

A meeting of the Policy & Resources Committee will be held on Tuesday 4 February 2020 at 3pm within the Municipal Buildings, Greenock.

GERARD MALONE
Head of Legal & Property Services

BUSINESS

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Enquiries to – **Rona McGhee** – Tel 01475 712113

Report To:	Policy & Resources Committee	Date: 4 February 2020
Report By:	Chief Financial Officer	Report No: FIN/08/20/AP/AE
Contact Officer:	Alan Puckrin	Contact No: 01475 712223
Subject:	2019/20 General Fund Revenue Budget as at 30 November 2019	

1.0 PURPOSE

1.1 The purpose of this report is to advise the Committee of the position of the General Fund Revenue Budget as at 30 November 2019 and to update the Committee in respect of the position of the General Fund Reserves and Earmarked Reserves.

2.0 SUMMARY

2.1 The Council approved the 2019/20 Revenue Budget in March 2019 and at this meeting agreed to utilise £0.83m of free reserves to fund the 2019/20 Pay and Grading Model.

2.2 It can be seen from Appendix 1 that as at 30 November 2019 the General Fund is projecting a £2.354 million underspend (excluding the Health & Social Care Directorate) which represents 1.20% of the net Revenue Budget and is a movement of £0.680 million since the last report. This is mainly due to:

- Release of non-pay inflation not required (£150,000)
- Release of pay inflation not required (£900,000)
- Projected over recovery of Internal Resources Interest (£250,000)
- Prior Years Council Tax income (£100,000)
- One-off reduction in Schools NDR relating to prior years (£267,000)
- Additional Council Tax income to be collected due to increase in council tax base (£250,000)

2.3 From Appendix 1 it can be seen that the Policy & Resources and the Environment & Regeneration Committees are currently projecting underspends. The Education and Communities Committee is currently projecting a small overspend within various education budgets; employee costs, Facilities Management Catering Provisions and Pupil Travel. The Health and Social Care Committee is currently projecting an overspend, however, any resulting overspend will be retained by the Integration Joint Board.

2.4 Appendix 2 shows the latest position in respect of Earmarked Reserves, excluding those relating to Asset Plans and Funding Models, it can be seen that as at 30 November 2019 expenditure totalled £2.839 million which equates to 52.67% of the planned spend in 2019/20. It can also be seen from Appendix 2 that at 30 November 2019 actual expenditure is £0.528m more than phased budget.

2.5 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at 30 November 2019 is £6.941 million which is £3.141 million greater than the minimum recommended balance of £3.8 million. This position reflects the decisions taken at the Council budget meeting on 21 March 2019, the allocation of £500,000 to a Spend to Save reserve agreed in August 2019 and an allocation of £120,000 for the Beacon Arts Centre.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the latest position of the 2019/20 Revenue Budget and General Fund Reserves.
- 3.2 It is recommended that the Committee notes that the use of any Free Reserves will be considered as part of the 2020/23 budget process.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council approved the 2019/20 Revenue Budget in March 2019. At this meeting the Committee approved the use of £0.83m free reserves to fund the Pay and Grading Model for 2019/20.

5.0 POSITION AS AT 30 NOVEMBER 2019

- 5.1 It can be seen from Appendix 1 that as at 30 November 2019 the General Fund is projecting an underspend of £2.354 million which equates to 1.20% of the net General Revenue Fund Budget.
- 5.2 Appendix 1 shows that two Service Committees are currently projecting an underspend with the Education and Communities Committee and Health & Social Care Committee projecting an overspend.
- 5.3 In summary the main issues relating to the four Service Committees are as follows:-

Policy & Resources Committee – Projected underspend of £1,957,000 (12.57%) mainly due to release of non-pay and pay inflation contingency not required, a projected over recovery of Internal Resources Interest and a one-off projected underspend due to a reduction in Schools NDR relating to prior years. Adjustments have already been made to these budgets in 2020/21 and further adjustments will be considered as part of the 20/23 budget setting.

Environment & Regeneration – Projected underspend of £106,000 (0.45%) mainly due to additional turnover savings partially off-set by an increase in agency driver costs.

Education & Communities – Projected overspend of £5,000 (0.01%) mainly due to overspends within various education budgets; employee costs, Facilities Management Catering Provisions and Pupil Travel, off-set by a one-off reduction of schools NDR relating to 2019/20. Also overspends within Libraries and Museums employee costs and a projected shortfall in Library & Museum income mainly due to continued closure of Museum shop during refurbishment period.

Health & Social Care – Projected overspend of £228,000 (0.45%) mainly due to additional turnover savings offset by an overspend of client commitment costs.

- 5.4 Appendix 2 shows the latest position in respect of the Earmarked Reserves and provides information on performance against phased budget. The Committee is asked to note that the phasing will not be amended during the year and provides a useful benchmark for Officers and Members to monitor performance against originally envisaged targets. The Earmarked Reserve statement excludes those funds that relate to Assets Plans or Funding Models.
- 5.5 As at 30 November 2019 the Council has spent £2.839 million against a phased budget target of £2.311 million. This represents 52.67% of the planned spend and equates to 22.85% ahead of the phased budget to date. Performance in respect of Earmarked Reserves is reviewed by the Corporate Management Team and reported in detail to each Service Committee.
- 5.6 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected unallocated balance at 31 March 2020 is £6.941 million which is £3.141 million greater than the minimum recommended balance of £3.8 million. This position reflects the decisions taken to date. As part of the budget the Council approved the allocation of £4.0 million of free reserves to various investment proposals. At the Policy and Resources Committee on 6 August 2019 the Committee approved the use of £500,000 of free reserves to set up a spend to save earmarked reserve for 2020/23 budget process and an allocation of £120,000 for the Beacon Arts Centre. The remaining free reserve balance will be considered as part of the 2020/23 budget.

6.0 CONSULTATION

6.1 This report has been produced utilising the detailed budget reports to each Committee.

7.0 IMPLICATIONS

7.1 Finance

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A	N/A	N/A	N/A	N/A	N/A

Annually Recurring Costs

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A	N/A	N/A	N/A	N/A	N/A

7.2 Legal

There are no legal implications arising from this report.

7.3 Human Resources

There are no HR implications arising from this report.

7.4 Equalities

There are no equality implications arising from this report.

Equalities

(a) Has an Equality Impact Assessment been carried out?

	YES
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

7.5 Repopulation

There are no repopulation implications arising from this report.

8.0 BACKGROUND PAPERS

8.1 None

Policy & Resources Committee
Revenue Budget Monitoring Report
Position as at 30th Nov 2019

Committee	Approved Budget 2019/2020	Revised Budget 2019/2020	Projected Out-turn 2019/2020	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	18,225	15,566	13,609	(1,957)	(12.57%)
Environment & Regeneration	23,895	23,734	23,628	(106)	(0.45%)
Education & Communities (Note 1)	88,362	87,656	87,661	5	0.01%
Health & Social Care	50,529	50,577	50,805	228	0.45%
Committee Sub-Total	181,011	177,533	175,703	(1,830)	(1.03%)
Loan Charges (Including SEMP)	12,075	16,807	16,807	0	0.00%
Savings Achieved Early (Note 2)	46	46	0	(46)	(100.00%)
Saving Approved yet to be allocated (Note 3)	(128)	(128)	(128)	0	0.00%
Contribution to / (from) Statutory Funds	(240)	(240)	(240)	0	0.00%
Earmarked Reserves	0	1,816	1,816	0	0.00%
Total Expenditure	192,764	195,834	193,958	(1,876)	(0.96%)
Financed By:					
General Revenue Grant/Non Domestic Rates	(160,575)	(164,475)	(164,475)	0	0.00%
Contribution from General Reserves	(830)	0	0	0	0.00%
Council Tax	(31,359)	(31,359)	(31,609)	(250)	100.00%
Integration Joint Board - Use of Reserves	0	0	(228)	(228)	100.00%
Net Expenditure	0	0	(2,354)	(2,354)	

Note 1 - Reduction reflects loans charges and earmarked reserves.

Note 2 - Early achievement of savings removed from Education and Committee budget.

Note 3 - Approved saving to be removed from Service Committee budgets.

Earmarked Reserves Position Statement

Appendix 2

Summary

<u>Committee</u>	<u>Total Funding 2019/20</u>	<u>Phased Budget to 30 November 2019</u>	<u>Actual Spend To 30 November 2019</u>	<u>Variance Actual to Phased Budget</u>	<u>Projected Spend 2019/20</u>	<u>Earmarked 2020/21 & Beyond</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Education & Communities	1,164	388	318	(70)	446	718
Health & Social Care	2,601	1,076	1,282	206	2,223	378
Regeneration & Environment	4,659	533	464	(69)	1,378	3,281
Policy & Resources	2,630	314	775	461	1,343	1,287
	11,054	2,311	2,839	528	5,390	5,664

<u>2019/20 %age Spend Against Projected</u>	<u>2019/20 %age Over/(Under) Spend Against Phased Budget</u>
71.30%	(18.04%)
57.67%	19.14%
33.67%	(12.95%)
57.71%	146.82%
52.67%	22.85%

Actual Spend v Phased Budget Ahead Phasing = £528k 22.85%
Last Update (Period 6) Ahead of Phasing = £783k
Movement in spend v Phasing (£255k)

Appendix 3

GENERAL FUND RESERVE POSITION
Position as at 30/11/19

	<u>£000</u>	<u>£000</u>
Balance 31/03/19		9087
Projected Surplus/(Deficit) 2019/20	2354	
Contribution to/(from) General Fund Reserves Note 1	<u>0</u>	
		2354
Approved Use of Free Reserves (March 2019) Note 2		(4000)
Approved Use of Free Reserves (August 2019)		(500)
Approved Use of Free Reserves (Nov 2019)		<u>(120)</u>
Projected Unallocated Balance 31/03/20		<u>6941</u>

Minimum Reserve required is £3.8 million

Note 1 No contribution from reserves was required when setting 2019/20 Revenue Budget.

Note 2 (Use of Reserves)

Grieve Road Community Centre	200
Youth Connections Burns Square building repairs	100
Year of Young People Legacy Fund	100
Refurbishment Wemyss Bay Community Centre	100
Incorporate 'Equally Safe'	10
Extended opening of Gourrock Pool - 2019	15
IL - PG Pool spend to save proposal	150
Clune Park Area Regeneration Plan	850
Roads Defects & Drainage	200
Purchase of King Street Carpark & Ground floor of Hector McNeil House	325
Play Area Strategy	250
Allocation for a Safer Streets Initiative	150
Seed Funding for active travel within Inverclyde	50
Establish a conservation area and listed building grant	80
Repaint and carry out essential repairs to the Comet	50
Drumshantie Road Carpark	80
Resurface Auchneagh Farm Lane	10
2019/23 Capital Programme	450
Pay & Grading Model - Funding for 2019/20	<u>830</u>
	<u>4000</u>

Report To:	Policy & Resources Committee	Date:	4 February 2020
Report By:	Chief Financial Officer	Report No:	FIN/11/20/AP/MT
Contact Officer:	Matt Thomson	Contact No:	01475 712256
Subject:	2019/23 Capital Programme		

1.0 PURPOSE

- 1.1 The purpose of the report is to provide the Committee with the latest position of the 2019/23 Capital Programme.

