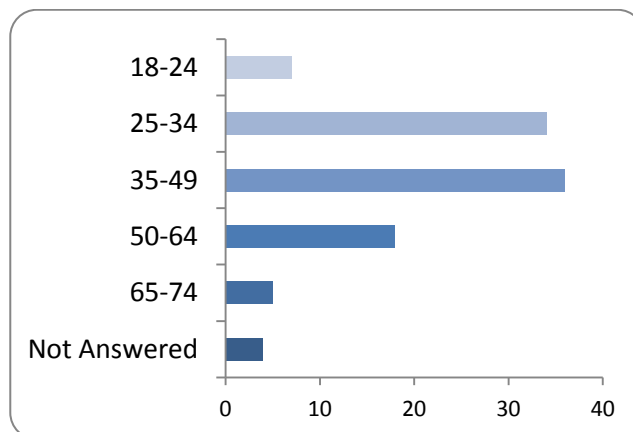
2.1 RESPONSES RECEIVED – PUBLIC CONSULTATION

This report provides the summary results from the online consultation which was hosted on Clackmannanshire Council's online Citizen Space Consultation Database. Overall there were 104 responses to the public consultation survey. As part of the consultation process and in order to ensure a rigorous and thorough examination of the responses received, Council officers read every response.

For the purpose of this report respondent comments are anonymised and key themes identified. The consultation ran from Tuesday 01 November 2022 until Friday 16 December 2022 with postal votes closing on 05 January 2023.

Not all questions were completed by each respondent and therefore 'not answered' is noted, if this applies.

- Name: There were 23 responses to this part of the question.
- Location: There were 104 responses to this question. Of respondents living within Clackmannanshire Council: 29 lived in Alloa, 7 in Alva, 4 in Clackmannan, 2 in Fishcross, 4 in Menstrie, 1 in Muckhart, 18 in Sauchie, 11 in Tillicoultry and 19 in Tullibody. Respondents outside of Clackmannanshire Council were as follows: 4 lived in Stirling, 2 in Kincardine, 1 in Perth and Kinross and 1 was undisclosed.
- Gender: There were 101 responses to this part of the question; 72 were females, 16 were males, 3 chose not to answer, 3 other (not disclosed) and 8 preferred not to say.
- Age: There were 100 responses to this question. The age groups for those who responded are below. The largest majority of respondents are within the 35-49 age groups, followed by those in the 25- 34 age group.



During the consultation period views on the proposal were welcomed in writing to Veronica Cully, Education Services, Greenside Street, Kilncraigs, Alloa, FK10 1EB. Responses by e-mail were directed to education@clacks.gov.uk. All interested parties were invited to submit their comments by close of business 05 January 2023. No further written or email responses were received.



2.2 STAFF CONSULTATION

Staff consultation took place on 16 November 2022 at Lochies Primary School. Two sessions were offered to enable the maximum staff participation. Almost all staff took part in the staff consultation exercise. Staff welcome the proposed relocation and offered ideas to support planning for the relocation to ensure optimal educational benefit. Staff comments/observations have been shared with the Education Scotland officer.

2.3 PARENT/CARER CONSULTATION

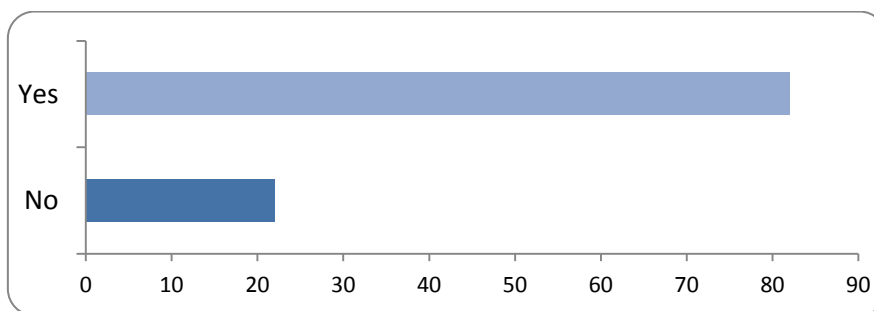
Parent/carer consultation took place on 23 November 2022 at Lochies Primary School. This was offered during the day, as this was identified as the most suitable time by parents/carers, given their enhanced caring responsibilities. Parents welcome the relocation and offered ideas to support planning for the relocation to ensure optimal educational benefit. One parent and one grandparent attended. Parent/grandparent comments/observations have been shared with the Education Scotland officer.

2.4 PUBLIC CONSULTATION

A public education consultation meeting was held on Wednesday 30th November, 2022 at Lochies Primary School. This was notified to all stakeholders, following guidance procedures and was further promoted on social media and through school and council communication routes. Council officers were in attendance and prepared to outline the key elements of the proposal and answer questions from attendees. Clackmannanshire staff in attendance included Senior Manager of Partnership and Inclusion, Quality Improvement Officer: ASN and the Headteacher of Lochies Primary School. They were joined by an Education Scotland officer; however, no members of the public attended the event.

3.0 ANALYSIS OF CONSULTATION RESPONSES

A public consultation through Citizen Space opened 01 November 2022 until 16 December 2022. There were 104 responses to the question, “Do you agree with the proposal to relocate Lochies?”



During the statutory consultation, 79% of respondents were in favour of the proposal, 21% of respondents were opposed this proposal. .

Analysis of the key concerns regarding the relocation can be categorised into similar themes. The main concern is regarding infrastructure. The children attending Lochies School require school transport via minibus/taxis and, therefore, access to and from school is not a problem for children.

The design team are aware of the perceived challenges to access and transport to and from the proposed site for families. As part of the development process, the project team which includes colleagues from across Council departments, are working hard to ensure solutions and alternatives



to support families accessing the school and the wider campus, which will include a new Wellbeing Hub, are fully considered

Several climate change and environmental concerns have been made regarding environmental impact. As this build has Learning Estate Investment Programme (LEIP) investment, the build must comply with sustainability standards which exceed the current minimum building standards requirements. Strategic work is also being undertaken to appraise potential options to further enhance the energy and environmental performance of the school and Wellbeing Hub through the adoption of other rigorous design standards to help improve quality, comfort and reduce energy consumption.

A few comments have suggested alternative sites or revamping the existing school. All viable site options have already been explored as part of the LEIPs bid. Upgrading the existing building is not a viable option. Multiple retrofits have been applied and the building can not be further adapted.

The public opinion in favour of this relocation far outweighs the opinions to the contrary. Likewise, the positive comments regarding the relocation outweigh any concerns raised by the public consultation.

4.0 RECOMMENDATION

With regard to the 2010 Act and having considered all of the information received during the consultation process, as officers of Clackmannanshire Council are satisfied that no comments have been received which would have caused them to review the merits of the proposal.

Based on these findings, it is recommended that Clackmannanshire Council Education Executive agree to implement the proposal to relocate The Pavilion, Alloa. If agreed and implemented would result in Lochies Primary School occupying the new facility in August 2026.

APPENDICES

Appendix 1 – Report to Clackmannanshire Council



Report to
Clackmannanshire Co

Appendix 2 – Elected Members: consultation notification letter



Councillor Letter
31st October- Consul

Appendix 3 – Community Councils: consultation notification letter



Alloa Community
Council.doc



Sauchie and
Fishcross Community

Appendix 4 – Trade Unions: consultation notification letter



Karen Farrell EIS-
Consultation.doc



Pam Robertson
UNISON - Consultatic

Appendix 5 – Parent Council Chair and Parent/Carers consultation notification letter



Parent Council
Chairs.doc



Parent-CarersLetter
Consultation.doc

Appendix 6 – Staff: Consultation notification letter



Staff Letter
Consultation.doc

Appendix 7 – Public Consultee quantitative data



Public Consultation
Quantitative Data. 05

Appendix 8 – Staff and Parent quantitative data



Staff Consultation
16.11.22 and Parent:



Clackmannanshire
Council

Public Consultation 01 November 2022 to 16 December 2022
<https://clackmannanshire.citizenspace.com/education/proposed-relocation-of-lochies-school/>
 Quantitative Data

Do you agree with the proposal to relocate Lochies School to a new site at The Pavilions, Alloa?	Do you have any comments you wish to make on the proposed relocation of Lochies School to a new site at The Pavilions, Alloa?
Yes	A bigger school with easier access is long overdue for Clackmannanshire.
Yes	A new site will allow the school to be designed and built with the needs of the pupils in mind. Being able to build close to the new well being hub and with lots of outdoor space will be a huge benefit as well
Yes	A purpose built facility which takes into account the needs of disabled children would be great.
No	Although I agree it needs updating and these kids deserve a new location for the number of them we are basing health and wellbeing of the entire county and the location of services are being planned round this to me it's wrong. I fully support a new Lochies school
Yes	Appropriate parking and access needs to be carefully planned.
No	Area is too isolated and not served by regular public transport. Concerns re ground contamination also.
Yes	Be good to have a larger building with more opportunities for the children who need the support and education.
No	Between Lochies & Deerpark both schools could be doing with a re vamp and with the amount of ground at the current schools it would be possible to do so
Yes	Denatured area for school transport that's not in the playground and equipment in the play area.
Yes	Difficult to access via public transport. Road is pandemonium at drop-off and pick-up which is distressing for residents, pupils and staff.
No	Don't agree on the location of this school at all.

Do you agree with the proposal to relocate Lochies School to a new site at The Pavilions, Alloa?	Do you have any comments you wish to make on the proposed relocation of Lochies School to a new site at The Pavilions, Alloa?
Yes	Ensure ample parking when putting planning in place
Yes	Flood risk will need to be risk assessed with adequate drainage in place
Yes	Good location not too far from original site in Sauchie.
Yes	However this proposal should include a facility for Saint Mungo's.
Yes	I am not sure where the new location is however I think a lot of thought needs to be around safety, accessibility i.e. parking, one way system for drop off & pickup, children with high level of medical needs having direct access into the school, no barriers of accessing the environment around the school. Is the location suitable for children to enjoy sensory activities outdoors/outwith the school?
Yes	I feel that this location will be beneficial to the learners and staff of Lochies, opening up more links within the community of Alloa and surrounding area.
Yes	I feel the relocation will be so beneficial for the future children of Lochies. Not only having a building that is actually equipped to house them but with more space to get outdoors, to have different health professionals there and more. Will greatly improve their all round care. As well as ease some at home stresses for parents and carers.
Yes	I feel this location is easily accessible by car and by walking. Central location. Children could feel more part of the community. Could be more visible in this location. Trips to the local community would be easy to access. Lots of green space locally also. It would be lovely to have Lochies as part of the Redwell/Alloa hub.
Yes	I personally think as an asn mum my son suffers from sensory overload & would benefit more with the last option near the pavilion cricket ground. At the moment when I return my son to school after an appointment he gets overwhelmed with the noise from main stream Deerpark school. I have on numerous occasions had to take my son round the back way into to Lochies because he gets upset 😞. There is not much parking facilities either for parents for dropping off & picking up. I personally think the more space for wheelchairs etc. & sensory room etc. would be an advantage to Lochies & near more nature & cycle track & animals.

Do you agree with the proposal to relocate Lochies School to a new site at The Pavilions, Alloa?	Do you have any comments you wish to make on the proposed relocation of Lochies School to a new site at The Pavilions, Alloa?
Yes	I think it can only be a good and necessary thing. My son currently attends, and they do an amazing job every day, making it bigger and better to help more children can only be a good thing. Much necessary.
Yes	I think the relocation looks very practical and beneficial. It would give the staff and pupils at Lochies much needed better facilities, access and opportunities.
Yes	I think this move was long overdue and the new location seems a good idea as it's close to a mainstream primary school
No	If you are to move don't pick Robertson's. Still not finished Tullibody South and that's been 3 years since it opened, lots of mistakes made when building that place ever with consulting people. People changed the place with asking the people. If the council can't complete one job why start another.
No	Are the new site close to a primary school and the new Health & Well Being site?
Yes	Is there any decision on what will happen to the Lochies building if relocated? Perhaps a provision should relocate such as Alva ASD?
No	It looks like it may be built on field and trees may be chopped down, which is damaging to the environment and contributes to climate change.
No	It would be better to consider somewhere more central to the town for community links etc.
Yes	Keep Deerpark school where it is and relocate Lochies to give them more room.
Yes	Looks like a great option to relocate Lochies.
Yes	Make it safe and plenty cut.

Do you agree with the proposal to relocate Lochies School to a new site at The Pavilions, Alloa?	Do you have any comments you wish to make on the proposed relocation of Lochies School to a new site at The Pavilions, Alloa?
Yes	More accessible for all of Clacks families
Yes	More provision for children with additional needs is needed within Clackmannanshire. Bigger premises with tailored facilities are required for the children.
Yes	My bairn will be going there so this location will make it much easier for us and less upsetting for her.
No	Needs to be centralised for parents and pupils so that all within Clackmannanshire can attend. Therefore not counting on private transport that puts pupils at risk.
Yes	Or it could be relocated to the old St Mungo's.
Yes	Please make meaningful consultation with staff who works in Lochies currently, they are best placed to have input in the design and facilities required, this has not happened with recent education building and the buildings are not fit for purpose.
Yes	Public transport and parking are both vital if the school moves to the proposed area.
Yes	Public transport to this area is not available. A low road bus route should be considered.
No	St Mungo's school should take priority for relocating. Primary within a secondary is ridiculous and does NOT work. Pupil experience should come before money.

Do you agree with the proposal to relocate Lochies School to a new site at The Pavilions, Alloa?	Do you have any comments you wish to make on the proposed relocation of Lochies School to a new site at The Pavilions, Alloa?
No	The area that has been proposed already has several schools close by (Redwell, New Struan, Ochil campus, little stars nursery) it has also been proposed this area will have the new leisure facility built here. The area surrounding will become more congested, and existing infrastructure will not cope. Also will make it less family friendly and child safe especially during peak times when kids are actively encouraged to walk/scoot/cycle to school.
No	The land should not be being used. The transport infrastructure is not good enough
No	This part of Alloa is far too congested with road traffic as it is. This congestion is compounded by the fact that the park school isn't deemed well enough for the new builds around the mar policies and thus these house holds travel across Alloa to Redwell and Sunnyside, another relocation of facilities to Alloa would compound this situation even more.
No	Too out of the way. Shocking decision to move it here.
No	Why don't they use Greenfield House as nothing seems to be getting done with it?
No	Why is it even being considered, putting a school for children with additional support needs on a site so contaminated it cannot be used for housing is scandalous! The proposed site is not on an easily accessible route for walking or multiple public transport options. Another decision taken against public opinion and council staff advice!
No	Yes, Clackmannanshire council is only interested in saving money. Yes we understand we're in the middle of global pandemic and every penny counts but you have not for one second given the service users/ pupils who find change very difficult. They feel safe at Lochies and are settled there. Big changes like this are only going to cause problems for them. It will also not be easy to get to.