2.0 SUMMARY

- 2.1 On March 21 2019 the Council approved the 2019/23 Capital Programme which built on the previously approved 2018/21 Capital Programme.
- 2.2 The Capital Programme reflects the confirmed 2019/20 capital grant plus an estimate of capital grants for the period 2020/23. The 2019/20 grant includes the return of £1.4m re-profiled by the Government in 2016/17 which is in addition to the core annual allocations.
- 2.3 An over provision of projects against estimated resources of up to 5% is considered acceptable to allow for increased resources and/or cost reductions. As a result the Capital Programme is reporting a deficit of £2.437m which represents 3.46% of the 2019/23 resources.
- 2.4 It can be seen from Appendix 2 that as at 30 November 2019 expenditure in 2019/20 was 46.8% of projected spend. Phasing and project spend has been reviewed by the budget holders and the relevant Corporate Director. The position in respect of each individual Committee is reported in Appendix 2 and Section 5 of the report. Overall committees are projecting to outturn on budget.
- 2.5 In the current year net slippage of 9.72% is currently being reported, this is a decrease of 0.11% since the last Committee. This is due to slippage within the Environment & Regeneration Committee (£0.457m) and School Estate (£2.115m) offset by minor advancement within the Policy & Resources Committee (£0.089m). The Corporate Director Environment, Regeneration & Resources leads the Capital Programme group which continues to examine a number of ways in which the slippage could be reduced.
- 2.6 The current 2019/23 Capital Programme, which will continue to cover the period up until 2022/23, will be reviewed as part of the 2020 budget process. Officers will review existing areas of the Capital Programme where there is potential to free up resources for allocation to existing and/or new projects and along with confirmation of 2020/21 grant funding will recommend a refreshed Capital Programme for consideration as part of the March 2020 budget.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the current position of the 2019/23 Capital Programme.
- 3.2 It is recommended that the Committee notes that a refreshed 2020/23 Capital Programme will be considered as part of the March 2020 budget.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 On March 21 2019 the Council approved the 2019/23 Capital Programme which built upon the previously approved 2018/21 Capital Programme.
- 4.2 The Capital Programme reflects the confirmed 2019/20 capital grant plus an estimate of capital grants for the period 2020/23. The 2019/20 grant includes the return of £1.4m re-profiled by the Government in 2016/17 which is in addition to the core annual allocations.
- 4.3 An over provision of projects against estimated resources of up to 5% is considered acceptable to allow for increased resources and/or cost reductions. As a result the Capital Programme is reporting a deficit of £2.437m which represents 3.46% of the 2019/23 resources.

5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the 2019/23 period the Capital Programme is reporting a £2.437m deficit. This is considered to be within an acceptable level of up to 5% over provision.
- 5.2 The position in respect of individual Committees for 2019/20 is as follows:

Health & Social Care

No slippage is being reported with spend of £0.480m for the year to date.

Environment & Regeneration

Net slippage of £0.457m (3.56%) is being reported with spend of £5.061m for the year. Slippage is projected mainly within the Cremator replacement (£1.572m), Flooding Strategy – Future Schemes (£0.200m), Kirn Drive (£0.156m) and Clyde square re-roofing (£0.760m) however this is partially offset by advancement within RAMP (£0.763m), Scheme of Assistance (£0.127m), Clune Park regeneration (£0.100m), Vehicle Replacement Programme (£0.105m), Waterfront Leisure Centre Lifecycle works (£0.263m), Inverclyde Centre for Independent Living (£0.170m), Caladh House (£0.150m), Greenock Municipal Buildings – Flue replacement and Finance wing (£0.115m), West Blackhall Street (£0.112m), King George VI refurbishment (£0.107m) and minor and statutory duty works (£0.258m).

Education & Communities

Net slippage of £2.115m (18.91%) is being reported with spend of £5.044m for the year. The slippage being reported is in connection with the pre-construction/design stage delays experienced on the Hillend Refurbishment project (£0.821m) and the 1140hrs projects at Larkfield and Park Farm (Rainbow) (£1.384m) and the construction stage delays on the Gourrock Primary School extension project (£0.356m) which have been partially offset by projected acceleration of lifecycle expenditure (£0.119m) and complete on site (£0.257m).

Policy & Resources

Net advancement of £0.089m (21.45%) is being reported with spend of £0.206m for the year. Advancement is being reported within the Rolling Replacement of PC's (£0.077m) and the Server & Switch Replacement Programme (£0.023m), offset by slippage within the Modernisation Fund of £0.11m.

- 5.3 Overall in 2019/20 expenditure is 46.8% of projected spend for the year and project slippage from the programme agreed in March 2019 is £2.483 million (9.72%). The Corporate Director, Environment, Regeneration and Resources will continue to work with the rest of the corporate Capital Programme officer group to identify ways which will reduce any further slippage and potentially advance projects.

6.0 CONSULTATION

6.1 This report reflects the detail reported to Service Committees.

7.0 IMPLICATIONS

Finance

7.1 Financial Implications

All financial implications are shown in detail within the report and in Appendices 1 & 2.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

Legal

7.2 There are no legal implications.

Human Resources

7.3 There are no direct staffing implications in respect of this report and as such the Head of Organisational Development, Policy & Communications has not been consulted.

7.4 Equalities

(a) Has an Equality Impact Assessment been carried out?

<input type="checkbox"/>	YES
<input checked="" type="checkbox"/>	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

<input type="checkbox"/>	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
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X	NO
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(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

(a) Has an Equality Impact Assessment been carried out?

Repopulation

7.5 The Council's continuing significant capital investment levels will have a positive impact on regeneration, job creation and hence repopulation.

8.0 BACKGROUND PAPERS

8.1 None.

Capital Programme - 2019/20 - 2022/23Available Resources

	A	B	C	D	E	F
	2019/20	2020/21	2021/22	2022/23	future	Total
	£000	£000	£000	£000	£000	£000
Government Capital Support	9,390	8,100	8,100	8,100	-	33,690
Capital Receipts (Note 1)	282	543	148	95	-	1,068
Capital Grants (Note 2)	4,549	1,500	19	-	-	6,068
Prudential Funded Projects (Note 3)	4,107	3,471	463	332	230	8,603
Balance B/F From 17/18	17,659	-	-	-	-	17,659
Capital Funded from Current Revenue	2,179	933	233	233	-	3,578
	<u>38,166</u>	<u>14,547</u>	<u>8,963</u>	<u>8,760</u>	<u>230</u>	<u>70,666</u>

Overall Position 2019/23

Available Resources (Appendix 1, Column G)	<u>£000</u>
Projection (Appendix 2, Column B-F)	70,666
(Shortfall)/Under Utilisation of Resources	73,103
	<u>(2,437)</u>

Notes to Appendix 1

All notes exclude School Estates

Note 1 (Capital Receipts)

	2019/20	2020/21	2021/22	2022/23	future	Total
	£000	£000	£000	£000	£000	£000
Sales	247	543	148	95	-	1,033
Contributions/Recoveries	35	-	-	-	-	35
	282	543	148	95	-	1,068

Note 2 (Capital Grants)

	2019/20	2020/21	2021/22	2022/23	future	Total
	£000	£000	£000	£000	£000	£000
Early Years	2,200	1,500	-	-	-	3,700
Town Centre Fund	660	-	-	-	-	660
Cycling, Walking & Safer Streets	129	-	-	-	-	129
SPT	1,155	-	-	-	-	1,155
HES - Watt Complex	260	-	-	-	-	260
Electric Vehicles	33	-	19	-	-	52
Sustrans	112	-	-	-	-	112
	4,549	1,500	19	-	-	6,068

Notes to Appendix 1Note 3 (Prudentially Funded Projects)

	2019/20	2020/21	2021/22	2022/23	future	Total
	£000	£000	£000	£000	£000	£000
Vehicle Replacement Programme	1,170	1,619	403	272	-	3,464
Asset Management Plan - Offices	-	11	-	-	-	11
Asset Management Plan - Depots	517	1,173	-	-	-	1,690
Capital Works on Former Tied Houses	2	39	60	60	230	391
Watt Complex Refurbishment	65	39	-	-	-	104
CCTV	33	-	-	-	-	33
Clune Park Regeneration	100	369	-	-	-	469
Neil Street Childrens Home Replacement - CoS	21	-	-	-	-	21
Crosshill Childrens Home Replacement	995	221	-	-	-	1,216
Roads Asset Management Plan	1,204	-	-	-	-	1,204
	4,107	3,471	463	332	230	8,603

Capital Programme - 2019/20 - 2022/23Agreed Projects

	A	B	C	D	E	F	G	H	I	J
Committee	Prior Years	2019/20	2020/21	2021/22	2022/23	Future	Total	Approved Budget	(Under)/ Over	2019/20 Spend To 31/11/2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Policy & Resources	522	509	369	363	363	-	2,126	2,126	-	206
Environment & Regeneration	53,840	12,396	19,183	6,973	6,420	230	99,042	98,885	157	5,061
School Estate	5,367	7,583	9,517	2,003	2,108	1,001	27,579	27,579	-	4,114
Education & Communities (Exc School Estate)	248	1,485	900	280	141	-	3,054	3,054	-	930
HSCP	582	1,093	186	-	-	-	1,861	1,861	-	480
Total	60,559	23,066	30,155	9,619	9,032	1,231	133,662	133,505	157	10,791

Report To:	Policy & Resources Committee	Date:	4 February 2020
Report By:	Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and Chief Financial Officer	Report No:	FIN/07/20/AP/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2019/20 Revenue & Capital Budget – Period 8 to 30 November 2019		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the 2019/20 Revenue and Capital position as at period 8, 30 November 2019.

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2019/20 is £15,566,000. This excludes Earmarked Reserves of £2,630,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £1,957,000 (12.57%), a reduction in spend of £469,000 since Period 6. Movement in projected outturn from the last Committee is mainly due to less call on the Pay Inflation Contingency and a one-off NDR reduction of £267,000 relating to 2017/19 following a review of School Rateable Values.
- 2.3 The main reasons for this underspend are:
- a) £150,000 projected underspend of non-pay inflation contingency
 - b) £900,000 projected underspend of pay inflation contingency
 - c) £250,000 over recovery of Internal Resource Interest
 - d) £100,000 over recovery Council Tax Previous Years
 - e) £267,000 one-off underspend on Schools NDR
 - f) £96,000 projected underspend within employee costs
- 2.4 The Earmarked Reserves for 2019/20 totals £2,630,000 of which £1,343,000 is projected to be spent in the current financial year. To date expenditure of £784,000 (58.37%) has been incurred which is £420,000 more than the phased budgeted spend to date. It is to be noted that Earmarked Reserves reported in Appendix 4 excludes Earmarked Reserves for Asset Plans and Strategic Funds.
- 2.5 The Common Good Fund is projecting a surplus of £45,000 which will result in a fund balance at 31 March 2020 of £71,530. There remains an audit action to increase the fund balance to £100,000.

2.6 The Policy and Resources capital budget is £2.126m which means that the total projected spend is on budget. Expenditure at 30 November 2019 is 40.07% of 2019/20 projected spend. Net advancement of £89,000 (21.4%) is being reported.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee notes the 2019/20 Revenue Budget projected underspend of £1,957,000 as at Period 8, 30 November 2019.

3.2 It is recommended that the Committee notes the projected 2019/20 surplus of £45,000 for the Common Good Fund.

3.3 It is recommended that the Committee notes the current projected capital position.

Aubrey Fawcett
Chief Executive

Alan Puckrin
Chief Financial Officer

Ruth Binks
Corporate Director
Education, Communities
& Organisational Development

Scott Allan
Corporate Director
Environment, Regeneration &
Resources

4.0 BACKGROUND

- 4.1 The purpose of this report is to advise the Committee of the current position of the 2019/20 Revenue and Capital budgets and to highlight the main issues contributing to the projected underspend of £1,957,000 which is an increase in the underspend projected to the last Committee of £469,000.

5.0 2019/20 CURRENT REVENUE POSITION

- 5.1 The current projection is an underspend of £1,957,000.
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

Finance - £344,000 underspend

Employee Costs: £77,000 projected underspend mainly due to additional turnover savings. This is a £13,000 increase in costs since the last Committee due to various minor movements.

Other Expenditure: There is an overspend of £92,000 projected, an increase in spend of £257,000 from the last Committee. This is mainly due to a change in the recording of an element of Housing Benefit Bad Debt which was not previously reported. This is partially offset by ongoing recoveries, see income below. The remaining underspend is made up of various small underspends, none of which are material, totalling £48,000.

Income: An over-recovery of £41,000 is being projected, which is an increase in income of £323,000 from the last Committee. The major variances are as follows: (a) An over recovery of Council Tax prior years income, not previously reported of £100,000; (b) An over recovery in recoveries of Housing Benefit overpayments of £180,000, this is mainly offset by Housing Benefit bad debt provision, see other expenditure above. These budgets will be reviewed as part of the budget process; (c) Income received to offset additional employee costs incurred due to staff members undertaking Early Years Education courses of £24,000; and (d) An over recovery of £33,000 due to additional Government funding for Housing Benefit changes.

Legal & Property - £18,000 underspend

Projected variances are all below £20,000.

- 5.3 The following relates to the Education, Communities & Organisational Development Directorate:

Organisational Development, Policy & Communications - £38,000 underspend

Various projected overspends, all of which are below £20,000.

- 5.4 The following material variances relate to the Miscellaneous budget.

Miscellaneous – £1,567,000 underspend

Non-Pay Inflation Contingency: There is a projected underspend of £150,000 based on current estimated calls on inflation contingency. There is no change in underspend since the last Committee.

Pay Inflation: Currently projecting £900,000 underspend arising from a reduced call on Teachers Pay Inflation due to a higher Scottish Government contribution towards pay and a delay in the implementation of increases in teachers superannuation. This is an increase of £200,000 since last reported to vCommittee due to a reduction in the projected cost for auto-enrolment and will now be captured within the 2020/21 employee Budget calculations.

Other Expenditure: There is a projected one-off underspend of £267,000 due to a reduction in Schools NDR relating to prior years.

Internal Resource Interest: Projecting a £250,000 over-recovery of income based on 2018/19 out-turn after a budget increase of £100,000 in 2019/20. An increase of £250,000 has already been factored into the 2020/21 Revenue Budget.

5.5 The following position relates to the Chief Executive budget:

Chief Executive – £10,000 overspend

Projected variances are all below £10,000.

6.0 2019/20 CURRENT CAPITAL POSITION

6.1 Appendix 6 details the Capital position at 30 November 2019. Expenditure to date is £206,000 (40.47% of the 2019/20 projected spend).

6.2 The current budget for the period to 31 March 2023 is £2,126,000. The current projection is £2,126,000 which means the total projected spend is on budget.

6.3 The approved budget for 2019/20 is £415,000. The Committee is projecting to spend £504,000 with net advancement of £89,000 (21.4%) mainly due to advancement within the Rolling Replacement of PCs and the Server & Switch Replacement Programme.

6.4 **PC Refresh Programme** – ICT implements a six year desktop and laptop refresh strategy. Following the successful Schools Estate programme, the 2019/20 refresh programme has targeted laptop devices within the corporate estate targeting devices for staff within the Health and Social Care Partnership, particularly those staff required to work in a more flexible and mobile environment. To date in 2019/20 £157,000 has been spent through the Scottish Government National Framework for mobile devices. This represents the best overall value for the procurement of IT equipment and guarantees supply and support of identified models for their period of the contract. Of the 603 devices procured, 230 have been installed with the remaining 373 to be installed prior to year end.

6.5 **Server and Switch Replacement** – Replacement or upgrade of the Council's central file storage services is currently being evaluated and will be implemented in line with a Cloud Migration Strategy to improve resilience and availability of systems in 2019/20. To date in 2019/20 £30,000 has been spent.

6.6 **Whiteboard Projector/Refresh** – A number of whiteboard projectors within the school estate are coming to the end of their useful lifecycle or are no longer available for replacement in the event of equipment failure. Devices are replaced "as and when" they fail and are subject to budgetary availability. Migration away from traditional projector/screen configuration to all one LED active panels, where possible is being investigated. £5,000 has been invested in this programme with £20,000 spend to date.

6.7 **Modernisation Fund** – As previously reported two Business Cases for investment as part of the Council's Digital Strategy have been approved. Citizens Account Revenues will allow Council Tax payers to update aspects of their account on line. It went live in January 2020. In addition a major upgrade to the CRM system is in progress. Once in place it will allow the implementation of various "book and pay" tasks on line. The first phase was complete late 2019.

7.0 VIREMENT

7.1 There are no virements this committee cycle.

8.0 EARMARKED RESERVES

8.1 Appendix 4 gives a detailed breakdown of the current earmarked reserves position. Total funding is £2,630,000 of which £1,343,000 is projected to be spent in 2019/20 and the remaining balance of £1,287,000 to be carried forward to 2020/21 and beyond. It can be seen that expenditure of £784,000 has been achieved which is £420,000 more than the phased budgeted spend to date and represents 58.4% of the annual projected spend. This is due to the Pay & Grading cost being paid earlier than phased.

9.0 COMMON GOOD FUND

9.1 The Common Good Fund is projecting a surplus in 2019/20 of £45,000 which will result in a Fund Balance of £71,530 by 31 March 2020.

10.0 IMPLICATIONS

10.1 Finance

All financial implications are discussed in detail within the report above.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

10.2 Legal

There are no specific legal implications arising from this report.

10.3 Human Resources

There are no specific human resources implications arising from this report.

10.4 Equalities

(a) Equalities

Has an Equality Impact Assessment been carried out?

	Yes
X	No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

10.5 Repopulation

There are no repopulation issues arising from this report.

11.0 CONSULTATIONS

11.1 The Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and the Chief Financial Officer have been consulted in the preparation of this report.

12.0 CONCLUSIONS

12.1 That the Committee notes the 2019/20 projected underspend of £1,957,000 for the Policy and Resources Committee as at Period 8, 30 November 2019.

12.2 That the Committee notes the current projected Capital position.

12.3 That the Committee notes the projected surplus of £45,000 of the Common Good.

13.0 BACKGROUND PAPERS

13.1 There are no background papers for this report.

Policy & Resources Budget Movement - 2019/20**Period 8: 1st April - 30th November 2019**

Service	Approved Budget	Movements			Revised Budget	
	2019/20 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2019/20 £000
Finance	7,933	70			(300)	7,703
Legal	1,860	2				1,862
Organisational Development, HR & Communications	2,061	4				2,065
Chief Exec	318	0				318
Miscellaneous	6,053	(1,805)	(630)			3,618
Totals	18,225	(1,729)	(630)	0	(300)	15,566

Supplementary Budget Detail

£000

Inflation

Miscellaneous Inflation breakdown:

Miscellaneous Pay Inflation

(1,015)

Miscellaneous Non Pay Inflation

(790)

OD, HR & Comms - Various annual inflationary increases

4

Finance - Various annual inflationary increases

70

Legal - Contribution to COSLA inflation

2

(1,729)Virements

Contribution from Reserves - Pay & Grading Model

(630)

(630)

Total Inflation & Virements**(2,359)**

REVENUE BUDGET MONITORING REPORT**CURRENT POSITION****PERIOD 8: 1st April 2019- 30th November 2019**

2018/19 Actual £000	SUBJECTIVE ANALYSIS	Approved Budget 2019/20 £000	Revised Budget 2019/20 £000	Projected Out-turn 2019/20 £000	Projected Over/(Under) Spend £000
9,075	Employee Costs	8,685	8,676	8,580	(96)
534	Property Costs	564	563	564	1
673	Supplies & Services	932	981	982	1
3	Transport & Plant	4	4	4	0
1,503	Administration Costs	1,345	1,298	1,301	3
33,812	Payments to Other Bodies	36,048	33,592	32,362	(1,230)
(32,147)	Income	(29,353)	(29,248)	(29,884)	(636)
13,454	TOTAL NET EXPENDITURE	18,225	15,866	13,910	(1,957)
	Earmarked reserves		(300)	(300)	0
13,454	Total Net Expenditure excluding Earmarked Reserves	18,225	15,566	13,610	(1,957)

2018/19 Actual £000	OBJECTIVE ANALYSIS	Approved Budget 2019/20 £000	Revised Budget 2019/20 £000	Projected Out-turn 2019/20 £000	Projected Over/(Under) Spend £000
7,278	Finance	7,933	8,004	7,660	(344)
1,772	Legal Services	1,860	1,862	1,844	(18)
9,050	Total Net Expenditure Environment, Regeneration & Resources	9,793	9,866	9,504	(362)
2,075	Organisational Development, Human Resources & Communications	2,061	2,065	2,027	(38)
2,075	Total Net Expenditure Education, Communities & Organisational Development	2,061	2,065	2,027	(38)
321	Chief Executive	318	318	328	10
2,007	Miscellaneous	6,053	3,618	2,051	(1,567)
13,454	TOTAL NET EXPENDITURE	18,225	15,866	13,910	(1,957)
	Earmarked reserves		(300)	(300)	0
13,454	Total Net Expenditure excluding Earmarked Reserves	18,225	15,566	13,610	(1,957)

	Approved Reserves £000	Revised Reserves £000	19/20 Budget £000	Projected Spend £000	Projected Carry Forward £000
Earmarked Reserves	14,994	16,764	3,992	4,753	12,011
CFCR	0	450	450	450	0
Policy & Resources Overall Expenditure	14,994	17,214	4,442	5,203	12,011

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 8: 1st April 2019- 30th November 2019**

Outturn 2018/19 £000	Budget Heading	Budget 2019/20 £000	Proportion of Budget £000	Actual to 30/11/19 £000	Projection 2019/2020 £000	Over/(Under) Budget £000
	Finance/ICT					
5,207	Employee Costs	5,300	3,310	3,257	5,223	(77)
10	Fin - Supp & Services - Computer Software	3	3	7	28	25
	Revenues - CT Income PY	(306)	0	0	(406)	(100)
(4)	Fin/Rev - Internal Income			(24)	(24)	(24)
(52)	Housing Benefits Bad Debt Provision	20	6	162	160	140
(121)	Housing Benefits Recoveries	(140)	(66)	(320)	(320)	(180)
0	Revenues - PTOB -	45	25	0	0	(45)
(139)	Revenues - Other Income	(74)	(52)	(86)	(107)	(33)
14	Revenues - Legal Expenses	7	5	29	31	24
401	ICT - Computer Hardware/Software Maintenance	421	592	494	394	(27)
	Miscellaneous					
1,651	Non-pay Inflation Contingency	1,042	667	667	892	(150)
3,423	Pay Inflation Contingency	1,742	459	459	842	(900)
(493)	Internal Resource Interest	(250)	0	0	(500)	(250)
	Other Expenditure	0	0	0	(267)	(267)
9,897	TOTAL MATERIAL VARIANCES	7,810	4,949	4,645	5,946	(1,864)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	Total Funding	Phased Budget To Period 8	Actual To Period 8	Projected Spend	Amount to be Earmarked for 2020/21 & Beyond	Lead Officer Update
		2019/20 £000	2019/20 £000	2019/20 £000	2019/20 £000	£000	
Voluntary Severance Reserve - HR Support	Steven McNab	90	0	2	25	65	Additional support for HR to support Trawls and associated work. Part time HR advisor & Full Time support from 04/11/19 to 31/03/21.
Digital Strategy	Alan Puckrin	197	70	35	139	58	KANA upgarde and Revenues citizens access projects are both due to go live for the public in January, 2020. £43k unallocated
Welfare Reform - Operational	Alan Puckrin	229	47	39	75	154	Being used to pay for additional temporary employees to address workload demands. £109k currently unallocated £450k of which is to help mitigate the potential budget saving if agreed as part of the 20/21 Budget.
Budget Development	Alan Puckrin	26	0	14	22	4	£18k proposed to be used for the 2020/23 Budget consultation exercise. Proposing to write back £4k of unallocated future years budget.
2013/18 Revenue Contingency	Alan Puckrin	73	15	5	25	48	Projects to date include £10k Jewish Heritage Centre, £5k for Gourock Highland Games & £9k for The Great Get Together. Total uncommitted funds in 2019/20 of £22k.
Anti-Poverty Fund	Alan Puckrin	1,302	220	124	456	846	Wide range of projects on going and requests to allocate further resources contained in the February, Policy & Resources Committee update. Currently approximately £638k unallocated as at 31.3.20
GDPR	Gerry Malone	67	2	1	37	30	Estimated spend of £37k this financial year on training, ICT requirements, storage and CPD.
Develop Pay & Grading Model	Steven McNab	16	10	13	13	3	Staffing resources to assist with the development and implementation of pay and grading Model. Grade H (22.75hrs) to 31/10/19.
Pay & Grading Model - Funding for 2019/20	Alan Puckrin	630	0	551	551	79	To fund implementation of new pay and grading model from 2019/20. £79k to be written back 31/03/20.
Total Category C to E		2,630	364	784	1,343	1,287	

COMMON GOOD FUNDREVENUE BUDGET MONITORING REPORT 2019/20PERIOD 6 : 1st April 2019 to 30th November 2019

	Final Outturn 2018/19	Approved Budget 2019/20	Budget to Date 2019/20	Actual to Date 2019/20	Projected Outturn 2019/20
<u>PROPERTY COSTS</u>	26,190	22,000	14,700	23,920	29,000
Repairs & Maintenance	6,260	9,000	6,000	520	9,000
Rates	18,690	12,000	8,000	23,400	20,000
Property Insurance	1,240	1,000	700		0
<u>ADMINISTRATION COSTS</u>	15,690	7,700	3,200	1,190	7,700
Sundries	9,490	1,500	1,000	1,190	1,500
Commercial Rent Management Recharge	2,200	2,200	2,200		2,200
Recharge for Accountancy	4,000	4,000	0		4,000
<u>OTHER EXPENDITURE</u>	64,940	79,100	55,560	43,140	74,100
Christmas Lights Switch On	10,500	10,500	0		10,500
Gourock Highland Games	29,400	29,400	29,400	29,400	29,400
Armistice Service	6,930	8,300	8,300	440	8,300
Comet Festival	13,300	13,300	13,300	13,300	13,300
Fireworks	450	12,600	1,260		12,600
Society of the Innocents Rent Rebate	3,820	5,000	3,300	0	0
Bad Debt Provision	540				0
<u>INCOME</u>	(125,960)	(135,440)	(90,200)	(85,200)	(155,800)
Property Rental	(168,950)	(168,950)	(112,600)	(119,650)	(168,950)
Void Rents	43,140	34,010	22,700	34,450	48,650
Internal Resources Interest	(150)	(500)	(300)		(500)
Disposal of Land					(35,000)
<u>NET ANNUAL EXPENDITURE</u>	(19,140)	(26,640)	(16,740)	(16,950)	(45,000)
<u>EARMARKED FUNDS</u>	0	0	0	0	0
<u>TOTAL NET EXPENDITURE</u>	(19,140)	(26,640)	(16,740)	(16,950)	(45,000)

Fund Balance as at 31st March 2019 26,530

Projected Fund Balance as at 31st March 2020

71,530

Notes:

1 Rates (Empty Properties)

Rates are currently being paid on empty properties, projection reflects current Rates levels however all historic Rates costs are being examined to ensure all appropriate empty property relief has been obtained. Any subsequent credit will be included in future reports.