Do you agree with the proposal to relocate Lochies School to a new site at The Pavilions, Alloa?	Do you have any comments you wish to make on the proposed relocation of Lochies School to a new site at The Pavilions, Alloa?
No	You need to stop building on green space

Schools (Consultation) (Scotland) Act 2010

Report by Education Scotland addressing educational aspects of the proposal by Clackmannanshire Council to relocate Lochies School to The Pavilions at Alloa West.

January 2023

1. Introduction

1.1 This report from Education Scotland has been prepared by His Majesty's Inspectors of Education (HM Inspectors) in accordance with the terms of the [Schools \(Consultation\) \(Scotland\) Act 2010](#) ("the 2010 Act"). The purpose of the report is to provide an independent and impartial consideration of Clackmannanshire Council's proposal to relocate Lochies School to The Pavilions at Alloa West. Section 2 of the report sets out brief details of the consultation process. Section 3 of the report sets out HM Inspectors' consideration of the educational aspects of the proposal, including significant views expressed by consultees. Section 4 summarises HM Inspectors' overall view of the proposal. Upon receipt of this report, the Act requires the council to consider it and then prepare its final consultation report. The council's final consultation report should include this report and must contain an explanation of how, in finalising the proposal, it has reviewed the initial proposal, including a summary of points raised during the consultation process and the council's response to them. The council has to publish its final consultation report three weeks before it takes its final decision. Where a council is proposing to close a school, it needs to follow all statutory obligations set out in the 2010 Act, including notifying Ministers within six working days of making its final decision and explaining to consultees the opportunity they have to make representations to Ministers.

1.2 HM Inspectors considered:

- the likely effects of the proposal for children of the school; any other users; children likely to become pupils within two years of the date of publication of the proposal paper;
- any other likely effects of the proposal;
- how the council intends to minimise or avoid any adverse effects that may arise from the proposal; and
- the educational benefits the council believes will result from implementation of the proposal, and the council's reasons for coming to these beliefs.

1.3 In preparing this report, HM Inspectors undertook the following activities:

- attendance at the public meeting held on 30 November 2022 in connection with the council's proposals;
- consideration of all relevant documentation provided by the council in relation to the proposal, specifically the educational benefits statement and related consultation documents, written and oral submissions from parents and others; and
- visit to the site of Lochies School, including discussion with relevant consultees.

2. Consultation process

2.1 Clackmannanshire Council undertook the consultation on its proposal(s) with reference to the [Schools \(Consultation\) \(Scotland\) Act 2010](#).

2.2 Clackmannanshire Council conducted the consultation in line with the requirements of the Act. The consultation period organised by the council took place between 1 November and 16 December 2022. The proposal was communicated to stakeholders via the council website, digital media outlets, the Lochies school newsletter and local press. The council made all documents available to all relevant parties by request through translation services and provision for the deaf and hearing impaired. Staff and parent consultation at Lochies School took place in November 2022. The council held a public meeting at Lochies School on 30 November 2022. No members of the public attended the meeting.

2.3 The council received 104 responses to the online public consultation. Seventy-nine percent of the respondents were in favour of the proposal and 21% were not. The main reasons given by those that opposed the proposal were about access to the site, issues with possible flooding, parking and congestion.

3. Educational aspects of proposal

3.1 The council believes that a new building will bring clear benefits for the children of Lochies School and HM Inspectors agree with them. The council carried out an options appraisal as part of its survey of the school estate. It used the Scottish Government's criteria to assess the condition and suitability of school buildings. Lochies School was the only school in the authority to be graded as category D, unsatisfactory. As a result the council considered a new build on the site of The Pavilions at Alloa West. The recent approval of a Wellbeing Hub on the same site would have the potential to share costs in terms of services and construction.

3.2 The council has outlined the educational benefits to those children from Lochies School transferring to the new building in around four years. The current building restricts the delivery of the curriculum for children with severe and complex learning needs. Learning time is lost due to the layout and condition of the building. The council believes that greater access to outdoor learning at the new site will further enrich children's experiences. Improved connectivity and access to technology should facilitate increased independence, for example, for children in wheelchairs. HM Inspectors agree with the view of the council.

3.3 All stakeholders who met with HM Inspectors were positive about the proposed new school. Parents, staff and children all recognise the benefits of a purpose-built school which will better meet their educational needs. Staff feel that the current building restricts their ability to deliver learning programmes. This is due to limited space for teaching, outdoor learning and storage. The demographic of the school has changed considerably in recent years with many children requiring greater levels of additional support. As a result, the current building has become less suitable for the cohort of children attending. Children at Lochies School feel it is important that the school name does not change.

4. Summary

HM Inspectors agree that the proposal for the new school has the potential to bring clear educational benefits for the children attending Lochies School in the coming years. Should the proposal go ahead, the council should continue to keep parents, staff and other stakeholders informed about progress of the new build.

HM Inspectors
January 2023

Report to Clackmannanshire Council

Date of Meeting: 23 March 2023

Subject: Wellbeing Hub Development Update

Report by: Strategic Director People

1.0 Purpose

- 1.1. The purpose of this report is to provide Council with an update on the progress of the Wellbeing Hub development.

2.0 Recommendations

It is recommended that the Council notes the following

- 2.1. The report commissioned by Hub East Central Scotland Ltd (Hubco) to provide updated capital cost projections for the joint project (Wellbeing Hub and Lochies School) and define the Energy and Environmental Performance (EEP) options as part of the design brief as outlined in **paragraphs 3.1 to 3.10.**
- 2.2. The capital cost projections are based on the Optimal facilities mix as agreed at Council in August 2022.
- 2.3. The approval of the capital cost projections are secured through the Capital Programme and are based on the assumption of adopting the Passivhaus EEP option for the Wellbeing Hub and Lochies School. **See paragraphs 3.11-3.13.**
- 2.4. Progress against the Wellbeing Hub development 6-month priorities as detailed in the February Council paper outlined in **paragraphs 3.1 to 3.21.**

3.0 Considerations

- 3.1. The Hubco report 'Site Development and Energy Options Appraisal' has been completed giving an update to the Wellbeing Hub Options Appraisal Report issued in August 2022 and the Lochies School Options Appraisal Report issued in June 2022. The report was based on the Optimal facilities mix for the Wellbeing Hub.
- 3.2. The primary objective of the Hubco report was to provide updated capital cost projections for the joint project (Wellbeing Hub and Lochies School) to inform

the Councils Capital Plan as detailed in **paragraphs 3.3 to 3.14**. This had to take into account two key considerations;

3.2.1. The potential capital costs including project budget, cash flow, pre constructions fees (RIBA Stages 2-4 / Hub Stage 1 and 2) and costs associated with developing the Alloa West site, i.e. developing the site in such a way that allows for future development beyond the new Wellbeing Hub and Lochies School and 'opens up' the West side of town to support future aspirations of the Council.

3.2.2. Provide a comprehensive review of the EEP options which may be considered for both the Wellbeing Hub and Lochies School. Three EEP options and associated costs were considered in the review as outlined in the **February 23 Council paper paragraph 3.4.4**;

- Building Regulation Compliance (baseline),
- Net Zero Public Building Standard (SFT LEIP equivalent),
- Passivhaus Standard.

Energy and Environmental Performance (EEP) Options Appraisal

3.3. Sustainability targets are important as they drive the energy targets for the building which in turn drive the approach to building fabric and form, building orientation, materials, heating & cooling strategies and crucially types of energy source.

3.4. Different targets will attract different levels of capital investment and return on that investment. Hubco was commissioned to provide a comprehensive review of the EEP options which could be considered for the Wellbeing Hub and Lochies School and the impact this would have on the projected capital costs for the project. The scope of the review was limited to the capital investment associated with each option.

3.5. At this stage in the project, it is not possible to accurately calculate the actual savings that could be made to the annual or life-time energy running costs of the buildings.

- This would require the building to be designed and modelled before projections could be sensibly calculated.
- In addition, the volatile price of energy in the current market makes any projected running costs very difficult.

3.6. However, to assist the Council with estimating the impact on running costs, the M&E Engineers commissioned by Hubco provided benchmark information based on other projects as detailed in **paragraphs 3.7 and 3.10**. The three targets for the Wellbeing Hub being considered were as follows:

Building Regulation Compliance	Net Zero Public Building Standard (SFT LEIP equivalent)	Passivhaus Standard
<p>Design in compliance with Scottish Technical Standards 2022 (came into force Feb 2023).</p> <p>These are the minimum standards any non-domestic building would be required to meet.</p> <p>The new standards aim to reduce building energy consumption by a further 20%</p>	<p>A 2021 voluntary standard provided by the Scottish Government to support public bodies in the development, delivery and operation of projects which reduce operational energy use.</p>	<p>A scheme developed by the Passivhaus Institute in Germany which aims to design buildings in such a way as they use the lowest amount of energy possible.</p>
<p>To provide an example of the differences between the standards, the air tightness requirements have been noted for each scheme,</p>		
<p>Maximum 7m³/m²</p>	<p>No specific target is defined but we estimated that something in the region of 3m³/m² would be required to meet the standard</p>	<p>Less than or equal to 0.6m³/m²</p>

- 3.7. The report compiled by Hubco provides benchmark information based on other Net Zero and Passivhaus projects.
- 3.8. Adopting the Passivhaus Standard for the joint project will achieve the highest energy saving potential and deliver the lowest possible ongoing running costs. Based on the benchmarking exercise and considering current building good practice energy targets, it is estimated that by adopting the Passivhaus Standard we could achieve a circa 49% reduction in energy consumption for the Wellbeing Hub.
- 3.9. St. Sidwells Point in Exeter is currently the only pool in the UK built to the full Passivhaus Standards. Exeter City Council is reporting up to 60/70% reduction in energy consumption over current building regulations for St. Sidwells Point. These figures have yet to be ratified by the Passivhaus Institute but do provide a good indication of the significant energy saving potential from a comparable facility.
- 3.10. The Passivhaus Standard will also critically ensure the Wellbeing Hub and Lochies School have a considerably lower impact on the environment to that of a normal swimming pool, leisure centre and school. Ensuring these key buildings are fit for the future and deliver against the Clackmannanshire Council Interim Climate Change Strategy.

Updated Capital Cost Projections

- 3.11. The Hubco report provided updated capital cost projections for the whole project (Wellbeing Hub and Lochies School), including project budget, cash flow and pre constructions fees (RIBA Stages 2-4 / Hub Stage 1 and 2).
- 3.12. The baseline cost for the Wellbeing Hub with the Optimal facilities mix have been updated to Quarter 3 2024 and include the Alloa West Site infrastructure costs.
- 3.13. There is an uplift cost of circa 20% for adopting the Passivhaus Standard. The projected costs for the project captured in the General Services Capital Programme 2023/24 to 2042/43 include the 20% uplift for both the Wellbeing Hub and Lochies School.
- 3.14. The Hubco report also investigated and provided some basic master planning options and associated costs to maximise the co-location for the Wellbeing Hub and Lochies School buildings and maximise the space at the Alloa West site.

Operating Model

- 3.15. Research has continued into similar projects to help inform the operating model for the Wellbeing Hub including visits to comparable venues and meetings with operating managers.
- 3.16. Work continues with leisure consultants EKOS to update the financial operating model presented to Council in August 2022.
- 3.17. A paper will be brought to a future Council meeting to outline potential operating model options.

Project Brief

- 3.18. A series of workshops have been arranged to implement the Scottish Futures Trust (SFT) Briefing and Evaluation Framework. The output will help shape the key documentation around the Project Brief as required to take the project to the RIBA stage 2. **See appendix 1 for RIBA stages overview.**
- 3.19. At the same time, people from the community with lived experience of inequalities will be invited to become co-creators on the project, working as part of an extended design team. This will ensure that the Concept Design fully reflects the needs and aspirations of different user groups.
- 3.20. This approach to co-production will create exemplar facilities which are truly inclusive and reflect local identities.

Communications Strategy

- 3.21. The initial phase of the internal and external communications and engagement strategy is underway.
 - 3.21.1. Spotlight promotional activity at Alloa West site took place in late January. Cllr Lindsay, Cllr Harrison, **sportscotland** and CSHSCP

were all represented alongside pupils from St Mungo's PS and Redwell PS who walked or cycled to the site to highlight the active travel routes.

3.21.2. Updated FAQs have been uploaded onto the Clacks Leisure website

https://www.clacks.gov.uk/leisure/documents/leisure_faqs.pdf

3.21.3. The new www.ClacksLife.co.uk network directory website has been launched to support the communities of Clackmannanshire to find out what's on for sport, leisure, physical activity and wellbeing in their own area. The Wellbeing Hub will be a critical part of the network.

Swimming Programme

3.20 The Sport & Leisure Team, working in partnership with Scottish Swimming, Dollar Academy and Active Stirling continue to develop a programme of curricular swimming with the aim of delivering the first phase of the programme in the summer term 2023. A programme of recruitment and training is planned for the lifeguards and teachers who will deliver the lessons to all Primary 5 school children from across Clackmannanshire schools who will benefit from this Water Safety and Aquatics Skills programme.

4.0 Sustainability Implications

4.1 Alignment with the Clackmannanshire Council Interim Climate Change Strategy

5.0 Resource Implications

Financial Details

5.1 The projected costs for the Wellbeing Hub is outlined in the General Services Capital Programme 2023/24 to 2042/43.

6.0 Exempt Reports

6.1 Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
Our families; children and young people will have the best possible start in life

- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

- 8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
 Yes No

9.0 Legality

- 9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes No

10.0 Appendices

- 10.1 None


11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)
 Yes (please list the documents below) No

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
Lorraine Sanda	Strategic Director, People	

Appendix 1

RIBA Stages Overview

Task ID	Task Name	Start	Finish
1.	Pre-Construction Design & Procurement Programme	Q1 2023	Q4 2024
1.1.	RIBA Stage 1 – Preparation & Briefing	Q1 2023	Q2 2023
1.2.	Gateway 1 – Approval to proceed to RIBA Stage 2 <i>Strategic Business Case (SBC)</i>	Q2 2023	
1.3.	RIBA Stage 2 – Concept Design	Q3 2023	Q3 2023
1.4.	Gateway 2 – Approval to proceed to RIBA Stages 3 & 4 <i>Outline Business Case (OBC)</i>	Q4 2023	
1.5.	RIBA Stage 3 – Spatial Coordination	Q4 2023	Q1 2024
1.6.	RIBA Stage 4 – Technical Design	Q2 2024	Q3 2024
1.7.	Gateway 3 – Approval to proceed to Contract Finalisation <i>Full Business Case (FBC)</i>	Q3 2024	
1.8.	RIBA Stage 4 – Contract Finalisation	Q4 2024	Q4 2024
1.9.	Gateway 4 – Financial Close	Q4 2024	
2.	Construction Delivery Programme	Q4 2024	Q4 2026
2.1.	RIBA Stage 5 - Construction	Q4 2024	Q4 2026

Report to: Council

Date of Meeting: 23 March 2023

Subject: Strategic Housing Investment Plan 2023- 2028

Report by: Strategic Director (Place)

1.0 Purpose

- 1.1. To approve the Strategic Housing Investment Plan 2023 – 2028 (SHIP) at appendix 1. The SHIP sets out the operational framework for affordable housing development in Clackmannanshire over the next 5 years, establishing the investment priorities.

2.0 Recommendations

- 2.1. It is recommended that Council:
- 2.1.1 Approve the Strategic Housing Investment Plan for 2023-2028, including the summary 5 year programme of housing sites, detailed in Appendices 1 and 2.

3.0 Background

- 3.1. Local Authorities are required by The Scottish Government to prepare a Strategic Housing Investment Plan (SHIP) annually, setting out the strategic investment priorities for affordable housing over a 5 year period, to achieve the outcomes set out in the Local Housing Strategy. The SHIP informs the Scottish Government's housing investment decisions and was submitted to the Scottish Government on 28th October 2022, pending Council approval.

4.0 SHIP 2023-28

- 4.1. There have been delays on the new build programme and therefore delays in spend. The Council is committed to tackle this by picking up on delays over the next few years by over- programming to attempt to mitigate delays in completions and spend. Delays last year, 2021/22, were seen by most local authorities and although outturn figures for Scotland are not available at present, the Scottish Government recently reported that affordable housing starts in Scotland are down 35% on the year to June 2022.¹

¹ <https://www.gov.scot/publications/housing-statistics-scotland-quarterly-update-new-housebuilding-affordable-housing-supply-published-04-october-2022/pages/7/>

- 4.2. Despite delays in spend for 2021/22, there were 96 new affordable housing completions in Clackmannanshire in 2021/22 and will be 60 new completions on Primrose Street, Alloa and 40 new off the shelf purchases due in 2022/23.
- 4.3. Appendix 2 sets out the sites proposed for development over the next 5 years and associated spend against allocated funding.

5.0 Funding

- 5.1. The RPA funding for 2022/23 is £5.746 million with the expected spend to be in the region of £4.2 million.
- 5.2. As reported to Place Committee in November 2021, the three month shut downs in 2020 had a knock on effect into 2021/22 and on top of this, backlog of material supplies and rising costs have further exacerbated delays into 2022/23.
- 5.3. Tender costs for new build have risen substantially, with the cost to build a new house rising from £150k per home in 2020 to around £200k to £250k currently. This is a challenge going forward to make projects viable within current Scottish Government benchmark funding, despite The Scottish Government’s announcement in October 2021 which raised benchmark levels to £78k per unit for RSLs and £71.5k per unit for Council new build.
- 5.4. Projects coming in at higher than Scottish Government benchmark funding are subject to further scrutiny by SG which inevitably puts further delays on tender approval and start on site.
- 5.5. It is unclear how long inflationary pressures will be in place but it is likely that the situation will not improve in the next year or two, putting additional budgetary demands on the affordable housing programme.
- 5.6. It is expected that, as household incomes are squeezed, the demand for affordable, energy efficient housing may well increase and it is therefore more important than ever that new, affordable housing can be delivered effectively.
- 5.7. RPA Funding and expected spend for the next five years is as follows and is detailed in Appendix 2.

<u>Year</u>	<u>Allocation</u>	<u>Expected Spend</u>	<u>Overspend</u>
2022/23 -	£5.746 million	£4.2 million	-£1.546 million
2023/24 -	£5.73 million	£7.023 million	£1.293 million
2024/25 -	£5.75 million	£7.380 million	£1.630 million
2025/26 -	£5.845 million	£7.500 million	£1.655 million
2026/25 -	£5.845 million (estimate)	£6.900 million	£1.055 million
2027/28 -	£5.845 million (estimate)	£6,072 million	£0.227 million

6.0 Sustainability Implications

- 6.1. The supply of affordable housing is a central contributor to the Council's commitment to reduce carbon emissions. The projects are all built to 'Greener Standards' and the Council will pursue the inclusion of renewable energy on sites where possible.

7.0 Resource Implications

Financial Details

- 7.1. There are no funding implications from this report that will not be met from within existing resources. A report will be brought to a future meeting on detailed regeneration proposals.
- 7.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes
- 7.3. Finance has been consulted and has agreed the financial implications as set out in the report. Yes

Staffing

- 7.4. There are no staffing implications arising from this report

8.0 Exempt Reports

- 8.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

9.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box)

- Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
- Our families; children and young people will have the best possible start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

- (2) **Council Policies** (Please detail)

10.0 Equalities Impact

10.1. Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes

No

11.0 Legality

11.1. It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

12.0 Appendices

12.1. Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 Strategic Housing Investment Plan (SHIP) 2023-2028

Appendix 2 Affordable Housing Programme with 5 year spend

13.0 Background Papers

13.1. Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered).

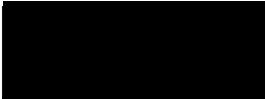
Yes (please list the documents below)

No

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CLACKMANNANSHIRE COUNCIL

STRATEGIC HOUSING INVESTMENT PLAN 2023- 2028

1.0 Introduction

1.1 The Strategic Housing Investment Plan (SHIP) 2023/28 defines the priorities for housing investment, as set out in the Clackmannanshire Housing Strategy (CHS) 2018- 2023 vision, that;

"Everyone should have a safe area to live in, a well maintained house and help when they need it."

1.2 To achieve this vision through investment, our aim is to create a more effective local housing system, which delivers both economically balanced and sustainable communities. This in turn shapes our key objectives of providing the right houses, in the right location, delivering both choice and affordability.

1.3 It is worth noting that the long term strategic plans for new housing supply in Clackmannanshire remain. The Housing Need and Demand Assessment is the evidence base and continues to drive policy around providing homes for an aging population and smaller household sizes going to the future as well as providing homes for homeless households of all sizes.

1.4 Links to corporate priorities, such as the LHS and LOIP, remain and are outlined as per previous guidance notes.

1.5 In July 2021, The Scottish Government provided a 4 year Resource Planning Assumption (RPA) for Clackmannanshire totalling £23.071million.












2022/23	£5.746 million
2023/24	£5.73 million
2024/25	£5.75 million
2025/26	£5.845 million

2.0 Clackmannanshire Housing Strategy

2.1 Our Local Housing Strategy 2018-2023 identifies six priority areas and outcomes to be achieved:

- **Investing in New Housing Supply** – Quality, affordable housing is maximised.
- **Best Use of Existing Housing** - The housing we already have is optimised and effective in providing choice and meeting need.
- **Homelessness** - Households have access to appropriate housing and advice to reduce homelessness.
- **Specialist Housing and Independent Living** - Those requiring assistance to live independently at home have access to effective housing.
- **Energy Efficiency and Fuel Poverty** - Energy efficiency is improved and fuel poverty and carbon emissions are reduced across all tenures.
- **Improving Neighbourhoods and Communities** – Improve long term outcomes for local communities and target town centres for improvement and regeneration to benefit the community.

- 2.2 In addition to the above, the Local Housing Strategy states further broad actions which are being delivered through this investment programme;

LHS Key Actions	Progress
Work with partners including planning and Scottish Government to maximise the amount of additional homes provided across all tenures.	
Where possible, use Council land and assets to support new affordable housing.	
Use income from reduction in Council Tax discounts to support delivery of affordable housing.	
Work with RSLs to deliver new affordable housing and maximise funding from all sources.	
Continue to implement and review the Affordable Housing Policy, implemented through the LDP, including commuted sums and on-site provision of affordable housing where required.	
Promote housing development in a range of settlement centres to contribute to economic regeneration whilst addressing housing need.	
Maintain a programme to purchase existing housing for affordable rent.	
Investigate how the RSL sector can play a greater role in housing homeless applicants.	
Work with the Health & Social Care Partnership to plan and provide specialist housing for the elderly and adults with particular needs.	
Explore new models of supported accommodation for young people.	
Deliver specialist housing on all appropriate new housing developments	




3.0 Rapid Rehousing Transition Plan

- 3.1 The Rapid Rehousing Transition Plan was submitted to the Scottish Government in December 2018 and is being implemented by the Council. Minimising time spent in temporary accommodation and having access to suitable housing is a key priority in the RRTP and consistent with housing priorities. Specific outcomes from the RRTP to be delivered through housing investment are detailed below.

¹ Ongoing

In 2020/21 Clackmannanshire ranked 5th out of 32 Local Authorities for total time spent in temporary accommodation at 128 days. As a consequence, Clackmannanshire Council is one of only a few Local Authorities to have more households leaving temporary accommodation than entering.

Clackmannanshire performs well in quickly providing permanent accommodation solutions for those found to be homeless. Most homeless households are ultimately housed in local authority or RSL accommodation after having spent a relatively short period waiting for permanent accommodation and, in part, attributed to additional affordable housing coming forward.

Rapid Rehousing Transition Plan	Progress
Accelerate affordable housing program over 5 year period to 2024	
Investigate how the RSL sector can play a greater role in housing homeless applicants.	
Ensure levels of temporary accommodation are maintained to meet statutory responsibilities.	

4.0 Local Outcomes Improvement Plan (LOIP)

4.1 Replacing the Single Outcome Agreement (SOA), the Council and its' partners have set out their strategic outcomes for the next 10 years in the Local Outcomes Improvement Plan 2017 / 2027. Focussing on tackling the inequalities that exist in Clackmannanshire around poverty and socio-economic disadvantage, the four strategic outcomes driving strategic partnership working are:

- Clackmannanshire will be attractive to businesses and people and ensure fair opportunities for all.
- Our families, children and young people will have the best possible start in life.
- Women and girls will be confident and aspirational, and achieve their full potential.
- Our communities will be resilient and empowered so that they can thrive and flourish.

4.2 We know that poor housing has a negative impact on health, wellbeing and quality of life. Our commitment to provide additional good quality, affordable housing goes a long way to contribute to improving the life outcomes of vulnerable families by reducing inequality and disadvantage in the housing market, and making Clackmannanshire an attractive place to live.

5.0 Links to Child Poverty

5.1 Set within The Corporate Plan 2018-22 child poverty is a key Council priority. Our priorities as a Council to 2022 are:

- Inclusive growth, jobs and employability
- Reducing child poverty
- Raising attainment
- Sustainable Health & Social Care
- Empowering families and communities
- Organisational transformation

5.2 It is recognised that the SHIP has a key role to play as an enabling plan specifically contributing to 2 of the Council Corporate priorities:

5.3 Reducing child poverty - provide good quality affordable housing.

Research shows that one of the key drivers of children living in poverty is living costs and specifically housing costs. More affordable housing not only reduces direct housing costs but ensures new homes are energy efficient reducing heating and lighting costs. Improved infrastructure in new housing developments offers increased access to the internet for all.

5.4 Inclusive growth jobs and employability - increased house building.

Increased house building through SHIP programs will aim to provide local employment opportunities by contracting local companies and offering apprentice and training chances for local young people.

6.0 Links to City Deal and Transformational Change

6.2 Continuing and new priorities for the Council and its partners will be accommodated within the SHIP and the Local Housing Strategy. This will include work as part of the City Deal with Stirling Council and plans for future regeneration in Clackmannanshire.

Plans are well under way focusing on place based development and to create Transformational Zones in Clackmannanshire, beginning in Alloa. Derelict land in Alloa town centre has been utilised for a flagship affordable housing development for older people, expected to be complete in January 2023. The focus on Alloa as a well-being economy transformation zone will bring in principles of collective impact of initiatives and investment within placed-based contexts. This model will roll out to other areas of Clackmannanshire and will bring in affordable housing opportunities.

The Council was awarded £512,000 from the Placed Based Investment Programme, 2021/22. This has gone towards additional design measures required for the success of the Primrose Street, Alloa housing development to meet the strategic priorities of quality place making in the town centre.

7.0 New Housing Supply Targets

- 7.1 An updated Housing Need and Demand Assessment (HNDA) shows a reduction in the level of housing requirements since the last Assessment. This is due to a number of reasons, primarily the reversal in the population projections for 2012 showing an anticipated decline in the population to 2037. This, in turn, is influenced by a dramatic drop in new house building in Clackmannanshire since 2008.
- 7.2 Up to 2020, the annual estimated need for additional affordable housing in Clackmannanshire is around 75 homes, 53 of these for 'social renting' and 22 for mid market rent. It shows 11 properties required for rent by a private landlord and 36 required for sale on the open market.
- 7.3 Social housing demand in Clackmannanshire is fairly self-contained within settlements, so the location of new developments needs to be carefully considered. Availability of housing sites does not always match housing need and demand and continuing dialogue will be sought with developers to ensure that all opportunities for affordable housing are pursued in a wide range of locations.

8.0 Housing Needs

- 8.1 Initial findings from the HNDA research confirm some specific features of demand for Clackmannanshire;
- The latest 2012 household projections to 2037 for Clackmannanshire show a fall in population.
 - Despite a falling population, 100 new households will form every year. Every one of these (100%) will be either single person or couple households, meaning additional, smaller houses are required.
 - Net outward migration of 16 to 29 year olds sits at around 100 annually, which is the highest for any age group.
 - By 2037 there will be 126% more people aged 75+, which is far above the Scottish average of an projected 86% increase, resulting in greater pressure for social care services in Clackmannanshire.
 - By 2030 the number of people over 85 years will double, with a corresponding need for suitable / adapted housing and corresponding support in the community.

9.0 Specialist Housing

- 9.1 From the Council's own records (waiting list figures and information on social service cases) there are at least 10 families known to the Council who require larger size wheelchair housing.
- 9.2 From information gathered from the 2011 Census, around 3,700 people (7% of the population) in Clackmannanshire have some type of physical disability. It would therefore be reasonable to aim for 7% of all social housing to be suitable for those with some sort of physical disability, including those who require wheelchair use.