2 Current Empty Properties are:Vacant since:

12 Bay St
6 John Wood Street
10 John Wood Street
15 John Wood Street
17 John Wood Street
74 Port Glasgow Road

April 2015, currently being marketed
January 2019
August 2018
June 2017, currently being marketed
March 2014, currently being marketed
September 2012

COMMITTEE: POLICY & RESOURCES

<u>Project Name</u>	1	2	3	4	5	6	7	8	9
	<u>Est Total Cost</u>	<u>Actual to 31/3/19</u>	<u>Approved Budget 2019/20</u>	<u>Revised Est 2019/20</u>	<u>Actual to 30/11/19</u>	<u>Est 2020/21</u>	<u>Est 2021/22</u>	<u>Est 2022/23</u>	<u>Future Years</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<u>Environment, Regeneration & Resources</u>									
<u>ICT</u>									
Storage/Backup Devices/Minor Works and Projects	65	24	41	41	14	0	0	0	0
Rolling Replacement of PC's	611	267	267	344	157	0	0	0	0
Whiteboard/Projector Refresh	10	5	5	5	5	0	0	0	0
Server & Switch Replacement Programme	228	114	91	114	30	0	0	0	0
Annual Allocation	1,089	0	0	0		363	363	363	0
<u>ICT Total</u>	2,003	410	404	504	206	363	363	363	0
<u>Finance</u>									
Modernisation Fund	123	112	11	0	0	11	0	0	0
<u>Finance Total</u>	123	112	11	0	0	11	0	0	0
TOTAL	2,126	522	415	504	206	374	363	363	0

Report To:	Policy & Resources Committee	Date:	4 February 2020
Report By:	Chief Financial Officer	Report No:	FIN/14/20/AP/LA
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Welfare Reform Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to update the Committee on recent developments in respect of Welfare Reforms and associated matters.

2.0 SUMMARY

- 2.1 The DWP's latest published UC caseload data reports that 6,039 people in Inverclyde claim Universal Credit and of those 29% had earnings in the assessment of their entitlement. The managed migration, Move to Universal Credit pilot continues in Yorkshire with the processes being tested on a nominal number of single claimants with straightforward circumstances. The pilot will continue until summer 2020 with the findings due to be reported to parliament in autumn 2020.
- 2.2 The "Other DHP" budget is projected to underspend by £94,000 and proposals are outlined in Appendix 4 to amend the current DHP Policy to increase spend whilst ensuring these changes are sustainable. SWF spend is marginally ahead of Scottish Government funding but within overall budget.
- 2.3 Section 7 of the report contains an update on discussions at a national level regarding being able to use HMRC and DWP data to maximise benefits uptake. Section 8 outlines the Council's long term approach to the treatment of War Pensions when calculating Housing Benefit entitlement. Formal approval of this approach is sought.
- 2.4 Section 9 contains the Advice Services update and provides a summary of reports and developments at a Scottish and UK level.
- 2.5 Section 10 seeks approval to continue funding to a number of established projects for a further 2 years. These projects provide valuable support to many vulnerable members of the community. Details of 2018/19 performance is shown in Appendix 5.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the updates provided in the report.
- 3.2 It is recommended that the Committee approves the amendments to the Discretionary Housing Payments Policy shown in Appendix 4.
- 3.3 It is recommended that the Committee approves the War Pensions Disregard Policy set out in section 8 of the report.
- 3.4 It is recommended that the Committee approves the further allocation of funding from the Anti-Poverty earmarked reserves set out in section 10 of the report.

4.0 BACKGROUND

- 4.1 The Committee receives reports each reporting cycle on the impact of the introduction of Universal Credit and other welfare reforms. Officers lead a multi-agency Welfare Reform Board and these updates reflect the work of that group.

5.0 UNIVERSAL CREDIT

- 5.1 The DWP's latest published UC caseload data reports that 6,039 people in Inverclyde claim Universal Credit and of those 29% had earnings in the assessment of their entitlement.

The Universal Credit Operations Group continues to meet, maintaining links with colleagues across the Council and external partners who support Universal Credit claimants.

- 5.2 In the six months to November 2019, HSCP Advice Service handled 316 new UC queries resulting in financial gains for clients of £75,000. 31% of the appeals represented by welfare rights officers at HM Courts and Tribunal Service involved UC of which 71% were upheld in the client's favour; financial gains were £329,000. The majority of UC appeals relate to claimants' capability for work.
- 5.3 Community Learning and Development continue to deliver an intensive and focused IT support service to give people the specific skills needed to manage their online UC claims. Outreach services continue in Jobcentre Plus, the Homelessness café and libraries. CLD encourage service users to use social media for job searching and volunteers support service users to consolidate their skills.
- 5.4 Changes to Universal Credit have been introduced since the last report. The maximum level of deductions to re-pay advance payments, arrears of rent, fuel and Council Tax and other official debt has been reduced from 40% to 30%. A new safeguard has been introduced to secure the UC advance payment process and to protect the more vulnerable. Applicants are now required to meet their work coach to verify identity before an advance is approved. Administrative improvements continue, albeit at a slow pace. A recent change improves the way landlords receive housing cost payments.
- 5.5 The Secretary of State announced a £10 million fund available to partner organisations, including charities, from April 2020 to help vulnerable people claim Universal Credit. The Financial Inclusion Partnership has been informed. The Citizens Advice Scotland "Help to Claim" contract ends at 31 March 2020.
- 5.6 The managed migration, Move to Universal Credit pilot continues in Yorkshire with the processes being tested on a nominal number of single claimants with straightforward circumstances. The pilot will continue until summer 2020 with the findings due to be reported to parliament in autumn 2020.

6.0 DISCRETIONARY HOUSING PAYMENTS/SCOTTISH WELFARE FUND

- 6.1 Appendix 2 shows a projected under-spend of £94,000 of the DHP budget allocated to supporting those with a shortfall between their rent and the help they receive with their housing costs through Housing Benefit or Universal Credit, for reasons other than the Social Sector Size Criteria. The under-spend includes £40,000 allocation from the Welfare Reform recurring budget, which will not continue from 2020/21. Officers considered options and developed proposals to utilise the remaining budget.
- 6.2 The current policy allows DHP to meet 50% of the shortfall for those who apply and are affected by the Benefit Cap and those whose applications are considered under Financial Hardship criteria. Increasing the award to meet 75% in these categories will cost £51,000. The proposals will be sustainable in future years if application levels remain the same and the Scottish Government funding allocation does not reduce.

- 6.3 DWP notifies the Council of those Housing Benefit claimants affected by the Benefit Cap, enabling the service to promote DHP directly with this group. Information about Universal Credit claimants is not shared and so there are no mechanisms in place to direct support. DWP reports that around 40 households in Inverclyde in receipt of UC have their benefit capped. At December 2019 only 4 UC claimants had DHP in place with an average award of £31 per week. Customer Services, Advice Services, Housing Associations and local Jobcentre Plus officers try to identify and encourage their service users to apply however this has been with limited success. Officers raised this matter with the COSLA Welfare Advisory group who agreed to ask the Local Authority/DWP Welfare Steering Group to develop and implement a new data flow of UC Benefit Cap data.
- 6.4 A policy review will be required if DWP agree to share UC Benefit Cap data, experience to date however indicates that if DWP were to agree, a solution may take some time to introduce. Officers will continue to monitor expenditure and DWP data share arrangements.
- 6.5 The proposed changes to the DHP policy are included in Appendix 4.
- 6.6 Appendix 3 shows expenditure through the Scottish Welfare Fund of £510,000 by 31 December 2019 resulting in a projected spend of £680,000, exceeding the Scottish Government allocation by £9,000. 30 Crisis Grants totalling £2.9k were awarded during the 3 working days between Christmas and New Year an increase from the 23 grants paid amounting to £1.9k during the same period last year.

7.0 EDUCATION BENEFITS

- 7.1 As previously reported, Her Majesty's Revenue and Customs (HMRC) Information Policy & Disclosure team informed there is no legal gateway that could support the council's ambition to enable the re-use of the existing data feed for the purposes of Free School Meals and School Clothing Grant or for a new data feed to support Educational Maintenance Allowance.
- 7.2 COSLA is however working with the Scottish Government using a different approach by applying to the UK Public Service Delivery Review Board and using the Digital Economy Act as the basis for the data share request. Inverclyde is represented on the working group.
- 7.3 The Committee had asked that Officers examine the implications of progressing a judicial review of HMRC's decision. In the light of the above actions through CoSLA which are in hand to address this issue, it cannot be suggested that a judicial review be undertaken. In these circumstances, judicial review should be seen only as the ultimate step within attempts to data share, as above, and efforts should be concentrated on that process. In contemplating judicial review, all guidance is that it should be seen as part of a wider system to attempt to seek remedies and all suitable alternatives should firstly be exhausted.
- 7.4 There are significant financial consequences for any petition for judicial review as this court action can only be raised in the Court of Session. There are three main categories of review involving (a) illegality; (b) unfair procedure; and (c) unreasonable or irrational decision-making. The scope of judicial review encompasses the decisions of all public bodies and government ministers and the decisions of these can be reviewed and challenged through the court. In any action of judicial review, it is necessary for the petitioner, such as the Council, to satisfy the court that they have "standing" to bring a judicial review action either in respect of the Council's own interests or in respect of public interest issues. If a petition were to be considered, a detailed report and an external assessment with specialist advice will be required. However, the current steps that are specified above are suggested to be the best route to pursue the Council's concerns.

8.0 WAR PENSION DISREGARD

- 8.1 Councils have the discretion to disregard income from war disablement and bereavement pensions when calculating entitlement to Housing Benefit. The government's rules are that

£10 per week of income from war disablement and bereavement pensions is disregarded. Inverclyde, like most councils, operates a locally modified scheme and disregards these pensions in full. The net annual cost to the Council to support the Housing Benefit local scheme is under £5,000. War disablement and bereavement pensions are disregarded for the assessment of Council Tax Reduction in the same way as the Housing Benefit modified scheme.

- 8.2 Audit Scotland noted in the final report of the 2018/19 Housing Benefit Subsidy Claim that the Council could not provide evidence of committee approval to utilise this discretionary power, in place since at least 1994. Inverclyde Council signed the Armed Forces Community Covenant in March 2012 which outlines the moral obligation between the Nation, the Government and the Armed Forces, at the local level. Inverclyde Council has supported the Armed Forces Community in many ways with the Housing Benefit locally modified scheme pre-dating the Armed Forces Community Covenant. The Committee is asked to approve the 100% disregard of war disablement and bereavement pensions from the assessment of Housing Benefit and Council Tax Reduction.

9.0 ADVICE SERVICES UPDATE

9.1 Two-Child Limit – Work and Pensions Select Committee Report (Third Report of Session 2019)

In their final report of the previous Parliament, the Work and Pensions Committee called for the government to lift the two-child limit and return to providing support for all children through the benefits system. Observing that the government's justification for limiting support to only the first two children in a family is that it wants parents claiming benefits to face the same financial choices as those who are supporting themselves solely through work, the Committee concludes that this argument 'does not stand up to scrutiny'.