- 9.3 The Council will continue to provide an element of specialist housing on suitable sites to meet the identified needs currently on our waiting list. Over the course of the SHIP at least 10 wheelchair bungalows are planned as well as 3 wheelchair homes on Primrose Street and 3 on Elm Grove, Alloa.
- 9.4 One of the main drivers of the housing market is the ageing population and their requirement for specialist housing. This is the result of older people who need care (low cost but high volume) and higher infant survival and longevity for those with a learning disability (low volume and high cost). Housing suitable for both these client groups are considered in this SHIP.

10.0 Gypsy / Traveller Accommodation

- 10.1 There is one Gypsy / Traveller site in Clackmannanshire at Westhaugh. This has now reached the end of its useful life in terms of the quality of accommodation. A virtual engagement session was held with residents in October 2020 to discuss site improvements. As a result, the site is to be completely redeveloped to provide brand new accommodation to suit how residents want to live in the future.
- 10.2 The overall objective of the project is to meet the council's equalities and human rights obligations to gypsy travellers by providing modern high quality accommodation, designed and specified to meet the community's needs. This project aims to:
- Demolish all existing amenity blocks and manager office
 - Provide modern, culturally appropriate accommodation to cater for 16 households
 - Build 1 new management base including communal meeting room
 - Reconfigure external landscaping to ensure each pitch satisfies SFRS layout requirements
 - Provide safe storage facilities for Butane gas used for by each caravan (caged & 1m from buildings)
 - Improve soft landscaping to create a more attractive and inclusive community environment
 - Provide visitor parking facilities with electric car charging points
 - Provide a new playground that is safe and secure
 - A new chemical toilet disposal facility
 - One large waste disposal facility in addition to individual resident bins.
 - Replace the communal macerator with a suitable waste disposal system

11.0 Partnership Working

- 11.1 The Council will continue an inclusive and collaborative approach with all RSLs that are keen to work with us to deliver affordable homes in Clackmannanshire. This includes working collaboratively with Kingdom Housing Association to help deliver a strategic programme of affordable housing delivery.
- 11.2 Ochil View Housing Association entered into an agreement with Kingdom Housing Association to manage their development work. As such, work was completed on Elm Grove, Alloa in January 2023.
- 11.3 Primrose Street in Alloa town centre is on site to provide housing for older people. Design and specification has been worked up with input from Social Services. Engagement with Architecture and Design Scotland (a non departmental public body) advised on the design of the housing on Primrose Street and gave support with briefing on wider provision for housing for the elderly, linking to work on 'Caring Places' and 'Town Centre Living'.

12.0 The Planning Context

- 12.1 Any new housing development should address the needs of the people of Clackmannanshire, regardless of tenure. The key mechanism for this is the planning system. We are working alongside planning colleagues to create a mix of housing sizes and tenures with the aim of providing housing opportunities for all and helping to prevent market failure.
- 12.2 The Local Development Plan was adopted by Council in August 2015. This includes provision for the delivery of affordable housing, which is supported by the Housing Needs and Demand Assessment. The Affordable Housing Policy (SC2) includes that housing proposals for 20 or more homes, or over 1 hectare, will be expected to include a range and choice of house types, tenures and sizes, including affordable housing.
- 12.2 The LDP remains relevant but will be going through and update from next year incorporating new National Planning Framework legislation.

13.0 Particular Policy Initiatives

13.1 Council & RSL purchase of existing housing for social renting

The Council and Ochil View Housing Association maintain the commitment to make 'off the shelf' purchase a means of delivering affordable housing.

The Council has accelerated their program of buying properties 'off the shelf' for 2022/23 and aims to buy up to 40 properties this year, with a Scottish Government funding contribution of £1,600,000.

Currently, 20 off the shelf properties have been purchased this financial year at a cost of around £1.7 million, with £800,000 Scottish Government grant funding. Contributions from the Council for purchase and refurbishment is currently around £880,000. The Council is also liable to pay Additional

Dwelling Supplement (ADS) which is a tax payable to buyers purchasing multiple properties. Eighteen purchases made prior to 16 December 2022 were charged at 4%, equating to an additional £60,000 paid on the purchase price of all properties purchased this financial year prior to 16 December 2022.

Any further purchases made after 16 December 2022 will be subject to an increased rate of 6%. So far two properties have been purchased subject to the higher rate, resulting in the Council paying an additional £10,000 on the purchase price of £170,000 for the two properties.

It should be noted that RSLs are exempt from this tax.

13.2 Reduction in Council Tax Discount on Empty Homes

There is around £105,000 ring fenced for use for affordable housing £178,000 was used last financial year to address funding gap for enhanced measures on the Primrose Street, Alloa development. This is to be utilised this financial year as follows:

- Engelen Drive, £30,000 towards demolition costs.

13.3 Adaptations and Health & Social Care

The Housing & Social Care Group report to the Integrated Joint Board of the Clackmannanshire and Stirling Health & Social Care Partnership, has developed an action plan which will create a framework to enable the Partnership to deliver priority objectives. The action plan focuses on four key areas which will be continue to be developed. These are: governance, homelessness, mental health and older people.

- Governance – the group have amended their structure and agreed terms of reference to better reflect the scope of the group. This was informed by the action plan.
- Homelessness – the recent Scottish Government policy, Rapid Rehousing, which encourages a change in the use of temporary accommodation by local authorities, sees the introduction of Rapid Rehousing Transition Plans. A five year plan was submitted to the Scottish Government detailing how Clackmannanshire have already reduced our use of B & B accommodation and our main concerns to be addressed to allow us to meet National policy goals. Any relevant changes to current working practices will be reflected in the Action Plan.
- Mental Health – Housing and Social Work have been working closely to develop a greater understanding of different client groups with mental health issues and learning disabilities. This work has informed planning for new affordable housing by ensuring that specific client

needs can be flexibly incorporated into the design stage of new homes.

- Older People – The Health & Social Care Partnership is working closely with Housing in the planning and development of new core and cluster housing for older people in Alloa Town Centre.

14.0 Resources

14.1 Completions 2021/22

Site	Developer	No Homes	Grant 2020/21	Grant 2021/22	Status
Branshill Park, Sauchie	KHA	24	£1,588,000	£0	Complete
Elm Grove, Alloa	Ochil View	33	£2,207,059	£0	Complete
Elm Grove, Alloa	KHA Mid Market rent	21	£769,469	£0	
Off The Shelf	Council	8		£320,000	Complete
Off the Shelf	Ochil View	10		£400,000	Complete

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14.2 RPA Spend 2021/22

The table below shows all spend drawn down in 2021/22 from allocated RPA of £6.66m.

This is the lowest spend in Clackmannanshire in at least the last 10 years, this is in some part due to delays on site on Mill Street, Tillicoultry. Additionally, both the Council and Kingdom failed to secure land acquisitions with private land owners, despite lengthy negotiation, on land in Coalsnaughton and Carsebridge Road, Alloa.

The out-turn for new affordable housing spend in Scotland for 2021/22 is not available at the current time but Scottish Government statistics for Scotland show that new affordable housing starts have dropped by 35% to the year end June 2022² suggesting that there are considerable difficulties in Scotland getting new developments on site.

Site	Developer	No Homes	RPA Spend 2021/22
Blackfaulds, Coalsnaughton	Council land acquisition		£115,000
Off The Shelf	Ochil View HA	10	£400,000
Off The Shelf	Council	8	£320,000

² <https://www.gov.scot/publications/housing-statistics-scotland-quarterly-update-new-housebuilding-affordable-housing-supply-published-04-october-2022/pages/7/>

Glentanna Mill, Alva	Council Land acquisition		£200,000
		18	£1,035,000

13.3 **Estimated Spend 2022/23 (RPA £5.746 million)**

Site	Developer	No Homes	Grant 2022/23	Estimated Start	Estimated completion
Lochies Road, Clackmannan	Council	8	£648,000	March 2023	March 2024
Park Street, Tillicoultry	Ochil View HA	7	£ 250,000	2023	2023/24
Lower Mill Street	KHA (phase 1)	28	£600,000	2022/23	2023/24
Engelen Drive, Alloa	KHA	10	£250,000	2022/23	2023/24
Bedford Place, Alloa	KHA	33	£200,000	2023/24 (acquisition)	
Off the shelf,	Council	40	£1,600,000	2022	March 2023
Off the shelf	Ochil View HA	10	£400,000	2022	March 2023
HRA Acquisitions	Council		£200,000	2022/23	
Glentanna Mill, Alva	Council	40	£120,000	2022/23	2023/24
		148	£4,268,000		

13.4 Estimated Spend 2023/24 (RPA £5.73million)

Site	Developer	No Homes	Grant 2022/23	Estimated Start	Estimated completion
Lower Mill Street, P1	Kingdom HA	28	£771,777	2022/23	2023/24
Lower Mill Street, Tillicoultry P2	Kingdom HA	28	£600,000	2023/24	2024/25
Lower Mill Street, Tillicoultry P3	Kingdom HA	24	£0	2023/24	2025/26
Park Street, Tillicoultry	Ochil View HA	7	£ 462,000	2022	2023/24
Carsebridge Road, Alloa P1	Kingdom HA	50	£500,000	2022/23 (acquisition)	2024/25
Carsebridge Road, Alloa, P2	Kingdom HA	50	£500,000	2023/24 (acquisition)	2026/27
Carsebridge Road, Alloa , P3	Kingdom HA	50	£500,000	2025/26 (acquisition)	2027/28
Engelen Drive, Alloa	Kingdom HA	10	£640,000	2022/23	2023/24
Bedford Place, Alloa	Kingdom HA	33	£250,000	2022/23	2024/25
Glentanna Mill, Alva	Council	40	£800,000	2023/24	2024/25
Off the shelf,	Council	40	£1,600,000	2023/24	March 2024
Off the shelf	Ochil View HA	10	£400,000	2023/24	March 2024
		350	£7,023,777		

13.5 Estimated Spend 2024/25 (RPA £5.753million)

Site	Developer	No Homes	Grant 2023/24	Estimated Start	Estimated completion
Lower Mill Street, Tillicoultry P3	Kingdom HA	24	£1,010,826	2022/23	2025/26
Carsebridge Road, Alloa, P2	Kingdom HA	50	£2,800,000	2023/24	2026/27
Carsebridge Road, Alloa , P3	Kingdom HA	50	£50,000	2025/26	2027/28
Glentanna Mill, Alva	TBA	40	£2,520,000	2023/24	2024/25
Off the shelf,	Council	20	£800,000	2024/25	March 2025
Off the shelf	Ochil View HA	5	£200,000	2024/25	March 2025
		189	£7,380,826		

13.6 Estimated Spend 2025/26 (RPA £5.845 million)

Site	Developer	No Homes	Grant 2023/24	Estimated Start	Estimated completion
Lower Mill Street, Tillicoultry P3	Kingdom HA	24	£500,826	2022/23	2025/26
Carsebridge Road, Alloa P1	Kingdom HA	50	£1,650,000	2023/24	2024/25
Carsebridge Road, Alloa, P2	Kingdom HA	50	£150,000	2023/24	2026/27
Carsebridge Road, Alloa , P3	Kingdom HA	50	£150,000	2025/26	2027/28
Bedford Place, Alloa	Kingdom HA	33	£2,489,000	2022/23	2024/25
Glentanna Mill, Alva	TBA	40	£800,000		
Off the shelf,	Council	20	£800,000	2025	March 2026
Off the shelf	Ochil View HA	5	£200,000	2025	March 2026
		300	£7,500,421		

13.7 Estimated Spend 2026/27

Site	Developer	No Homes	Grant 2023/24	Estimated Start	Estimated completion
Carsebridge Road, Alloa, P2	Kingdom HA	50	£550,000	2023/24	2026/27
Carsebridge Road, Alloa , P3	Kingdom HA	50	£1,000,000	2025/26	2027/28
Blackfaulds Street, Coalsnaughton	TBA	25	£1,800,00	2026/27	2027/28
Blackfaulds Street, Coalsnaughton	TBA	25	£250,000	2026/27	2028/29
Regeneration, Tillicoultry	TBA	29	£2,300,000	2026/27	2028/29
Off the shelf,	Council	20	£800,000	2026	March 2027
Off the shelf	Ochil View HA	5	£200,000	2026	March 2027
		204	£6,900,000		

13.7 Estimated Spend 2027/28

Site	Developer	No Homes	Grant 2023/24	Estimated Start	Estimated completion
Carsebridge Road, Alloa , P3	Kingdom HA	50	£2,300,000	2025/26	2027/28
Blackfaulds Street, Coalsnaughton	TBA	25	£275,000	2026/27	2027/28
Blackfaulds Street, Coalsnaughton	TBA	25	£1,825,000	2026/27	2028/29
Pool of Muckhart	Kingdom HA	12	£672,000	2027/28	2028/29
Off the shelf,	Council	20	£800,000	2027	March 2028
Off the shelf	Ochil View HA	5	£200,000	2027	March 2028
		204	£6,072,000		

New Supply

14.1 Primrose Street, Alloa

This site will deliver 60 flats with flexible layout to facilitate changing needs of an aging population, including technology enabled infrastructure and the A&DS principles of Town Centre Living: A Caring Place. The site was granted £4.9 million in Allia Bond funding from the Scottish Government which gives additional funding to Clackmannanshire for the delivery of this site over and above what has been granted for RPA funding. Due for completion January 2023.

14.2 Engelen Drive, Alloa

In June 2018, elected members agreed that two blocks of Council owned flats be redeveloped as a pilot for wider demolition and regeneration plans stated in the SHIP. Demolition has been delayed due to construction down time and negotiations on the electricity sub station on site.

Funding has been secured for the demolition through Council Tax second homes money and commuted sums. Site start is delayed to 2022/23 and is expected to require higher than benchmark funding.

14.3 Park Street, Tillicoultry

Land is in the process of being sold to Kingdom Housing Association to develop 7 houses on the site, adjacent to the popular recent development of amenity bungalows.

Site investigation is underway and due to start on site in 2022/23 and complete in 2023/24.

14.4 Lochies Road, Clackmannan

This small site in Clackmannan will compliment the wider regeneration of the town centre. The site will be for low level specialist bungalow style housing.

14.5 Lower Mill Street, Tillicoultry

This site has been in the LDP for a long period without coming forward due to flood concerns. Work has been done to enable viability for development and a total of 74 properties could be built on the site over 3 phases. The site has been delayed due to higher than expected costs. Kingdom owns the land and is now back on site 2022/23 with the first units complete by 2023/24.

14.6 Glentana Mill, Alva

The site is in Council ownership and was approved for transfer to HRA for development for affordable housing by Council on 24 October 2019. Initial investigations indicate the site would be capable of around 40 homes with the option of some kind of flexible community space.

Extensive consultation has been carried out with the community in Alva using Place Standard. Findings from this will be reported back to elected members and the community early in 2023, with an architect currently working on detailed site layout options.

Initial discussions have taken place with Stirling University to further develop the collaborative work and expert input already utilised at the Primrose Street site. Drawing on feedback from community consultation, there is a need for starter accommodation as well as for older people so options for multi-generational living are being explored.

14.7 Bedford Place, Alloa

Bedford Place, Alloa has previously been used by Clackmannanshire Council as an education facility. It was deemed unfit for purpose in 2020, with major structural issues. The Council are expected to approve disposal for use for affordable housing. Initial feasibility studies show it can deliver around 33 affordable homes.

14.11 Carsebridge Road, Alloa

This site is currently being worked up and is planned for around 600 homes, 25% of which to be affordable. A site start is planned for 2022/23.

14.12 Pool of Muckhart

Kingdom Housing Association are working with the developers on this site to provide 12 homes for mid market rent.

15.0 Shadow Programme (Potential Sites)

- 15.1 It is inevitable that some priority sites will not be deliverable for various reasons, such as ground conditions or financial viability. To help avoid slippage in the main programme, or in the event of additional Scottish Government funding being made available, potential sites are included in the 'shadow' programme. These sites may be substituted or added to the main programme, should the opportunity arise.
- 15.2 This approach allows additional flexibility to help ensure that the number of new homes and spend in Clackmannanshire is maximised. Below is a list of sites identified to date, however, it should be noted that the Council and its RSL partners are actively looking for further opportunities. Other proposals, including purchasing units from a developer, may be brought forward in addition to those listed.

15.3 Alva West

The developer on this site has provided pre-application details showing 25% affordable housing on site, amounting to 61 affordable houses, the Council will continue to work with the developer to negotiate this provision.

15.4 Sauchie West, Sauchie

This site is capable of up to 1,000 new homes over the next 15 years.

15.5 Forest Mill

The section 75 agreement sets a requirement for 22% of the 1,250 homes to be affordable. There are no affordable homes programmed by the developer in phase 1 or 2, so it is likely that it will be several years before affordable housing can be expected on this site.

15.5 Brook Street, Alva

This site had previously been brought forward in the programme, but due to site constraints has been delayed. We will continue to work with the land owner.

16.0 Properties in Addition to Affordable Housing Supply Programme

16.1 North Street / Main Street, Clackmannan

The Council received regeneration funding for the site with 2 old shop units on Main Street and the former print works on North Street, now demolished and construction has started on site. The redevelopment will provide 4 retail units and 5 residential flats to be complete by Autumn 2023.

17.0 Consultation

- 17.1 This document has been developed by housing and planning colleagues in consultation with local RSLs and Scottish Government officials.

18.0 Ensuring Equalities

- 18.1 An equalities impact assessment is carried out on each SHIP. The SHIP has no negative impact on the six equality groups; in fact it is likely that these groups will benefit from a positive impact.

19.0 Strategic Environmental Assessment

- 19.1 The SHIP is part of the LHS, which had a pre-screening as required by the Environmental Assessment (Scotland) Act 2005. Clackmannanshire Council as a "responsible authority" for the purpose of the Act has determined that no SEA submission is required for this document. Specific environmental issues will be considered as part of the Local Development Plan process or when planning applications for sites are submitted.

SHIP 2020-25 PRIORITIES FOR INVESTMENT

Site	Ownership	Effective Land Supply	Regen. / Town Centre Area	High Demand Area	Homeless Needs	Particular Needs	Planning Permission	Creating Mixed Comms	No Land constraints	Resources Available	VFM	Deliverable Now	Deliverable within 5 years
MAIN PROGRAMME													
Park Street, Tillicoultry	Council / Private	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Engelen Drive, Alloa	Council	Yes	Yes	No	Yes	Yes	No	Yes	Unknown	Yes	Yes	Yes	Yes
Regeneration Sites	HRA	No	Yes	No	Yes	Yes	No	Yes	Unknown	Yes	Yes	No	Yes
Lochies Road, Clackmannan	Council	No	Yes	Yes	Yes	Yes	No	Yes	Unknown	Yes	Yes	Yes	Yes
Lower Mill Street, Tillicoultry	Private Developer	Yes	No	Yes	Yes	Yes	Yes	Yes	No	yes	Yes	Yes	Yes
Glentanna Mill, Alva	Clacks Council	No	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes
Bedford Place, Alloa	Council	No	Yes	Yes	Yes	Yes	NO	Yes	No	Yes	Yes	Yes	Yes
Carsebridge Road, Alloa	Private	Yes	No	Yes	Yes	Yes	No	Yes	No	Yes	Yes	No	Yes
Glentana Mill, Alva	Council	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes

Site Name	Ownership	Effective Land Supply	Regen. / Town Centre Area	High Demand Area	Homeless Needs	Particular Needs	Planning Permission	Creating Mixed Comms	No land constraints	Resources Available	VFM	Deliverable Now	Deliverable within 5 years
SHADOW PROGRAMME													
Forest Mill	Private Developer	Yes	No	No	Yes	Yes	Yes	Yes	No*	No	Yes	No	Yes
Alva West	Private Developer	Yes	No	Yes	Yes	No	No	Yes	No	No	Yes	No	Yes
Sauchie West	Private Developer	Yes	No	Yes	Yes	Yes	No	Yes	No	No	Yes	No	Yes
Brook Street, Alva	Private Developer	Yes	No	Yes	Yes	Yes	No	Yes	No	No	Yes	No	Yes

Definitions of Criteria for Priorities

Effective Land Supply	Listed in the Local Plan as a site that can be developed for housing. No known constraints.
Regeneration / Town Centre Area	The site is situated within an area identified through the SIMD as a regeneration area or an identified Town Centre site, as identified in the LHS.
High Demand Area	Little or no social housing in the area or high demand / low turnover of existing social housing. <i>LHS Action: 'Maximise the impact of new housing, including affordable housing in areas of demand.'</i>
Homeless Needs	The site will provide accommodation for at least one homeless household. <i>LHS Action: 'Reduce Homelessness and homeless households have access to appropriate housing.'</i>
Particular Needs	The site will provide at least 10% of particular needs accommodation. <i>LHS Action: 'Deliver specialist housing on all appropriate new housing developments.'</i>
Planning Permission	The site has planning permission for housing.
Creating Mixed Communities	The site will provide a desirable balance of tenure in the wider area or will provide a mix of types of houses for different households within the site. <i>LHS Action: 'Promote and increase low cost home ownership and shared equity schemes with public funding to promote tenure diversification.'</i>

No Land Constraints	Land has no infrastructure blockages.
Resources Available	Are there resources available now ie human resources or financial resources. <i>LHS Action: 'Work with local Housing Associations to deliver new affordable housing and maximise funding from their resources.'</i>
Value for Money	The site is capable of delivering the units with benchmark HAG funding or below. <i>LHS Action: 'Continue to develop and support innovative and flexible models for providing cost effective new housing.'</i>
Deliverable Now	If the site meets 8 or more of the above criteria, it will be considered to be deliverable now.
Deliverable Within 5 years	If the site meets 6 or more of the above criteria, it will be considered to be deliverable in the coming years when resources become available.

Appendix 2 – 5 year spend

2022-23		RPA* £5.746m		
Project	Units	Site Start	Completion	Est Spend
Lochies Road, Clackmannan	8	March 2023	March 2024	£648,000
Park Street, Tillicoultry	7	2022/23	2023/24	£ 250,000
Lower Mill Street P1	28	2022/23	2023/24	£600,000
Engelen Drive, Alloa	10	2022/23	2023/24	£250,000
Bedford Place,Alloa	33	2023/24 (acquisition)		£200,000
Off the shelf,	40	2022	March 2023	£1,600,000
Off the shelf	10	2022	March 2023	£400,000
HRA Acquisitions		2022/23		£200,000
Glentanna Mill, Alva	40	2022/23 (demolition TBA)	2023/24	£120,000
				£4,268,000

2023-24		RPA* £5.73m		
Project	Units	Site Start	Completion	Est Spend
Lower Mill Street, P1	28	2022/23	2023/24	£771,777
Lower Mill Street, Tillicoultry P2	28	2023/24	2024/25	£600,000
Lower Mill Street, Tillicoultry P3	24	2023/24	2025/26	£0
Park Street, Tillicoultry	7	2022	2023/24	£ 462,000
Carsebridge Road, Alloa P1	50	2022/23 (acqistion)	2024/25	£500,000
Carsebridge Road, Alloa, P2	50	2023/24 (acquisition)	2026/27	£500,000
Carsebridge Road, Alloa , P3	50	2025/26 (acquisition)	2027/28	£500,000
Engelen Drive, Alloa	10	2022/23	2023/24	£640,000
Bedford Place, Alloa	33	2022/23	2024/25	£250,000

Glentanna Mill, Alva	40	2023/24	2024/25	£800,000
Off the shelf	40	2023/24	March 2024	£1,600,000
Off the shelf	10	2023/24	March 2024	£200,000
2024-25			RPA* £5.75m	
Project	Units	Site Start	Completion	Est Spend
Lower Mill Street, Tillicoultry P3	24	2022/23	2025/26	£1,010,826
Carsebridge Road, Alloa, P2	50	2023/24	2026/27	£2,800,000
Carsebridge Road, Alloa , P3	50	2025/26	2027/28	£50,000
Glentanna Mill, Alva	40	2023/24	2024/25	£2,520,000
Off the shelf,	20	2024/25	March 2025	£800,000
Off the shelf	5	2024/25	March 2025	£200,000
			£7,380,826	

2025-26				RPA*
£5.845m				
Project	Units	Site Start	Completion	Est Spend
Lower Mill Street, Tillicoultry P3	24	2022/23	2025/26	£500,826
Carsebridge Road, Alloa P1	50	2023/24	2024/25	£1,650,000
Carsebridge Road, Alloa, P2	50	2023/24	2026/27	£150,000
Carsebridge Road, Alloa , P3	50	2025/26	2027/28	£150,000
Bedford Place, Alloa	33	2022/23	2024/25	£2,489,000
Glentanna Mill, Alva	40			£800,000
Off the shelf,	20	2025/26	March 2026	£800,000

Off the shelf	5	2025/26	March 2026	£200,000
				£7,500,421

2026-27				
Project	Units	Site Start	Completion	Est Spend
Carsebridge Road, Alloa, P2	50	2023/24	2026/27	£550,000
Carsebridge Road, Alloa , P3	50	2025/26	2027/28	£1,000,000
Blackfaulds Street, Coalsnaughton	25	2026/27	2027/28	£1,800,00
Blackfaulds Street, Coalsnaughton	25	2026/27	2028/29	£250,000
Regeneration, Tillicoultry	29	2026/27	2028/29	£2,300,000
Off the shelf,	20	2026/27	March 2027	£800,000
Off the shelf	5	2026/27	March 2027	£200,000

£6,900,000

2027-28

Project	Units	Site Start	Completion	Est Spend
Carsebridge Road, Alloa , P3	50	2025/26	2027/28	£2,300,000
Blackfaulds Street, Coalsnaughton	25	2026/27	2027/28	£275,000
Blackfaulds Street, Coalsnaughton	25	2026/27	2028/29	£1,825,000
Pool of Muckhart	12	2027/28	2028/29	£672,000
Off the shelf,	20	2027/28	March 2028	£800,000
Off the shelf	5	2027/28	March 2028	£200,000

£6,072,000

Report to Clackmannanshire Council

Date of Meeting: 23 March 2023

Subject: Community Wealth Building Progress Report

Report by: Strategic Director (Place)

1.0 Purpose

- 1.1. The purpose of this report is to provide Council with an update on progress to embed the principles of Community Wealth Building in Clackmannanshire, including next steps, since the publication of the Clackmannanshire Action Plan in December 2020.

2.0 Recommendations

It is recommended that Council notes:

- 2.1. The progress on delivery of the 21 actions, as detailed in the Community Wealth Building Action Plan, approved at the Council meeting in December 2020.
- 2.2. The proposed activity to be undertaken in 2023 to further embed Community Wealth Building in Clackmannanshire in the year ahead.

3.0 Considerations

- 3.1. Community Wealth Building is a local economic development tool which can be used to retain wealth generated in an area to benefit local communities. It is used to deliver on a Wellbeing Economy, a key driver in Clackmannanshire.
- 3.2. The Clackmannanshire Community Wealth Building Action Plan is a detailed document, which assessed Clackmannanshire's progress against the five pillars of community wealth and provided a set of priorities to more fully embed Community Wealth Building in the area. Work has been underway on a number of actions within the Action Plan for the past two years. The Community Wealth Building Action Plan Progress Report details activity undertaken in that time.
- 3.3. The Progress Report also provides a summary RAG status (Red, Amber, Green) for each of the 21 actions. There has been significant progress. For example, in the pillar for Progressive Procurement of Goods and Services all four actions have been met. Despite two red actions in the initial aspiration, to

develop Clackmannanshire as a Community Wealth Building Place, four actions have been delivered. Work continues across all 21 actions.

- 3.4. Other notable examples of progress include the Emerge Women project to support women who are entrepreneurs and business leaders in Clackmannanshire or the award-winning Living Alloa programme of work. These efforts show how Community Wealth Building can be embedded into Council services and more widely in the county.
- 3.5. There remain areas of challenge and opportunity. These include activity to progress on work under the Fair Employment and Just Labour Markets and the Making Financial Power Work for Local Place pillars.
- 3.6. The Progress Report provides an overview of next steps to deliver across actions in the next twelve months.
- 3.7. Clackmannanshire continues to be a beacon of Community Wealth Building activity in Scotland and this is recognised by Scottish Government colleagues. In 2023, as the consultation on a Community Wealth building Bill progresses, it is likely that examples from Clackmannanshire will be sought and used as good practice for the rest of Scotland.
- 3.8. Officers are also developing a response to the Scottish Government consultation on the new draft Community Wealth Building Bill.

4.0 Sustainability Implications

- 4.1. As part of the wider Community Wealth Building agenda, specific areas of work to deliver on the Action Plan will ensure sustainable outcomes.
- 4.2. All work undertaken with Council colleagues and partners, across the County and beyond, will seek to support efforts to address the Climate Emergency.