9.2 State of Hunger 2019

State of Hunger 2019 is the first annual report of a three year research project conducted by Heriot-Watt University, commissioned by the Trussell Trust. The report finds the average weekly income of people using food banks is £50 after paying rent and 20 per cent of users reporting no income in the previous month. Almost three-quarters of people at food banks have a health issue, or live with someone who does, and 94 per cent of people at food banks are destitute.

9.3 Scottish Welfare Fund Funding Provision

As part of the Scottish budget scrutiny process the Scottish Social Security Committee has called for a review of funding provision for the Scottish Welfare Fund (SWF). In a letter, dated December 4 2019 to the Cabinet Secretary for Social Security, Shirley-Anne Somerville, the Committee Convener, Bob Doris, highlights SWF funding has not increased since the introduction of the Fund in 2013/14, representing a real terms decrease in funding at a time when the Fund is under significant pressure due to inflation and rising demand. The Convener calls on the Scottish Government:

"...to work in partnership with COSLA to review the operation of the Scottish Welfare Fund across all local authorities in Scotland. The purpose of the review should be to assess whether the monies allocated to the Fund by the Scottish Government reflect the level of demand across all local authorities, whether there is consistency on how decisions about applications are made and whether the current distribution formula amongst local authorities remains appropriate and reflective of and responsive to local need."

9.4 Disability Assistance for Children and Young People – Draft Regulations

The draft regulations were sent by the Scottish Government, on December 4, to the Scottish Social Security Committee and the Scottish Commission for Social Security for consideration, with a view to the regulations being laid before Parliament in Spring 2020. The policy note accompanying the regulations outlines areas of policy divergence from existing Disability Living Allowance (DLA) provision for children, covering:

The extension of the entitlement from age 16 to 18, where a young person is in receipt of the benefit prior to reaching 16;

The introduction of Short-term Assistance that ensures claimants can continue to receive

their previous award payment, where an award is reduced or stopped, until the conclusion of any challenge against the decision to reduce or stop the award;
 The introduction of Child Winter Heating Allowance, a £200 annual payment made to claimants in receipt of the highest rate care component; and
 The implementation of a new definition of terminal illness, removing the existing requirement that a person must reasonably be expected to die within 6 months.

10.0 ANTI POVERTY FUND PROPOSALS

10.1 There is projected to be approximately £500,000 uncommitted within the Anti-Poverty Fund. Officers would recommend the continuation of support to 3 well established projects for a further 2 years i.e. to 31 March 2023. Making this decision now will provide some certainty to both the organisations and those who benefit from the support. A brief evaluation of the 2018/19 performance is included in Appendix 5.

10.2 The proposed awards are:

Starter Packs - £30,000/year for 2 years
 Financial Fitness - £30,000/year for 2 years
 Wise Group (IHEAT) - £40,000/year for 2 years

The total cost would be £200,000 leaving £300,000 unallocated. Further proposals to utilise the Anti-Poverty Fund will be presented to future Committee meetings.

10.3 In addition it is proposed to continue £3,000 per year funding for the next 2 years to the Homestart, Cook School project which assists families develop the necessary skills to produce cost effective and healthy meals. The first year's funding is coming to an end and CLD report positive outcomes.

11.0 IMPLICATIONS

11.1 Finance

The projected unallocated balance at 31 March 2020 of the Anti-Poverty earmarked reserve is £500,000. If the Committee approves the proposals in section 10 then the available balance reduces to £294,000.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Anti-Poverty Fund	Payments to Other Bodies	2021/23	206		

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

11.2 **Legal** – There are no other legal matters raised in this report above those specifically highlighted.

11.3 **Human Resources** – There are no HR matters arising from this report.

11.4 **Equalities**

Equalities

(a) Has an Equality Impact Assessment been carried out?

	YES
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report’s recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report’s recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

11.5 **Repopulation**

There are no repopulation issues arising from this report.

12.0 CONSULTATIONS

12.1 The report reflects discussions and updates provided by the Welfare Reform Board.

13.0 BACKGROUND PAPERS

13.1 None

Universal Credit - Inverclyde Council

	No. of UC claimants	% of UC claimants with earnings	No. of UC claimants with Council Tax Reduction	No. of UC claimants awarded SWF Crisis Grants
Jun-18	5240	32%	2408	135
Jul-18	5397	32%	2526	125
Aug-18	5527	32%	2607	176
Sep-18	5640	33%	2647	156
Oct-18	5718	33%	2657	127
Nov-18	5804	34%	2690	172
Dec-18	5753	35%	2725	118
Jan-19	5768	34%	2800	198
Feb-19	5597	29%	2823	151
Mar-19	5611	28%	2969	148
Apr-19	5680	28%	3098	142
May-19	5707	28%	3155	153
Jun-19	5749	27%	3134	130
Jul-19	5888	28%	3206	134
Aug-19	6021	25%	3316	169
Sep-19	6039	29%	3491	131

Notes

1. No. of UC claimants is the number of individuals in receipt of Universal Credit either individually or as part of a couple

Discretionary Housing Payments
Position 31.12.19

<u>1/ SSSC (Bedroom Tax)</u>		
Applications Approved	1483	90.21%
Applications Not Eligible/Refused	107	6.51%
Applications Being Assessed	54	3.28%
	<u>1644</u>	
	<u>£</u>	
 Paid to Date	 1103092	 Note 1
 2019/20 Budget	 1031380	
(Under)/Overspend	<u>71712</u>	Note 2
 <u>2/ Other DHP Cases</u>		
	<u>£</u>	
 2019/20 Budget	 218355	 Note 3
less : Payments to 31/12/19	124492	Note 4
(Under)/Overspend	<u>(93863)</u>	

Notes

- 1/ Represents 98.90% of those households known to be affected by SSSC.
- 2/ An overspend will initially be offset against Scottish Government Other DHP funding.
- 3/ Includes £40k Welfare Reform Recurring budget
- 4/ Prior to Policy Changes outlined in the report.

Finance Services
31/12/2019

Scottish Welfare Fund
31st December 2019

Calls Answered	7929		
Applications	4456		
Applications Granted	2437	54.69%	
Applications Refused	1093	24.53%	Note 3
Applications Withdrawn	875	19.64%	
In Progress	51	1.14%	
Referrals to DWP	117		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (1743)	158	264	59.85%
Community Care Grants paid (758) (includes 64 applications paying both CCG & CG)	352	507	69.43%
	<u>510</u>	<u>771</u>	66.15%

Note 1 1st Tier Reviews awaiting decision = 3
 1st Tier Review decisions = 49 (1.39%)
 1st Tier Reviews upheld in customer favour = 29 (59.18%)
 2nd Tier Reviews = 6 (as % of 1st tier decisions: (12.24%)
 2nd Tier Reviews upheld in customers favour by SPSO = 2 (33.33%) Note 5

Note 2 Referrals to DWP are the number of customers who are awaiting payment of a new claim for Universal Credit from DWP. In these circumstances an application can be made for a UC advance, which is repayable to the DWP.

Note 3 The most common reasons for refusal of claims are, applicants not meeting the eligibility criteria, not being in receipt of a low income or incomplete evidence provided.

Note 4 Core Budget is £670,985 to which is added £100,000 allocation from the Anti-Poverty recurring budget.

Note 5 Decisions were based on additional information sourced by SPSO which was not available to Discretionary Payments Team at the point of the original application or 1st tier review stage.

DHP Policy – February 2020

Appendix 4

Category	Circumstances	Maximum Duration of Award/ Award to be reviewed	Amount of DHP (up to the stated % of the shortfall between HB and the rent charge – or otherwise stated)	Examples of Supporting Evidence	Changes from Previous Policy
1	Claimants affected by the Social Sector Size Criteria (Working Age Housing Benefit claimants living in Housing Association tenancies)	For the full financial year	100% of the SSSC reduction	HB records	
2a.	Claimants supported by the Homelessness Service in the Private Rented Sector	12 months	100%	Homelessness records	
2b.	Claimants supported by the Homelessness Service into Social Sector housing	One- off payment	Up to the equivalent of 1 week's rent charge for the new tenancy	Housing Association notification Lease agreement	
2c.	Benefit Cap	Until end of financial year	75%	HB records	50% of the shortfall between HB and the rent charge
3a.	Financial Hardship – Less than £50 income over expenditure each week	Until end of financial year	75%	Claimant statement/HB Assessment	50% of the shortfall between HB and the rent charge
3b.	Financial Hardship – Less than £50 income over expenditure each week – aged less than 35years and housed private rented sector	Until end of financial year	100%	Claimant statement/HB Assessment	
3c	Financial Hardship – Less than £50 income over expenditure each week – housed private rented sector and in exceptional circumstances	Until end of financial year	100%	Claimant statement/HB Assessment	

Notes

DHP is awarded in order of priority with applications meeting the criteria for Category 1 being the first priority to Category 3 being the lowest priority

Category 1

- Applicants in category 1 are not subject to a financial assessment

Category 2

- Applicants in category 2 are subject to a financial assessment. Applicants are approved where income is less than £50 more than essential expenditure. Disability Living Allowance, Personal Independence Payment and Attendance Allowance are disregarded as income although all other income is taken into consideration.
- Awards for claimants supported by the Homelessness Service in the Private Rented Sector are limited to the equivalent of the difference between the HB award and one rate above the LHA rate for the household's requirements or the LHA 2 room rate, whichever is higher. Affordability of those supported by the Homelessness service will be monitored closely subject to an upper annual budget of £10k.
- Those affected by the Benefit Cap renting in the social sector – DHP is awarded based on the difference between HB and the rent charge
- Those affected by the Benefit Cap renting in the private rented sector – DHP is awarded based on the difference between HB and the LHA rate applicable to the household's requirements, unless determined to be exceptional circumstances.
- Private rented sector claimants subject to Local Housing Allowance restrictions who are in "exceptional circumstances". Award DHP to meet the difference between HB or UC housing costs and one LHA rate above the rate applicable to the household's requirements with a limit of the 2 room rate for those aged less than 35 years. Exceptional circumstances being situations that are particularly challenging and for an identifiable and specific reason, normally beyond the applicant's control and more than the financial pressure experienced by most people who rely on welfare benefits. Exceptional circumstances may be when support is provided by Macmillan Cancer Support or similar organisation; those with terminal medical conditions; unexpected personal or family problems or illness.

Category 3

- Applicants are approved where income is less than £50 more than essential expenditure. Disability Living Allowance, Personal Independence Payment and Attendance Allowance are disregarded as income although all other income is taken into consideration. This category will also be monitored closely and could be subject to review depending on the level of spend.
- In the private rented sector DHP is awarded based on the difference between HB and the LHA rate applicable to the household's requirements or the 1 room rate for those aged under 35 years
- In the social sector DHP is awarded based on the difference between HB entitlement and the rent charge
- Private rented sector claimants subject to Local Housing Allowance restrictions who are in "exceptional circumstances". Award DHP to meet the difference between HB or UC housing costs and one LHA rate above the rate applicable to the household's requirements with a limit of the 2 room rate for those aged less than 35 years. Exceptional circumstances being situations that are particularly challenging and for an identifiable and specific reason, normally beyond the applicant's control and more than the financial pressure experienced by most people who rely on welfare benefits.

DHP Policy – February 2020

Appendix 4

Exceptional circumstances may be when support is provided by Macmillan Cancer Support or similar organisation; those with terminal medical conditions; unexpected personal or family problems or illness.

Date: February 2020

Summary of the stats from 2018-19 for the

- Wise Group
- Financial Fitness
- Starterpacks

Starter Packs

It was agreed in 2018-19, Starter Packs would:

- Provide packs of basic household items to vulnerable clients, setting up new tenancies; and
- Provide 140 vulnerable clients each year with packs.

Summary 2018-19

- Over the 2018-19 financial year Starter Packs provided 374 vulnerable households with 2,632 Starter Packs. The cost of this equates to £7.60 per pack for the investment that Inverclyde Council made.
- In total, 369 adults were provided with packs and 182 children were also issued with packs. Of the packs issued to adults, 57% were provided to male adults, and 43% were provided to female adults
- Single adult households were the main recipients of the packs provided, making up 69% of all households, followed by single parent households that made up 25% of all households.
- Of the single person households that received support, 66.9% were male households.
- There were thirty-one referral sources to Starter Packs, with the top five referral sources being:

- River Clyde Homes (97 referrals)
- Homelessness Services (79 referrals)
- Social Work (45 referrals)
- Advice Services (25 referrals)
- Oak Tree HA (17)

Financial Fitness – Agreed Outcomes

Financial Fitness received £30,000 over the financial year from the Anti-Poverty Fund.