5.0 Resource Implications

5.1. Financial Details

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes
- 5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

5.4. Staffing

6.0 Exempt Reports

- 6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all

Our families; children and young people will have the best possible start in life

Women and girls will be confident and aspirational, and achieve their full potential

Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No

9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix - Community Wealth Building Action Plan Progress Report

11.0 Background Papers


11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Paul Morris	Economic Development Strategy Officer	01259 45 2290

Approved by

NAME	DESIGNATION	SIGNATURE
Pete Leonard	Strategic Director (Place)	

2023

Community Wealth Building in
Clackmannanshire:
Our First Progress Report



FOREWORD

COUNCILLOR ELLEN FORSON, LEADER OF CLACKMANNANSHIRE COUNCIL AND CHAIR OF THE CLACKMANNANSHIRE ALLIANCE



I am delighted to be able to present to you this report on our progress in Community Wealth Building. Both the Council and the Clackmannanshire Alliance have prioritised the delivery of a wellbeing economy for Clackmannanshire and Community Wealth Building is a key economic approach which will enable us to achieve this.

The creation of a Community Wealth Building Action Plan by the Centre for Local Economic Strategies (CLES) – approved by Council in December 2020 – provided the Council and its partners with a strong platform on which to build. This report reflects the significant activity which has taken place since then, despite the challenging circumstances in which we were operating.

Delivering against this action plan will be an important step forward, but we need to move towards making Community Wealth Building a guiding principle in everything we do and in every decision we make. This is not something the Council will achieve alone and I am grateful for the support, enthusiasm and commitment to action from our Clackmannanshire Alliance partners and our Wellbeing Economy Anchor Partnership.

We have also received significant practical support from Scottish Government and agencies such as Scotland Excel and the Improvement Service: we very much hope that learning from our work in Clackmannanshire will be of use to others as the drive to deliver a Wellbeing Economy and implement Community Wealth Building approaches across Scotland gathers pace.

We still have work to do to create both the capacity and culture to achieve this and to make the work more accessible to citizens, communities, businesses and other local organisations. We have made commitments in our Transformation Programme to significant projects, such as the Family Wellbeing Partnership, which will help us to build trust in our approach with our communities.

Significant investment will be made in Clackmannanshire during this decade through the Council's capital programme, including the Alloa Transformation Zone and the Stirling & Clackmannanshire City Region Deal. Community Wealth Building offers practical ways to develop models of ownership that include local citizens so that it supports our wellbeing economy ambitions.

Thank you very much for your interest in Community Wealth Building in Clackmannanshire. Thanks also to our partners for their enthusiastic support and commitment to this agenda. I look forward to working to deliver on Community Wealth Building in the years ahead.

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INTRODUCTION

In December 2020 the Clackmannanshire Community Planning Partners in the Clackmannanshire Alliance enthusiastically endorsed the Community Wealth Building Action Plan for Clackmannanshire. The Action Plan was produced by CLES for Clackmannanshire Council, funded by the Scottish Government, as part of a wider project to develop a Wellbeing Economy for Clackmannanshire.

This report, the first to consider progress, outlines our collective achievements. It contains examples of work that has been delivered specifically against the action plan. It also refers to wider work going on across our anchor institutions, both individually and collaboratively.

Emerging first in the USA and taken forward by CLES in partnership with a range of local municipalities, Community Wealth Building is a fundamental driver of a wellbeing economy. Community Wealth Building aims to reorganise the local economy so that wealth is not extracted but broadly held and generative, with local roots, so that income is re-circulated, communities are put first, and people are provided with opportunity, dignity and well-being. In this, Community Wealth Building seeks to hardwire social, economic and ecological benefits into the economy.

Community Wealth Building forms a central theme of the Scottish Government's Programme for Government and National Performance Framework and work is underway with a number of local authorities and regions to develop bespoke Community Wealth Building action plans. Clackmannanshire's Action Plan was the first of these to be published. It is an economic development approach which seeks to build and retain wealth locally and to avoid wealth being extracted from an area through, for example, multinational organisations. It seeks, in particular, to harness the relative power of larger local organisations – known as anchors.

Community Wealth Building will make a major contribution to delivering the wider ambition Community Planning Partners have committed to in order to deliver a wellbeing economy for Clackmannanshire. A wellbeing economy is an economy that is built on, and drives, the wellbeing of communities, businesses and the natural environment. It is underpinned by inclusive growth, environmental sustainability, and resilience, to help protect the economy.

It should be noted that the Council and our partners are taking a multiannual approach to the delivery of the Action Plan and have been implementing it at a time of unprecedented pressure on public services due to the Coronavirus pandemic. We are also collectively creating and taking opportunities to deliver Community Wealth Building beyond the recommendations in the Action Plan. This report is a summary of all that action.

HIGHLIGHTS SINCE THE LAUNCH OF THE ACTION PLAN

<p>Community Wealth Building built into the design of City Region Deal projects</p>	<p>Good Employer Charter for Clackmannanshire developed</p>	<p>Developed a Strategic Asset Register</p>
<p>Embedding Community Wealth Building into the Clackmannanshire economy</p>	<p>Agreement to refresh the LOIP with the Wellbeing Economy at its heart</p>	<p>Clackmannanshire Alliance & Council determination to deliver a Wellbeing Economy Local Outcome Improvement Plan</p>
<p>4% increase in Council procurement conducted with Clackmannanshire suppliers in 2020/21, 10% since 2017/18</p>	<p>Supported Women into Business</p>	<p>Established the Community Anchor Partnership</p>

<p>Community benefits “wish list” framework</p>	<p>Working alongside Clackmannanshire Credit Union to build capacity as a local anchor</p>	<p>Linking with pension fund to consider investment potential</p>
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THE COMMUNITY WEALTH BUILDING ACTION PLAN

CLES presented the Action Plan report to Clackmannanshire Council in December 2020. The report laid out the context to Community Wealth Building in Clackmannanshire, outlined the activities that are currently being undertaken and provided recommendations on how the agenda should be taken forward. The report, funded by the Scottish Government, was produced for the Council which is responsible for many of the actions. The Clackmannanshire Alliance has endorsed the Action Plan and has been fully supportive of the process. Community Wealth Building in Clackmannanshire is being addressed through a partnership approach, with a view to being embedded in practice.

The recommendations can be read in the Action Plan. It sets out recommendations which demonstrate how Community Wealth Building could become the golden thread for all economic measures which the Council and other partners of the Clackmannanshire Alliance deploy. It called for a new economic strategy, with Community Wealth Building at its heart. It recognised the relatively poor outcomes for local women and suggests Community Wealth Building for gender justice should be built widely into that strategy. The report then goes on to set out recommendations under the 5 pillars or principles of community wealth.



This progress report considers each of the recommended actions in the Action Plan and assigns a RAG status (red/amber/green) for performance. This can be measured over time in subsequent reports. An overall table of progress is contained in Appendix 1 of this progress report.

CLACKMANNANSHIRE AS A COMMUNITY WEALTH BUILDING PLACE

Action	Achieved?
1) Community wealth building for gender justice.	Workstreams already underway will be supported by further activity in 2023.
2) An Economic Strategy for Community Wealth.	Covid pandemic has impacted on this area of work, however a Wellbeing Economy Strategy will be published in 2023.
3) Community wealth building culture building.	This is a priority for 2023.
4) Community wealth building working group.	Wellbeing Economy Working Group established.
5) Publish an annual community wealth building progress report.	This document is the first progress report on work to date.
6) Deepen and formalise collaboration on community wealth building through the Clackmannanshire Alliance.	The Council and Clackmannanshire Alliance are delivering on this action.
7) All City Region Deal (CRD) projects should follow the principles of community wealth building.	Work is ongoing to embed the principles of Community Wealth Building into CRD activity.

In Clackmannanshire, the Community Planning Partnership is known as the Clackmannanshire Alliance. The Alliance and the Council enthusiastically endorsed the Community Wealth Building Action Plan in December 2020. Both organisations are committed to delivering a wellbeing economy for Clackmannanshire and view Community Wealth Building as a critical economic development approach to achieve that.

GENDER JUSTICE AND COMMUNITY WEALTH BUILDING IN CLACKMANNANSHIRE

A great deal of activity has been undertaken to achieve gender justice in Clackmannanshire, which will be covered throughout this progress report. The following text provides a snapshot of some of these activities in the context of Action 1, above.

More work will be undertaken by the Community Alliance in 2023 to embed gender justice within the partnership and beyond.

The Good Employment Charter and gender Justice

The Council has been leading on the implementation of gender justice in the workplace and the Clackmannanshire Alliance has been developing the Good Employment Charter. Both of these issues are addressed in more detail elsewhere in the progress report.

Gender Justice on Pay in Clackmannanshire Council

In recent years, Councils have been working with trade unions to consolidate the Scottish Local Government Living Wage. This was achieved by April 2021. At that time, as a result of the proposed changes, a total of 371 employees received an uplift in their hourly rate of pay, 292 were female members of staff.

Gender Justice in Business

Extensive work has been undertaken to encourage, promote and support women in business. Cllr Forson, leader of Clackmannanshire Council, is the political lead for the economy in Clackmannanshire. Cllr Forson opened the Meet the Buyer event in Forth Valley in 2021.

Through partnership in the Clackmannanshire Alliance, and across the Forth Valley, Clackmannanshire Third Sector Interface (CTSI) and Forth Valley Social Enterprise Network are working alongside Clackmannanshire Council to strengthen the social enterprise sector and the role of women within it.

The Emerge Women initiative has, in 2022, reached almost 100 women who are either leaders in business or entrepreneurs. This work will continue into 2023 and beyond.

A COMMUNITY WEALTH BUILDING STRATEGY FOR CLACKMANNANSHIRE

The Covid pandemic caused significant harm to the economic and social structure of society, across the world. In Clackmannanshire, the Council approved an Economic Recovery Plan to face the challenges posed by the virus. This was approved in September 2021.

Development of a regional economic strategy for the Forth Valley is underway and will help to contextualise a new Wellbeing Economy Strategy for Clackmannanshire in 2023.

COMMUNITY WEALTH BUILDING: CULTURE BUILDING ACROSS THE COUNTY

The Council has recently appointed an Economic Development Strategy Officer, with specific responsibility for Community wealth Building. In 2023 a programme of information and awareness

raising will be undertaken with staff across the Council, particularly those who are commissioners of goods and services.

A bank of materials and articles will be created on the Council intranet and also, where appropriate, on the Council and other partner’s websites. In this way, policy around Community Wealth Building will become much more accessible across Clackmannanshire.

PARTNERSHIP WORKING TO SUPPORT COMMUNITY WEALTH BUILDING

The next iteration of Clackmannanshire’s Local Outcome Improvement Plan (LOIP), having the aspiration of a wellbeing economy at its heart, is underway. The next version of the Clackmannanshire LOIP is expected in the first half of 2023.

In line with the revised LOIP, the Alliance has also agreed to revise the structure of the sub-groups involved in community planning to best support both Community Wealth Building and overarching wellbeing economy outcomes. A significant step has been taken in the creation of a Wellbeing Economy Anchor Partnership.

The proposed structure, shown below, seeks to ensure that all groups are clear about their roles and that duplication of effort is minimised. This structure will remain under constant review, to ensure it is complementary and links with arrangements across Clackmannanshire and beyond.

Structure of the Clackmannanshire Alliance and Clackmannanshire Anchor Partnership



Anchor partners are crucial to progressing Community Wealth Building. These are large employers with a strong local presence. They can exert significant influence, through their commissioning and

purchasing of goods and services, through their workforce and employment capacity, and by creative use of their facilities and land assets.

This group will play a critical role both in terms of their own actions to deliver community wealth and in overseeing the work of delivery partnerships. Our Anchor Partnership will work with partner bodies, including Forth Valley NHS. In Clackmannanshire our Wellbeing Economy Anchor Partners are:

Community Anchor Partner Organisations:

	Ceteris Ltd		NHS Forth Valley
	Clackmannanshire Council		Ochil View Housing Association
	Clackmannanshire Third Sector Interface		O-I
	Diageo		Paragon Housing Association
	Forth Valley College		Scottish Enterprise
	Keep Scotland Beautiful		Skills Development Scotland
	Kingdom Housing Association		University of Stirling

REGIONAL WORK ON COMMUNITY WEALTH BUILDING

Forth Valley Economic Strategy

Clackmannanshire Council, alongside Stirling and Falkirk, is working to develop a regional economic strategy for the Forth Valley. In consultation with key stakeholders across the region, this document will support the rollout of Community Wealth Building as part of a wider push to deliver the aspirations of a wellbeing economy as laid out in the National Strategy for Economic Transformation.

Stirling & Clackmannanshire City Region Deal

The Stirling and Clackmannanshire City Region Deal is a £90.2m programme of funding provided equally by the UK and Scottish Governments. The portfolio of projects and programmes adhere to the approved Benefit Realisation Plan, which includes commitments to Community Wealth Building.

Clackmannanshire Council is lead, or partner on a number of projects and programmes within the wider City Region Deal. These projects will look to incorporate Community Wealth Building principles into their activity, ensuring that the principle is embedded in activity by the Council at all levels.



Partner Highlight: NHS Forth Valley

NHS Forth Valley have demonstrated strong internal leadership as an anchor partner. Internally they have initiated an internal Anchor Springboard Group with a remit to develop 6 month, 2yr and 5yr outcomes and milestones for their anchor contribution, and build more effective working relationships with Clacks Council and Clackmannanshire Alliance leads for each of the five pillars. Priority actions for the group are to consider and develop ways in which they can influence:

- Procurement spend within Clackmannanshire and the region in across the full supply chain,
- Payment of the real living wage by suppliers,
- Take up of Community Benefit Opportunities,

More widely NHS Forth Valley is considering how they define and measure best value in ways that promote community wealth.

They will work in collaboration with CTSI and CPP partners to identify the community benefits proposals which meet the criteria of the NHS National Services Scotland Community Wealth Building Gateway Portal.

NHS Forth Valley are also participating in the development of the Clackmannanshire Good Employment Charter covered elsewhere in this report.

Action	Achieved?
8) Develop the corporate culture of procurement and commissioning.	Yes, and work continues.
9) Develop a robust and bespoke Community Benefit Procurement Framework.	Yes. A Community Benefit "wish list" has been developed. See the case study, below.
10) Provide Community Benefit Capacity Building for suppliers.	Yes, a Forth Valley Meet the Buyer event was held in 2021 and an event was held in 2022 as part of Clackmannanshire Business Week, with more planned for 2023.
11) Foster a deeper relationship between procurement and economic development.	Yes. Work continues to ensure this Action remains on course.

PROGRESSIVE PROCUREMENT OF GOODS AND SERVICES

Progressive procurement is a means through which greater economic, social and environmental benefits can be achieved for local places and people. Increased local spend creates jobs, contributing to a multiplier effect which in turn creates additional jobs via increased demand for local goods and services.

Progressive procurement helps to develop a stronger local supply chain of local enterprises, small and medium-sized enterprises (SMEs), employee-owned businesses, social enterprises, co-operatives and other forms of community ownership. In addition it can deliver wider benefits through sustainable procurement practice, particularly in the use of community benefits clauses.

CORPORATE CULTURE ON PROCUREMENT AND COMMISSIONING

The Council's most recent Annual Procurement Report affirms that Clackmannanshire Council is committed to maximising community benefits, Community Wealth Building and the Council's social and economic regeneration objectives.

Furthermore, it recognises that local suppliers are important stakeholders in the community and setting up and encouraging two-way communication with them helps to fulfil the Council's strategic priorities.

The share and trend of spend in the local area is favourable (from 16% to 23%) and in line with agreed targets. In the reporting period, 92 local suppliers were used by the Council. When the definition of local supply is extended to Forth Valley, the picture is more positive, with 39.79% remaining in the local economy.

There is a fairly limited local supplier base, though work continues with local suppliers to provide ever more opportunities. Approximately 66% of Council expenditure is in Scotland.

COMMUNITY BENEFITS & SUPPLIER COMMUNITY BENEFIT CAPACITY BUILDING

The Council continues to partner with the Supplier Development Programme (SDP) to help prepare local suppliers to bid for Council Contracts. They have provided a number of webinars and virtual events and feedback from these events have been extremely favourable.



The Forth Valley Local Authorities hosted a regional Meet the Buyer Event on the 30th June 2021 in partnership with SDP and supported by the Scottish Government’s Regional Renewal Funding. Clackmannanshire Council’s leader opened the event, alongside the leaders of Stirling & Falkirk Councils, with Community Wealth Building as her theme. More than 160 businesses attended.

Within Clackmannanshire, CTSI leads on development of the sector in partnership with members of the Clackmannanshire Business Support Partnership.

Activity in 2021 included the launch of the Forth Valley Social Enterprise Network (FVSEN) Social Enterprise Online Directory. The directory, which was developed in partnership with the TSIs in Stirling & Falkirk, features 80+ local social enterprises and enterprising charities, based in Forth Valley. This allows buyers to research local social enterprises with ease.

An event, “Talking Tenders”, was held in March 2022 as part of Clackmannanshire Business Week 2022. This was organised in partnership with SDP and saw more than 20 businesses attend.

Case Study: Partnership between Council and CTSI

Clackmannanshire Council and Clackmannanshire Third Sector Interface (CTSI) have worked with Samtaler (a company that offers a range of services to help both procurers and suppliers throughout the UK fulfil their sustainable procurement and social value obligations) to develop a community benefits wish list. This enables companies bidding for Council contracts to identify benefits that will meet the needs of the local community. These can often be easy for suppliers to provide but of high value to third sector organisations.

The Council is engaged on a piece of work with Scotland Excel to further embed Community Wealth Building into its procurement practice. Scotland Excel were approached by the Scottish Government to engage with selected councils to lead a project to focus ‘on Grow Local’. The participating councils are Clackmannanshire, Dumfries and Galloway, Renfrewshire and Stirling. 25 Hours of Scotland Excel resource has been allocated to each council. Within Clackmannanshire a programme of actions has been developed to support the delivery of the CLES Report recommendations.

In the coming months, in line with the Council’s accreditation as a Real Living Wage Employer, changes to procurement documentation will be undertaken to require the real Living Wage to be paid to workers on public contracts, where:

- Fair Work First practices, including payment of the real Living Wage, is relevant to how the contract will be delivered;
- it does not discriminate amongst potential bidders;
- it is proportionate to do so; and
- the contract will be delivered by workers based in the UK.

Procurement policies, procedures and contract standing order updates will increasingly give prominence to the national procurement priorities which will underpin all Council procurement activities including Community Wealth Building.

PROCUREMENT AND ECONOMIC DEVELOPMENT

Aside from the vital linkages between Procurement and all aspects of Council business, colleagues across Economic Development and Procurement liaise regularly on issues related to Community Wealth Building and the wider wellbeing economy. As noted in this section, the Council has made significant progress in supporting greater – and more beneficial – local procurement.

Action	Achieved?
12) Support and promote Clackmannanshire Credit Union to become a financial anchor.	Discussions on how best to support and expand the Clackmannanshire Credit Union will continue in 2023.
13) Work with Falkirk Pension Fund to achieve more local investment.	Consideration of potential opportunities to utilise pension funds to support investment is being explored with pension fund colleagues.

MAKING FINANCIAL POWER WORK FOR LOCAL PLACES

Community Wealth Building seeks to increase flows of investment within regional economies by harnessing the wealth that exists locally rather than by seeking to primarily attract national, or international, capital.

For example, local authority pension funds can be encouraged to redirect investment from global markets to local opportunities. Mutually owned banks are supported to grow, and regional banks charged with enabling local economic development are established. All of these are ideally placed to channel investment to local communities while still delivering a steady financial return for investors.

OPPORTUNITIES FOR WORK WITH PENSION FUNDS ON INVESTMENTS

A dialogue has been established with the Falkirk Pension Fund, to understand the extent to which Community Wealth Building investments can be supported by the fund. As ways forward emerge, projects may be supported provided that they meet the requirements of the fund. This exciting work is ongoing and may provide further opportunities for working within and across communities, in Clackmannanshire and the wider Forth Valley.

WORKING WITH CLACKMANANSHIRE CREDIT UNION

Clackmannanshire Credit Union, as the main community financial anchor in Clackmannanshire, is a key player in the Community Wealth Building process in the county. Discussions around issues as diverse as: financial products; membership and how to increase membership; capacity building, and; online marketing and access to services. Both the Council and Clackmannanshire Credit Union are committed to building participation with the credit union sector and contributing towards a wellbeing economy for Clackmannanshire.

Anchors are often major land, property, and asset holders. These represent a physical base from which local wealth can be accrued. In Community Wealth Building, the function and ownership of

Action	Achieved?
14) Create a Strategic Asset Register and Management Plan.	Partly achieved. Work on a Management Plan is ongoing.
15) Unlock space for small business and social enterprise.	Work to develop space will be considered in 2023, alongside the local sector.
16) Advance key sites as community wealth building exemplars	Underway, with work ongoing.

these assets is deepened to ensure any financial gain from these assets is harnessed by citizens.

Furthermore, there is a desire to develop local economic uses, and extend local social or community use of those assets. Indeed, much public sector-land and facilities is “common good”, and should be used to develop greater citizen ownership of the built, open space and natural environment.

BUILDING A STRATEGIC ASSET REGISTER AND MANAGEMENT PLAN

The Council’s Place Directorate has committed, in its most recent Business plan, to undertake a viability assessment and review of the current commercial property portfolio to inform commercial asset strategy and associated investment/divestment plan (linked to strategic asset register). The Council has an asset register, however work remains to be done to fully develop an associated management plan.

SUPPORTING SOCIAL ENTERPRISE IN CLACKMANNANSHIRE

Clackmannanshire’s social enterprise sector is a thriving element of the county’s economy, linking across the area and beyond. Represented by Forth Valley Social Enterprise Network and supported by partners such as CTSI and the Council, the sector continues to grow.

Progress will be made in 2023 to understand the needs of the social enterprise sector locally. This may include identifying suitable business space or assisting in accessing new markets for products and services. Where possible new models, such as Community Benefit Societies, will be encouraged locally.

Building on the progress made since the launch of the Community Wealth Building Action Plan will be challenging, however there is a willingness across the Clackmannanshire Alliance to ensure the best possible outcomes for the county: this includes our social enterprise and co-operative sectors.

Case Study: Living Alloa

The Living Alloa town centre project won a recent national award at the annual SURF awards, with Community Wealth Building central to the work.

Public consultation about the town centre was undertaken using the Place Standard Tool. This was led by Clackmannanshire Third Sector Interface (CTSI). A 3-day drop-in session was held in a vacant shop and links to local access panel, mental health support groups and older people's forum ensured hard to reach voices were heard. Surveys were done in pubs, hairdressers alongside the Credit Union and an adapted 5-minute paper version of the tool was created, to make participation easier.

Over 300 responses were received. Collectively, these helped identify priorities for the town, with a focus on three key areas: care and maintenance; safety; and work, economy, influence and sense of control.

In response to these challenges, Clackmannanshire Council, community, third sector and businesses came together to shift the dial on the social, economic and environmental issues facing the town centre. As a key component of that, Living Alloa has transformed a derelict town centre site into a stunning development of 60 dementia-friendly flats, transformed a vacant public toilet into an active travel and town centre hub, and delivered a package of streetscape projects. These improvements make the town safer, more attractive and easier to move around in.

The town centre housing, active travel hub and public realm projects have delivered new high quality facilities on prominent sites, creating a more active, attractive and accessible place. These early projects have been a catalyst to bring stakeholders together. A broad group of partners are invested in delivering a positive future for the town over the next decade.



HIGHLIGHTING COMMUNITY WEALTH BUILDING EXEMPLARS ACROSS THE COUNTY

Clackmannanshire is proud to have a number of superb examples of Community Wealth Building exemplars in action across the county. From Tullibody to Dollar, from Menstrie to Alloa, properties and assets have been transferred or leased to maximise their potential in the community.

Community Asset Transfers

Clackmannanshire's communities have been active in transferring ownership and management of assets within their localities. Using the provisions within the Community Empowerment Act it has been possible for a number of assets and facilities to be given a new lease of life. Examples include:

Tullibody Civic Centre: during 2021, Tullibody Community Development Trust successfully completed the purchase of the Tullibody Civic Centre. This was a successful conclusion to a five-year journey and its completion stands as testament to the hard work and resilience of the Trust. Of real importance was the support and assistance received from both the local community and national organisations such as the Development Trust Association Scotland, the Community Ownership Support Service, the Scottish Land Fund and the National Lottery.

The Hive, Dollar: Similarly the Dollar Community Development Trust completed the purchase of the former Dollar Civic Centre. Ownership of The Hive community centre will be transferred to Dollar Community Development Trust following the decision of the Council's Place Committee and successful application to Scottish Land Fund. It is now a vibrant community centre, offering a range of classes and clubs from yoga to Rainbows. It is also home to a volunteer-led Community Library.

Leasing Arrangements

In addition to Community Asset Transfers of property and assets, the Council has been making use of long-term, or nil value, leases as a progression towards community ownership: Examples include:

Dumyat Centre, Menstrie. Menstrie Community Action Group (MCAG) has ensured the survival of this community building and agreed a long term lease. A funding bid, in collaboration with MCAG and the Community Council, was successful that enabled the car park for the centre to be developed and associated tourism infrastructure to be installed. This included improved paths, signage and interpretation, new EV parking spaces, an e-bike station and the concrete base to be installed for the community to input their own green roofed bike shelter with a maintenance station. The community have since built on these improvements by installing outdoor gym equipment adjacent to the car park adding to the tourism facilities.

Wimpy Park, Alloa: The Wimpy Park Garden has agreed a 20 years lease with the Council for the management of the Wimpy Park. A case study of the work undertaken to date is on page 19 of this report.

Alloa Hub: the Community Benefits Society operating the Alloa Hub has agreed a lease at nil-value until the business is better established. There remains potential for an asset transfer of the facility in future years. For more information on the creation of the Alloa Hub, see the case study on page 17.

Case Study: The Wimpy Park Garden

The Wimpy Garden restoration is an example of Community Wealth Building, supporting the wellbeing economy, to bring a disused area back into productive community use. During 2021 the Wimpy Park Community Group gained support from the BBC's Beechgrove Garden programme as part of a 5 day community garden makeover project.

The group raised funds through Crowdfunder, exceeding their target of £5,000. They also secured grants and raised funds locally. Members of the community volunteered time and provided food, refreshments and home baking during the week.

The project created an amphitheatre, sensory garden, paths and enhancement of community orchards, sports pitches and raised beds. It is now a social space for everyone to enjoy.

Clackmannanshire Council's Environment Service supported the project as the principal contractor and designer for the Garden, providing free technical support and civil engineering operatives, carving out and forming the new paths and completing excavation works. The external footway was upgraded as part of the Council's existing maintenance programme.

A number of local businesses supported the project with time, resources and donations, which were gratefully received. NHS Forth Valley Estates staff also supported the work during the week.



Action	Achieved?
17) Undertake an employee mapping and diversity exercise.	Work will be undertaken in 2023.
18) Adopt a "Clackmannanshire Leader" good employment charter.	Ongoing.

FAIR EMPLOYMENT AND JUST LABOUR MARKETS

Often the largest employers in a locality, the approach that anchor organisations take to employment can have a defining effect on the employment prospects, incomes, and overall prosperity of local people and communities. Commitment by anchors to pay the living wage, have inclusive employment practices, recruit from lower income areas, build progression routes for workers and comprehensive union recognition can stimulate the local economy and bring social improvements to local communities.

The Council was formally recognised, by the Living Wage Foundation, as a Living Wage Employer in November 2021. The Living Wage commitment will see everyone working at the Council, including regular workers employed through third party suppliers, receive a minimum hourly wage of £10.90 by May 2022. The Council was proud to become accredited, having paid the Real Living Wage or the Scottish Local Government Living Wage rate since April 2012. There are now more than 2,200



Partner for Enterprise

As an organisation, we have adopted the Fair Work principles into the way in which we operate as an organisation. Externally, we are seeking to ensure that Fair Work principles are linked to our products and services, encouraging organisations who receive support from us to adopt Fair Work in the way in which they also operate.

Living Wage employers in Scotland, 19 of which are based in Clackmannanshire including Ochil View Housing Association, Scottish Autism and The Ochil Fudge Pantry.

The Clackmannanshire Anchor Partnership was inaugurated in January 2022. The Partnership includes representation from: Clackmannanshire Council; Ceteris, Diageo; O-I; NHS Forth Valley; Police Scotland; Kingdom Housing Association; Scottish Enterprise; Keep Scotland Beautiful;

Paragon Housing Association; Skills Development Scotland; Ochilview Housing Association; the University of Stirling; Forth Valley College, and; CTSI .

Trade union or staff-side representatives will be encouraged to be part of the Partnership.

THE CLACKMANNANSHIRE GOOD EMPLOYMENT CHARTER

Positive work is being taken forward in relation to a Clackmannanshire Good Employment Charter, an action arising out of the Community Wealth Building Report. A draft Charter has been developed to be reviewed and considered by the group before approval by the Clackmannanshire Alliance in 2023.