The targets that were identified for Financial Fitness were:

- To provide a generic welfare rights advice service to Inverclyde residents; and
- To provide 600 client interventions in the financial year.

Summary 2018-19

Financial Fitness dealt with 299 unique clients, leading to a total of 905 interventions with those clients. This equated to an average of 3 interventions per client.

The most common type of issue that clients required advice in relation to was:

- General Advice on Entitlement to benefits (129);
- Advice on entitlement to miscellaneous benefits (39);
- Advice on entitlement to Employment Support Allowance (36);
- Advice on entitlement to Personal Independence Payment (25);

- Advice on entitlement to Universal Credit (19);
- Migration from Disability Living Allowance to Personal Independence Payments (16)

- Thirteen per cent of those clients that sought advice were carers.
- The financial gains recorded for clients as a result of the assistance provided were £100,209.91. This equates to a return of £3.34 for every £1 invested by Inverclyde Council.
- Seventy-two per cent of clients were aged between 25 and 64 years of age, with 20% being over 65
- Seventy-nine per cent of clients seen were not able to work because of sickness or disability;
- The most common course of action taken to assist clients were:
 - Advice on entitlement to benefits (156);
 - Assistance to make an initial claim (139).

The Wise Group

The outcomes agreed for this project were that IHEAT would support:

- Two hundred customers per annum via energy advice home visits
- Continue the '£75 for 75' project to provide payments to Inverclyde residents over 75 who are in fuel poverty or fuel fear and Emergency Fund.

Summary 2018-19

- During the year 2018/19, the £75 for 75 Fund, supported over 75 year olds by issuing 404 tokens of £75 towards their fuel bills. All clients were provided with I Heat advice alongside the payment. The total values of the payments made were £30,300.
- The Emergency Fund made 30 awards to clients with an emergency payment related to their energy. This includes support with boiler breakdowns; cavity wall insulation; access to hot water; replacement heaters etc. The total amount paid out was £6,111.32.

Report To:	Policy & Resources Committee	Date:	4 February 2020
Report By:	Chief Financial Officer	Report No:	FIN/13/20/AP/AM
Contact Officer:	Allan McDonald	Contact No:	01475 712098
Subject:	ICT Services Performance Update		

1.0 PURPOSE

- 1.1 On 20 June 2017 the Committee approved the Council's Digital and ICT Strategies for 2017 – 2020. This report includes updates on the Digital and ICT Strategies, performance and Channel Shift statistics, details of the Council's PC Refresh programme and information on a number of upgrade projects being implemented by ICT and Finance Services.

2.0 SUMMARY

- 2.1 Updates to the action plan for the Digital Strategy can be found at Appendix 1.

The Committee will note positive updates in two key work streams which were delayed due to supplier issues:

- The upgraded Online "Request, Book and Pay" functionality is being used to facilitate the ordering and payment for Garden Waste Bin Permits.
 - An online Council Tax Management System is ready for public use to administer a range of functions.
- 2.2 The Council continues to look towards new and distinct methods of allowing customers to interact with the Council's Services. Updated Contact and Payment statistical information is now provided to monitor channel usage in Appendix 3, Section 1. This will be further updated with information from the upgrades highlighted above as information is gathered.
- 2.3 Updates to the action plans for the ICT Strategy can be found at Appendix 2.
- 2.4 A key target within the ICT Strategy was the migration of Cloud Based systems, an initial scoping exercise has identified key areas of operations that the Council will take forward to ITT stage.
- 2.5 Working on behalf of the Greenock Town Centre Regeneration Forum, a successful trial of the new Greenock town Centre Wi-Fi was completed and has been in use around Greenock Municipal Buildings since the Christmas Lights Switch-On in Clyde Square.

3.0 RECOMMENDATIONS

- 3.1 That the Committee notes the Performance Statistics Report and Action Plan updates for the Digital and ICT Strategies.
- 3.2 That the Committee notes that the current Digital Strategy funding is almost fully committed.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council runs a small and cost effective ICT service which provides support across ICT hardware, software and security. The parameters for this support and how users operate the system are supported by a number of ICT policies which are considered and approved by the Policy & Resources Committee.
- 4.2 ICT Services provides 6 main functions as part of its overall service:
- Servicedesk – Incident Response and Service request
 - Server and System Support
 - Network and Telecommunications
 - Application Support and Development
 - Project Management
 - Cyber Security & Incident Response
- 4.3 The service provides support from 08:40 – 17:00 (16:30 Friday) and continues to deliver a highly efficient and cost effective service. The service is consistently benchmarked as one of the lowest spending services per customer/device of all 32 local authorities.
- 4.4 On 20 June 2017 the Committee approved the Council's Digital and ICT Strategies for 2017 – 2020.

5.0 DIGITAL STRATEGY

- 5.1 The Digital Strategy highlights the increase in the use of digital media and services in the everyday lives of the public and the need for the Council to continue to develop its services to ensure that they can be accessed and delivered in the manner which the public expect. It recognises that there remains a sizable number of customers within Inverclyde who make limited or no use of digital services and will continue to interact with the Council on a face to face basis or by telephone.
- 5.2 The Digital Strategy update at Appendix 1 notes that two key projects – Citizens Access – Revenues implementation and the Customer Services CRM Update, whilst delayed are now reaching significant milestones and will be implemented by the time the Committee meets.
- 5.3 Citizens Access – Revenues (CA-R) will allow residents to manage and update Council Tax accounts, apply for discounts and update personal details. Quality Assurance testing by the service identified significant issues that the supplier agreed to resolve.
- 5.4 The supplier resolved the issues identified over a number of weeks and an updated version of the system with the issues addressed was released at the end of 2019.
- 5.5 The following functions have been tested, are now live and have now been launched to back-office staff and CSC:
- View account
 - View and print copy bills
 - Search for your Council Tax Band
 - Direct Debits
 - Student Discount and Exemption

These services are now available with public launch scheduled for 27 January 2020.

- 5.6 The launch of E-billing is to replace the traditional paper bills currently in use. A billing run has been carried out on Northgate (Test) to see how this would separate e-billing customers from traditional paper copy bills.

- 5.7 Communication with CLD, CSC and libraries is progressing in order to arrange for staff to support customers set up mygov accounts which will be required to access CA-R. The ICT Project Lead is liaising with Corporate Communications to outline the project and prepare for the publicity and information required for the launch.
- 5.8 The Kana CRM system Upgrade is at an advanced stage. The updated system has now been fully implemented in the test environment and staff training and evaluation is continuing. The first two processes to be developed for the new system – Bulky Uplift Ordering and Street Lighting Fault reporting and management - are being tested by services, however due to the pressing implementation dates, the new process for ordering and paying for a Green Waste Bin Permit was accelerated to be completed first. Internal testing was completed on 13 December 2019 and submitted for User Acceptance Testing. Following successful testing the go live date was 13 January 2020.
- 5.9 There have been ongoing issues with the mapping functionality on the Apple iOS version of the Inverclyde Online App. Usage has been relatively low producing an average of 7.3% of calls across the 9 areas that the app allows to be reported.
- 5.10 ICT has requested that the iOS version be removed from the App store until the updated version is uploaded. The Android app has been updated and full mapping functionality has been restored, that version will remain active until the functions are replicated on new system. If possible, the iOS version will be updated and made available again as soon as practicable.
- 5.11 Given the low use and relatively limited functionality it is anticipated that mobile functionality will migrate away from the app with the implementation of the updated core Kana product towards mobile web pages and the Inverclyde Online app will eventually become redundant.
- 5.12 ICT is continuing to develop relevant statistical information monitoring the progress towards different delivery channels and uptake of digital service. Section 1 of Appendix 3 shows relevant statistical information for Contacts (tables 1.1 and 1.2) and Payment Types (tables 1.3 and 1.4). These tables show that the use of available channels remains largely unchanged over the previous 12 month period, with a slight increase in email and a slight drop in telephone interactions.

6.0 ICT STRATEGY

- 6.1 The ICT Strategy supports the Digital Strategy and details how the Service will deliver the core ICT infrastructure and functions including system support, hardware and software refresh, core systems and system security. Appendix 2 shows the progress being made against the key actions identified in the strategy.
- 6.2 As reported in more detail in the Capital Update report to the Committee, ICT will replace 603 devices, mainly in the HSCP and in the Corporate Campus as part of the Desktop and Laptop replacement programme for 2019/20. This follows on from the 2018/19 programme where, in conjunction with colleagues from Education Services and to complement the Schools Wi-Fi Programme, replacement of laptops in the school estate was identified as the priority for this refresh programme. The Council invested over £0.3m in replacing over 830 laptop devices across all areas of the Primary, Secondary and ASN School Estate.
- 6.3 A key target within the ICT Strategy was the migration to Cloud based systems and that it should adopt a Cloud first approach where looking at system upgrades and procurements. In practical terms this has proved difficult to implement due to the stable and resilient nature of existing systems and there has been little requirement or justification to migrate to Cloud based solutions until now.
- 6.4 Meetings with suppliers and other Local Authorities to produce a Cloud Migration Strategy and budget implications has been completed. A separate report to the Committee with full expenditure and project details will be submitted for approval in due course.

- 6.5 A small number of systems, procured during the period of the strategy, have been cloud based and this approach will be accelerated however the Council is now in a position where a number of core system services are at a stage where renewal of hardware and licences are now required.
- 6.6 Two key areas have been identified to be developed as the first phase of the Cloud Migration Strategy:
- Microsoft Office 365 Licensing - Licensing for the core desktop and server products was last renewed in 2014. The lifespan of the last supported product versions are now coming to the end of their product lifecycles. Windows 7 and Office 2013 are both being withdrawn and the Council is migrating towards Windows 10 and Office 365 across the estate. Schools were migrated in 2018 and the corporate Estate will be migrated in 2019/2020/2021 as licensing and resources allow.
- Voice and Call Management - The Council currently hosts all voice and call management within the data centre. The incoming lines are provided by Vodafone and this is routed via various Cisco Call Manager applications to provide extension management, voicemail and Call Centre functionality. The internal calling goes over our private network and SWAN links to the schools and other Council buildings outside of the GMB Campus. It is proposed to migrate much of this infrastructure into the Cloud, either by means of a fully managed and hosted service, or by a self-administered hosted version of the current infrastructure.
- 6.7 Working on behalf of the Greenock Town Centre Regeneration Forum, a successful trial of the new Greenock town Centre Wi-Fi was completed and has been in use around Greenock Municipal Buildings since the Christmas Lights Switch-On in Clyde Square. Work is ongoing to extend the service along Cathcart Street towards Greenock Central Train Station.
- 6.8 Both the Digital and ICT Strategies are due to be refreshed in 2020 and are scheduled to be presented to the Committee after the summer recess. This will include a request for additional one off resources.

7.0 IMPLICATIONS

7.1 Finance

Financial Implications:

There are no additional financial implications arising from this report. Currently only £46,000 of the Modernisation Earmarked Reserve remains.

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

7.2 Legal

There are no legal implications arising from this report.

7.3 Human Resources

A saving arising from the Cloud Migration Strategy has been approved as part of the 2020/21 Revenue Budget.

7.4 Equalities

There was a full equalities impact assessment carried out with the initial Strategy and as such an equalities impact assessment is not required at this time.

7.5 Repopulation

7.6 The provision of modern and responsive services will help promote the area and contribute towards stabilising the area's population.

8.0 CONSULTATIONS

8.1 There have been no consultations required for this report.

9.0 BACKGROUND PAPERS

9.1 Digital Strategy 2017 – 2020 and ICT Strategy 2017 – 2020.

Appendix 1 – Digital Strategy Action Plan Update December 2019

Action		Success Criteria	Implementation	Target Date	Responsible Officer	Update	Status
Customer Focus	Provide Improved online Services	Delivery of extended range of services available.	Develop a Citizen Self-Service Portal where KANA CRM is linked to the portal & enable citizens to access multiple services via single sign-on. Allow customers to book & pay for services online. Increase the range of services available via Web Self-Service	Dec 19	ICT Service Manager	New process for ordering and paying for a Green Waste Permit was accelerated to be completed first. Internal testing completed Dec 19 and submitted for User Acceptance Testing. Go live scheduled 13th Jan 2020. Processes for Bulky Uplift booking and Street Lighting Faults have been completed and are being tested.	Go live scheduled for new Green Waste permit process.
			Allow Council Tax administration via the Council website - Business case for implementation has been agreed.	Oct 19	Revenues & Customer Services Manager	Initial implementation complete. – The following functions have been tested and have now been launched to back-office staff and CSC: <ul style="list-style-type: none"> • View account • View and print copy bills • Search for your Council Tax Band • Direct Debits • Student Discount and Exemption Now available for public launch in line with new billing procedures.	Public launch scheduled for 27 th January 2020
			Revise the range of Services available via Inverclyde on-line app	Jan 18	ICT Service Manager	Review completed and working group established	Complete
			Conduct targeted citizen surveys – design services the way citizens want them to be delivered.	Dec 17	CSC Team Leader	CSC Survey complete, results being analysed. Ongoing process now in place	Complete
	Increase customer feedback opportunities to design, improve and promote services. Enable citizens to track and monitor progress of queries, orders, applications etc.	Increased use of Digital Channels Improved Customer Service & satisfaction	Enable opportunity to allow citizen to rate experiences.	Mar 2020	Corporate Policy & Partnership Manager	Procurement of consultation and feedback system completed. Development work ongoing with Corporate Comms.	On-track
			Conduct regular citizen surveys to gather feedback.	Ongoing		Citizen Panel Engagement completed. Review of findings being undertaken.	Complete

Action		Success Criteria	Implementation	Target Date	Responsible Officer	Update	Status
Working Practices	Identify and implement agile working opportunities subject to appropriate Business Case	Delivery of agile working solutions for appropriate staff.	Work with Property Maintenance and Environmental & Commercial Services to identify opportunities. Produce appropriate business cases & implement If required.	Dec 18	ICT Service Manager	All Visits DMTs and SMTs sent to services. ERR, ECOD SMTs visited. HSCP now completed. No new opportunities identified by Services	Complete
			Review physical infrastructure – building layouts.		Corporate Director ERR	Review of recently refurbished buildings part of Directorate Change Board	Complete
			Optimise use of existing buildings via appropriate Equipment/Access/Permissions & Hot Desk Facilities.		Property Services Manager	Agile working facilities are provided as required by customers	Complete
	Review home and Mobile working Policies	OD&HR to review policies a practices. Improved productivity and employer satisfaction	Identify opportunities with ECMT	August 2018	Head of ODHR	Review underway and consultation has begun with TU's in anticipation of presentation to CMT. Includes change of focus from Flexible and Mobile Working to Agile Approach. Draft Policy completed and is being reviewed.	Ongoing – report scheduled to be reviewed at CMT Q1 2020
	Develop a range of management and business intelligence reports and the creation of a central Customer Service dashboard of management information reports in order to improve and target service delivery.	Delivery of a range of reports and information required by services	Define specifications and identify appropriate functions to be offered.	Dec 2018	ICT Service Manager/Revenue & Customer Services Manager.	Initial set of reports detailing Channel delivery developed. Ongoing engagement to identify and produce extended reports being overseen by Channel Shift Group	Complete

Action		Success Criteria	Implementation	Target Date	Responsible Officer	Update	Status
Infrastructure	Implement an open Data Policy	Open data policy published and implemented.	Develop a clear policy in line with customer expectations and national developments.	Ongoing	Senior Information Risk Officer/ Information Governance Working Group	Policy Published	Complete
	Investigate further systems integration	Further systems become available online.	Engage with suppliers to identify possible system integrations to allow additional services to be available to staff and customers	August 2018	ICT Service Manager	Engagement with services and suppliers ongoing. Initial discussions regarding potential UFIS/Uniform integration with Kana No requests from Services.	Complete
	Consolidate and improve ICT offering in Community Facilities	Reduce Digital Exclusion	Identify key access hubs & refresh equipment/improve digital access.	Mar 2020	Head of Safer and Inclusive Communities ICT Service Manager	Audit of current estate (including partners) completed. Future of hubs and budget identified. Survey of Service Users completed – project development meeting arranged. Pilot sites agreed and network installation initiated	On-track

Appendix 2 – ICT Strategy Action Plan Update December 2019

Action		Milestones	Success Criteria	Target Date	Update	Status
Service Provision	Continuous Improvement	Review and publish updated SLA Targets	New SLAs agreed and then met.	From June 2017	Updated stage 1 targets incorporated from April 2018	Complete
	Working With Services	Regular engagement with key Services including Education, HSCP and Finance.	Deliver objectives in the Digital Strategy	From June 2017	Ongoing engagement with Key Services.	On Track
	Training & Skills Development	Identify training and skills required to support the service	ICT Staff have appropriate skills & knowledge to deliver high quality services	April 2018	ICT Service Manager is working with team leaders to identify as part of Appraisal Process	Complete
Information Security	Network and System Security	Support the Information Governance group in dealing with the individual data management responsibilities of each member of staff.	Corporate approach to data handling and electronic document management.	Ongoing	ICT Service Manager is member of IG Working Group	Complete
	PSN Compliance	Use of industry partners to provide Security Assurance through the Penetration Test & IT Health check process. Maintain PSN Code of Connection compliance/accreditation	Provision of report and implementation of recommendations PSN Compliance Certificate	Annual	Next IT Health Check scheduled for early 2020	Complete

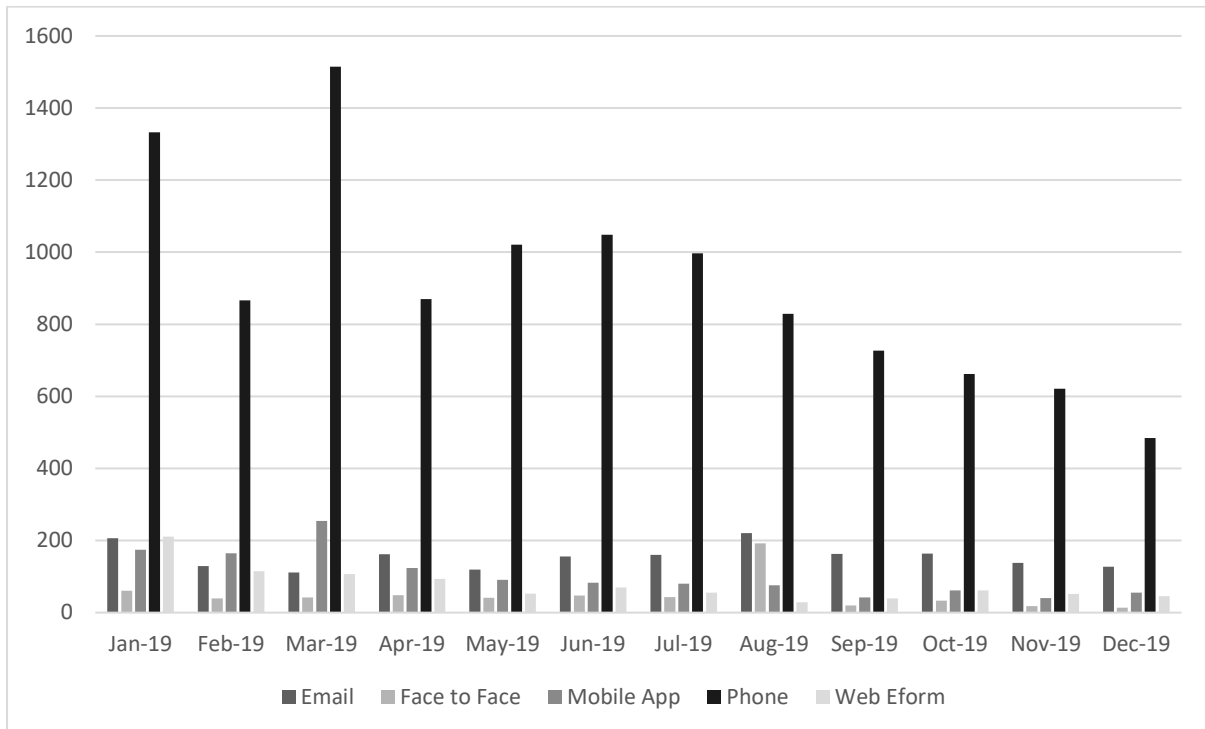
Action		Milestones	Success Criteria	Target Date	Update April 2018	Status
Core Systems	Review Core Systems	Engage with services to review Core Systems. Complete a full Strengths, Weaknesses, Opportunities and Threat (SWOT) review of all core systems Determine if each identified system still provides best value and appropriate functionality. Develop plans for retirement or replacement of existing systems which are no longer sustainable and integrating their functions into other existing Council solutions. Subject to appropriate cost/benefit analysis.	Council Systems are robust, provide best value and appropriate functionality.	April 2018 Dec 2019 (for decision)	Key review process identified and supporting processes developed. ICT working in partnership with HSCP to identify suitable replacement for SWIFT Total had advised that there will only be minimal new development of FMS and that in the longer term, support may be withdrawn. Total Mobile confirmed long term support, decision to maintain current systems Awaiting signed SLA to be returned from supplier.	Complete On Going
	Ensure that existing systems are being used effectively	Engage with services to ensure that existing systems are being used effectively. Focussing on collaboration and communication tools including the Cisco telephony systems, Cisco Jabber, JANET Video Conferencing. Evaluate Skype for Business as an alternative client.	Services have access to the tools and functions required to provide effective efficient services to customers and staff.	August 2018	Key review process identified and supporting processes developed.	Complete
Asset management Programme & Procurement Strategy	Hardware Refresh programme	Support requirement for children and young people to have access to the appropriate technologies required to support their learning in the curriculum	Equipment remains up to date and fit for purpose.	Ongoing	831 School laptops identified and replaced in 2018/19 project. Review of Whiteboard requirements to be reported by April 2020.	Complete April 2020
	Supplier management	ICT Service and Corporate Procurement liaise with the major suppliers' account managers on a regular basis via the established Supplier Management Process.	Appropriate level of supplier support and best value.	Ongoing	Supplier engagement ongoing.	On Track
	Cloud Based Services	Investigate migration of services to Cloud based/hosted systems.	Systems delivered efficiently and within appropriate pricing structures	December 2019	Meetings with suppliers and other Local Authorities to produce Cloud Migration Strategy and budget implications completed. Procurement process to be initiated as appropriate. Separate Report to Committee with	On Track

				Next Stage April 2020	full expenditure and project details to be produced.	
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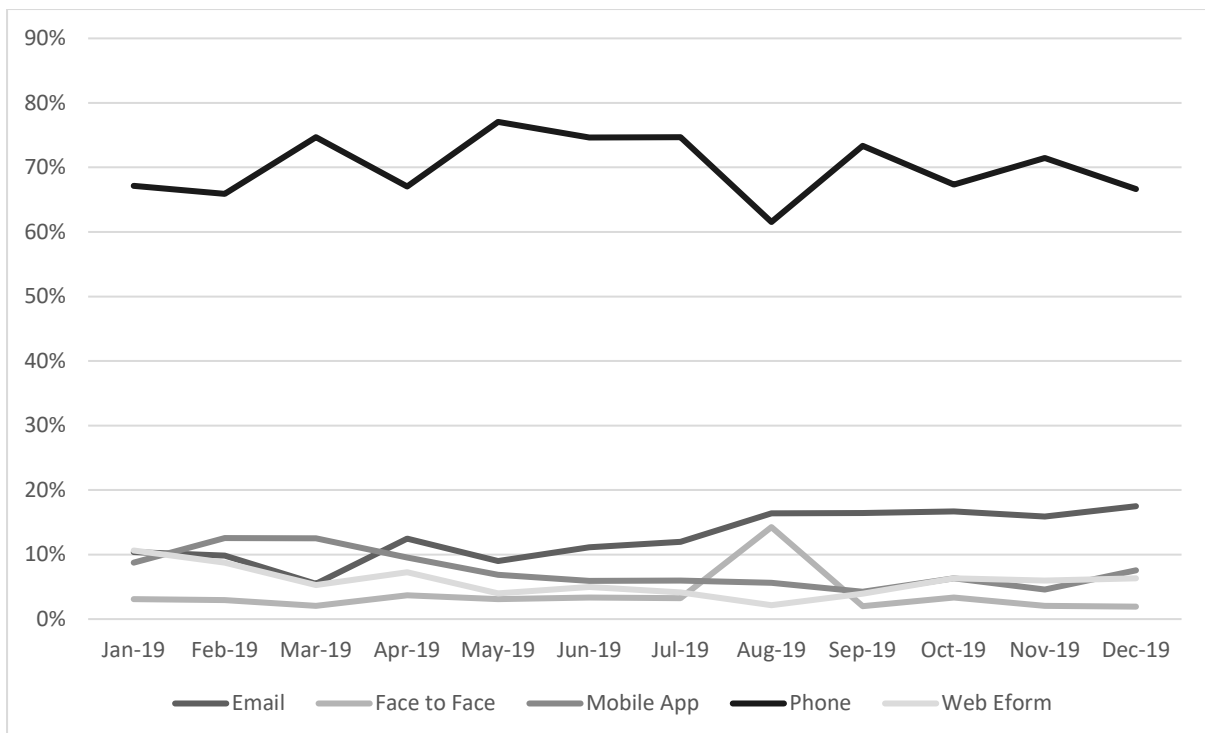
Appendix 3 – Performance Statistics – 31st July 2019