Once approved, the Good Employment Charter will be promoted to local employers across the public, private and third sectors.

Working Together Agreement

The Council continues to engage with our recognised trade unions through formal and informal consultative processes, in line with our Working Together Agreement. This agreement has been jointly created with our trade union colleagues and aims to formally establish the principles and practices of partnership as the foundation upon which the Strategic Leadership Group, management, councillors, employees and trade unions will work together to achieve shared commitments.

The Agreement is the overarching document that brings together both the national and organisational context and sets out our common interest in ensuring the future success of Clackmannanshire Council. It does not replace procedures required under employment law.

Our principles of, and commitments to, partnership working have also been designed to reflect the vision and five dimensions outlined in the Fair Work Convention. The Council also continues to engage with our staff through our annual staff survey.

Action	Achieved?
19) Develop a Clackmannanshire Community Wealth Building Hub.	Proposals are at an early stage of development.
20) Women into business programme.	Yes, work is ongoing.
21) Undertake business analysis to pinpoint potential firms for co-operative conversion.	Work will be undertaken in 2023 with partners to identify potential firms.

PLURAL OWNERSHIP OF THE ECONOMY

Plural ownership of the economy – Community Wealth Building seeks to develop a more diverse blend of ownership models: returning more economic power to local people and institutions. As such, Community Wealth Building asserts that small enterprises, community organisations, co-operatives and forms of municipal ownership are more economically desirable within local economies than large companies or public limited companies.

CLACKMANNANSHIRE'S COMMUNITY WEALTH BUILDING HUB

Work is underway to develop proposals for the Clackmannanshire Community Wealth Building Hub. These will be progressed throughout 2023.

SUPPORTING WOMEN IN AND INTO BUSINESS

In October 2022 a new initiative, Emerge Women, was launched. Four events have been held, with almost 150 attendees across the four events. More than 100 business women and female entrepreneurs registered interest in the events, demonstrating the scale of interest in this initiative. This activity continues into 2023, with a view to making it self sustaining. There is also a programme to encourage women to startup in business.

CO-OPERATIVES IN CLACKMANNANSHIRE

The option of starting a co-operative or converting an existing business into a co-operative can be an attractive option. As a new business, it shares the cost of initial start-up and brings a greater number of minds to the table when devising a solid business plan.

For existing businesses it could be a route to employee ownership or a way for an owner to retire and pass the business to employees. The benefits of this business model include:

- equal voting rights for members;
- encouraging member contribution and shared responsibility;
- liability for members is limited; and
- no limit on the number of members.

Working with partners in the Clackmannanshire Business Partnership, it will be a priority in 2023 to develop a prospectus to share with businesses across the county on the benefits of co-operative working.

NEXT STEPS

Alongside ongoing work to support those actions already achieved key areas of identified work for 2023 - to support the continued delivery of the Action Plan - include:

- Consulting on a Phase 2 of actions to further embed Community Wealth Building into the work of the Council and Clackmannanshire Alliance as we all strive to address the Climate Emergency;
- Publication of Clackmannanshire's Wellbeing Economy Investment Strategy, which see a defined programme of projects to be delivered through partnership working (Action 2);
- Development of a Regional Economic Strategy for the Forth Valley, which will support the rollout of Community Wealth Building and the further delivery of a wellbeing economy (Action 2) ;
- Agreeing a refreshed Wellbeing Local Outcome Improvement Plan (LOIP) for Clackmannanshire will set the wider long-term strategic agenda for the county (All Actions);
- Building on both the regional strategy and the LOIP, a Wellbeing Economy Strategy for Clackmannanshire will be published in 2023 (Action 2);
- Supporting the further development of a Community Wealth Building ethos within the Council and partners by (Action 3):
 - Providing training for Council staff on Community Wealth Building and their service (Action 3);
 - updating CWB materials on Council intranet and signposting partners to do the same (Actions 3 and 6);
 - looking to increase participation in social enterprise and credit union membership (Action 12);
- Efforts to build the capacity of the Clackmannanshire Credit Union will continue (Action 12);
- Working to continue building on the work to deliver gender justice (Action 1);
- Considering a "Meet the Buyer 2023" event, to re-connect with suppliers and ensure local procurement continues to be supported (Action 10);
- Establishing, through discussion, the viability of investment via the Falkirk Pension Fund and other pension funds in the area (Action 13);
- Completing work on the asset management plan for the Council, as civic lead in the county (Action 14);
- Investigating the potential to develop new space for SMEs and SEs to setup in the county (Action 15);
- Evaluating the diversity, structure and composition of the Council's workforce through a mapping exercise (Action 17);
- Rollout of the Clackmannanshire Leader" good employment charter, following approval at the Clackmannanshire Alliance (Action 18);
- Exploring potential for partners to work with Council to establish a Community Wealth Building Hub in Clackmannanshire in 2023 (Action 19), and;
- Working with partners to include a co-operative future as an option for businesses in Clackmannanshire (Action 21).

A MESSAGE FROM NIKKI BRIDLE, CHIEF EXECUTIVE, CLACKMANNANSHIRE COUNCIL



Our first two years delivering on the Community Wealth Building Action Plan have been challenging, from Covid to local capacity. Despite this, we have achieved a significant amount as we strive to embed Community Wealth Building principles across the Council and the Clackmannanshire Alliance. Our foundations are strong.

Across the partnership, we recognise the importance of creating and nurturing the conditions for Community Wealth Building to flourish. What is clear, when looking to the Actions not fully addressed at this point, is the need for our partnership to recognise that – to deliver effectively on a number of actions – we will need to move into a phase of greater complexity.

This requires our collective outlook to remain positive, be proactive, focus on prioritising key workstreams and to ensure appropriate action and investment. Our collective learning and strong network will provide a vital backdrop to the work ahead.

Our experiences over the past two years, including opportunities to listen and learn from the experience of partners and in other places on a similar journey to our own, will prove to be invaluable as we move into 2023 and face the challenge on continuing to embed Community Wealth Building into everything we do in Clackmannanshire.

APPENDIX 1: OVERALL TABLE OF PROGRESS

Action	Achieved?
1) Community wealth building for gender justice.	Workstreams already underway will be supported by further activity in 2023.
2) An Economic Strategy for Community Wealth.	Covid pandemic has impacted on this area of work, however a Wellbeing Economy Strategy will be published in 2023.
3) Community wealth building culture building.	This is a priority for 2023.
4) Community wealth building working group.	Wellbeing Economy Working Group established.
5) Publish an annual community wealth building progress report.	This document is the first progress report on work to date.
6) Deepen and formalise collaboration on community wealth building through the Clackmannanshire Alliance.	The Council and Clackmannanshire Alliance are delivering on this action.
7) All City Region Deal (CRD) projects should follow the principles of community wealth building.	Work is ongoing to embed the principles of Community Wealth Building into CRD activity.
8) Develop the corporate culture of procurement and commissioning.	Yes, and work continues.
9) Develop a robust and bespoke Community Benefit Procurement Framework.	Yes. A Community Benefit "wish list" has been developed. See the case study, below.
10) Provide Community Benefit Capacity Building for suppliers.	Yes, a Meet the Buyer event was held in 2021 with more planned for 2023.
11) Foster a deeper relationship between procurement and economic development.	Yes. Work continues to ensure this Action remains on course.
12) Support and promote Clackmannanshire Credit Union to become a financial anchor.	Discussions on how best to support and expand the Clackmannanshire Credit Union will continue in 2023.
13) Work with Falkirk Pension Fund to achieve more local investment.	Consideration of potential opportunities to utilise pension funds to support investment is being explored with pension fund colleagues.
14) Create a Strategic Asset Register and Management Plan.	Partly achieved. Work on a Management Plan is ongoing.
15) Unlock space for small business and social enterprise.	Work to develop space will be considered in 2023, alongside the local sector.
16) Advance key sites as community wealth building exemplars	Underway, with work ongoing.
17) Undertake an employee mapping and diversity exercise.	Work will be undertaken in 2023.
18) Adopt a "Clackmannanshire Leader" good employment charter.	Ongoing.
19) Develop a Clackmannanshire Community Wealth Building Hub.	Proposals are at an early stage of development.
20) Women into business programme.	Yes, work is ongoing.
21) Undertake business analysis to pinpoint	Work will be undertaken in 2023 with partners

potential firms for co-operative conversion.

to identify potential firms.

BACK COVER

Report to Clackmannanshire Council

Date of Meeting: 23 March 2023

Subject: Council Champions

Report by: Strategic Director, Partnership and Performance

1.0 Purpose

- 1.1. The purpose of this report is to seek Council's approval of the role and remit of Champions for various issues; and the approach for nominations.

2.0 Recommendations

That Council:

- 2.1. Agrees that the approach taken to deciding champions for various issues is to nominate the most relevant political post holder;
- 2.2. Agrees to nominate the specific champions set out in the table at paragraph 3.3;
- 2.3. Agrees the role and remit for each "Champion" set out in Paragraphs 3.4 – 3.10.

3.0 Considerations

- 3.1. From 2007, the Council has a record of appointing Champions to support various issues across Clackmannanshire. Following the election in May 2022, there were no appointments to the existing "Champion" positions and this report aims to consider the areas and the issues that would benefit from the support of a Champion.
- 3.2. It is proposed that the relevant political post holder becomes champion for those issues for which Council wishes to nominate one.

3.3. It is recommended that the political postholder listed is appointed champion:

Champions	
Champion for Carers	Spokesperson for Health and Social Care
Champion for Veterans	Provost
Champion for Armed Forces	Provost
Champion for Older People	Spokesperson for Housing & Property
Champion for Equalities	Council Leader
Champion for Climate Change	Spokesperson for Environment and Net Zero
Champion for Children & Young People	Spokesperson for Education
Champion for The Promise	Council Leader

3.4. The role and remit for the Champion for Carers is as follows:

- To act as a link between the Council and Carers in the local area.
- To recognise and value the contributions that Carers play
- To listen and reflect the views of Carers, standing up for their interests and finding out what they expect from local decision-makers.
- To be part of a network of Carers Champions within Councils from across Scotland in supporting ongoing implementation of the Carer's Act and wider policy for unpaid carers.

3.5. The role and remit for the Champion for Veterans and Armed Forces is as follows:

- To be an advocate in upholding the principles of Clackmannanshire's Armed Forces Covenant, which are:
 - no member of the Armed Forces Community should face disadvantage in the provision of public and commercial services compared to any other citizen
 - in some circumstances special treatment may be appropriate especially for the injured or bereaved.
- Promote the Council as an Armed Forces-friendly organisation;
- Strive to support the employment of veterans young and old in order to establish a tailored employment pathways for Service Leavers;
- Strive to support the employment of Service spouses and partners;

- Raise awareness to help understanding and application of the principles of the Armed Forces Covenant.
- Advocate and promote our local cadet units, either in our local community or in local schools, where possible;
- Provide community leadership in Armed Forces Day and Remembrance Day events

3.6. The role and remit for the Champion for Older People is as follows:

- To act as a link between the Council and older people in the local area.
- To recognise and value the contributions that older people play in our society.
- To listen and reflect the views of our older community, standing up for the interests of older people; and finding out what they expect from local decision-makers.
- With a growing older population, it is vital that local decision-making meets the needs and aspirations of older people and that Council better understands those needs and aspirations.
- To be part of a network of Older People's Champions within Councils from across Scotland formed by the Age Scotland and the Scottish Older People's Assembly's (SOPA) campaign, which will be a voice for older people at local and national level, who will work together on shared challenges and will collectively influence for change.

3.7. The role and remit for the Champion for Equalities is as follows:

- To act as a link between the Council, disadvantaged communities and groups with protected characteristics in the local area.
- To recognise and value the contributions of all community voices in our society.
- To listen to and reflect the views of disadvantaged communities and groups with protected characteristics, standing up for their interests; and finding out what they expect from local decision-makers.
- To engage with any networks representing disadvantaged communities and groups with protected characteristics at a local and national level, working together on shared challenges and will collectively influence for change
- To highlight issues and promote action to prevent and eradicate violence against women and girls
- To promote trauma-informed practice across our workforce, our services, and with our partners, valuing the contribution of people with lived experience

3.8. The role and remit for the Champion for Climate Change is as follows:

- To support and advocate progress towards annual greenhouse gas emission reduction targets for Clackmannanshire Council's operations with a view to net zero being reached by 2040 at the latest
- To advocate and encourage progress towards greenhouse gas emission reduction targets for the Clackmannanshire area with net zero being reached by 2045 at the latest
- To act as a link between the Council and community groups improving Clackmannanshire's preparation for and resilience to the impacts of Climate Change.

3.9. The role and remit for the Champion for Children and Young People is as follows:

- To recognise and promote the United Nations Convention on the Rights of the Child
- To act as a link between the Council and Children and Young People in the local area.
- To recognise and value the contributions of Children and Young People in our society.
- To listen and reflect the views of Children and Young People, standing up for their interests; and finding out what they expect from local decision-makers.
- To engage with Children and Young Peoples' groups and networks at a local and national level, working together on shared challenges to collectively influence change.
- To act on behalf of children and young people with additional support needs/disabilities

3.10. The role and remit for the Champion for The Promise is as follows:

- To champion the Council's pledge to keep The Promise: by advocating that children and their families are at the heart of what we do; so that every child growing up in Clackmannanshire is loved, safe and respected, and able to meet their full potential
- To raise awareness of The Promise and promote the Council as an organisation who is striving to keep The Promise
- To recognise and promote the role of the Council and its partners as corporate parents to our care experienced children and young people, and strive to reduce inequalities and stigma faced by young people with care experience

- To recognise that children, young people and their families must be involved in the design of services and be a part of the decision making about how services work
- To raise awareness of the importance of local care provision for children and young people who require it. This includes promoting the recruitment of local carers, as well as increasing support and training for kinship carers.
- Adopt the Corporate Sponsor Pledge to demonstrate their commitment to The Promise and reframing the language used within care.
- Demonstrate community leadership during key national celebrations within the calendar year which raise awareness of The Promise, e.g. national care day, kinship week, fostering fortnight.

4.0 Sustainability Implications

4.1. None

5.0 Resource Implications

5.1. *Financial Details*

5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. None Yes

5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

5.4. *Staffing*

6.0 Exempt Reports

6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all

Our families; children and young people will have the best possible start in life

Women and girls will be confident and aspirational, and achieve

their full potential
 Our communities will be resilient and empowered so
 that they can thrive and flourish

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No

9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

None.

11.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
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