Section 1 – Channel Shift

1.1 Total Number of Requests by Channel

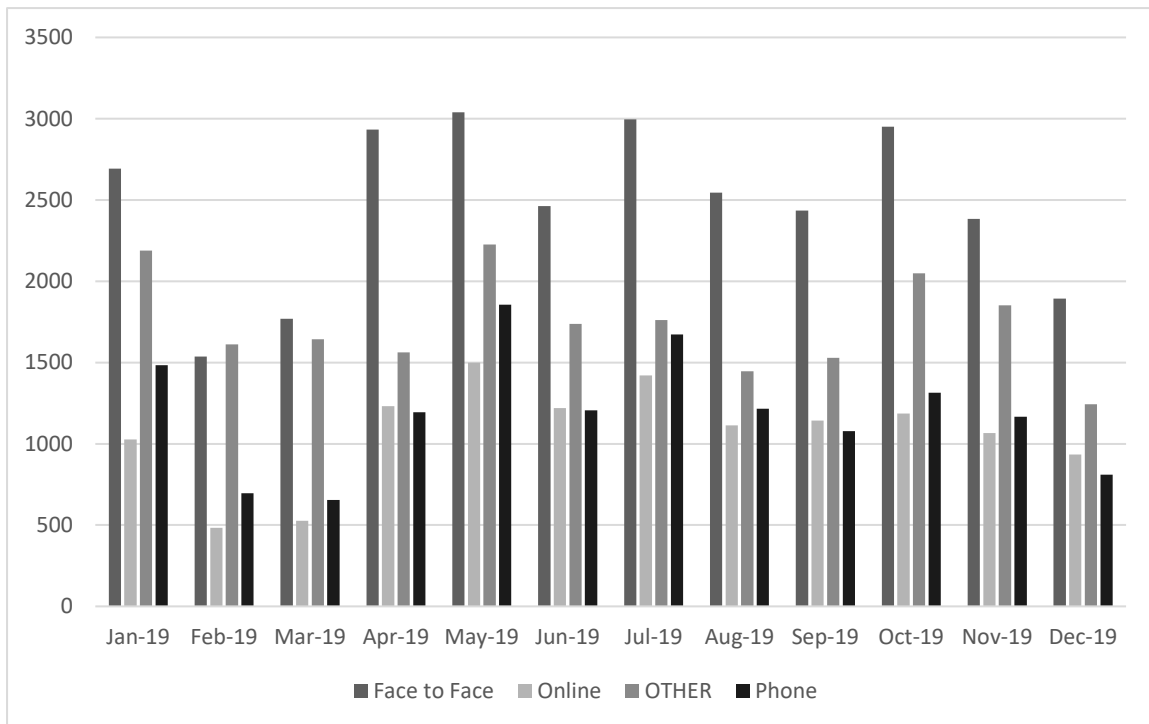


1.2 Percentage of Requests by Channel – Trend

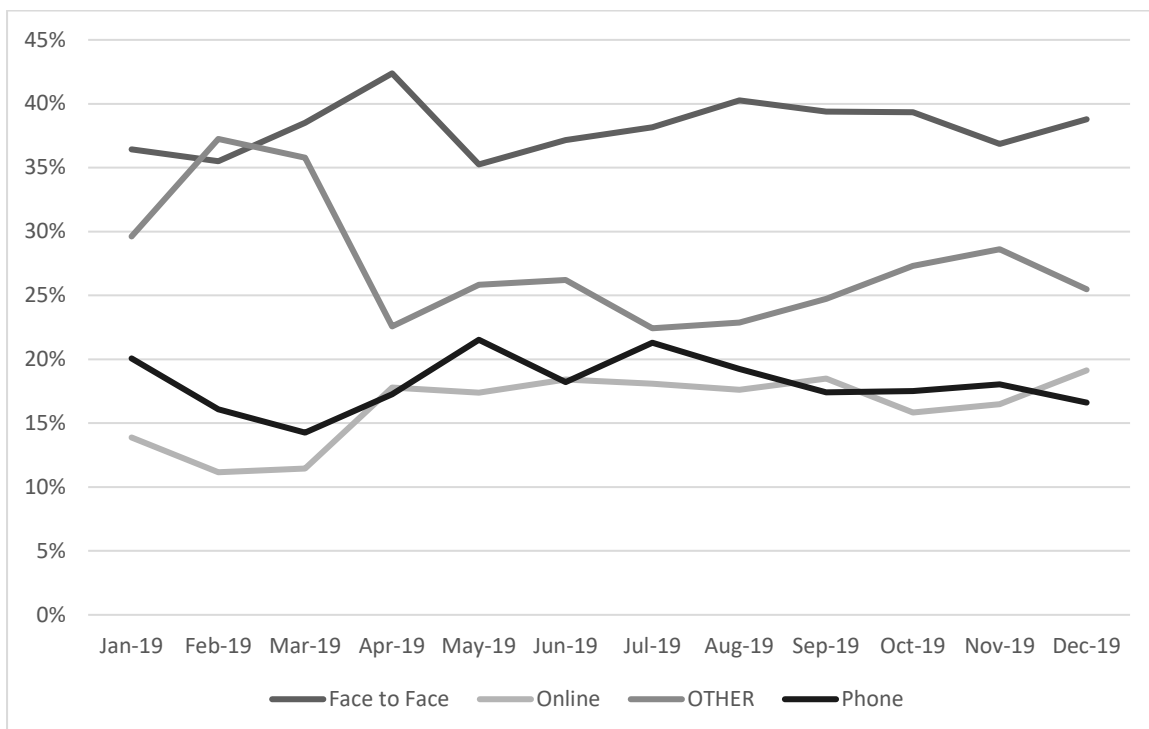


Service report data : Abandoned Vehicles, Bins and Bags, Dog Fouling, Graffiti, Grounds Maintenance, Illegal Dumping & Fly Tipping, Potholes, Refuse Collection & Litter, Roads and Footpaths, Stair, lighting, Street & Traffic Lights, Street Cleaning, Uplifts, Winter Planning, Winter Planning Grit Bin, Winter Planning Pavements

1.3 Total Number of Payments by Channel



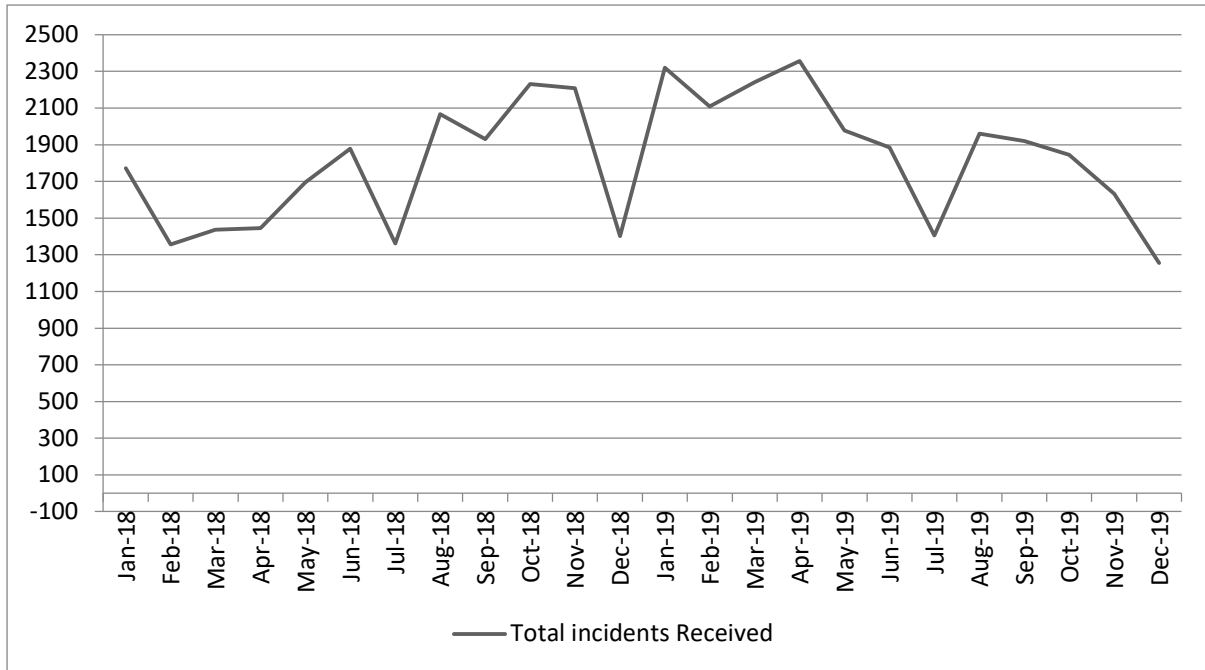
1.4 Percentage of Payments by Channel – Trend



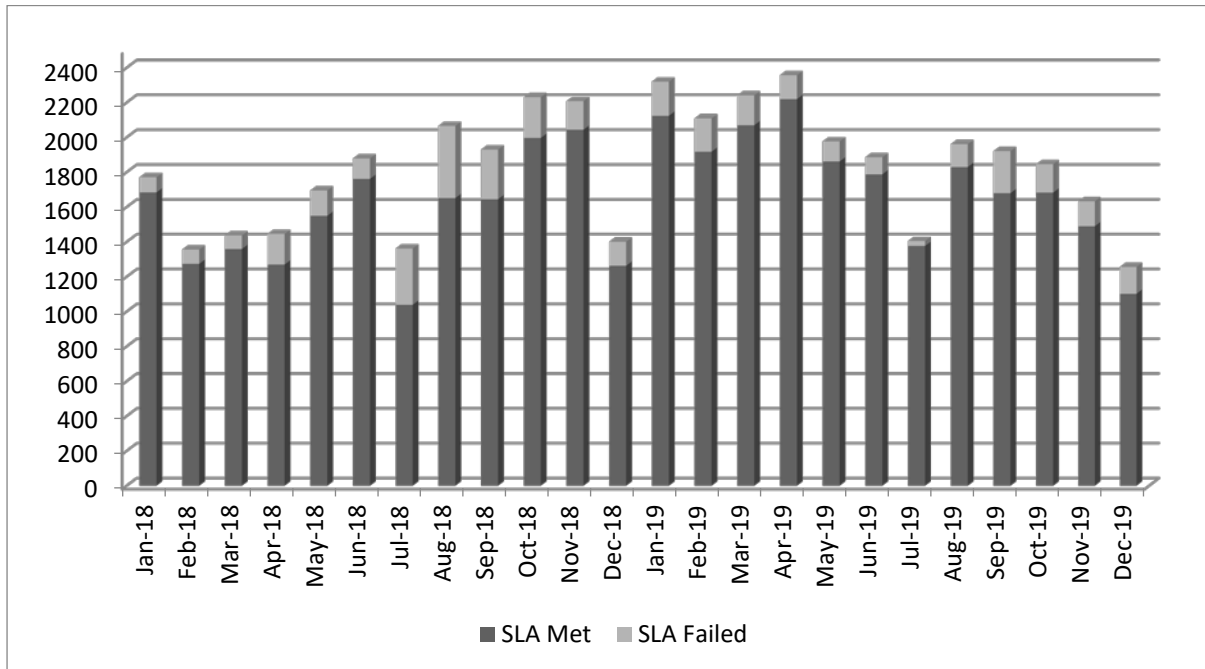
Section 2 - Servicedesk

2.1 Incidents

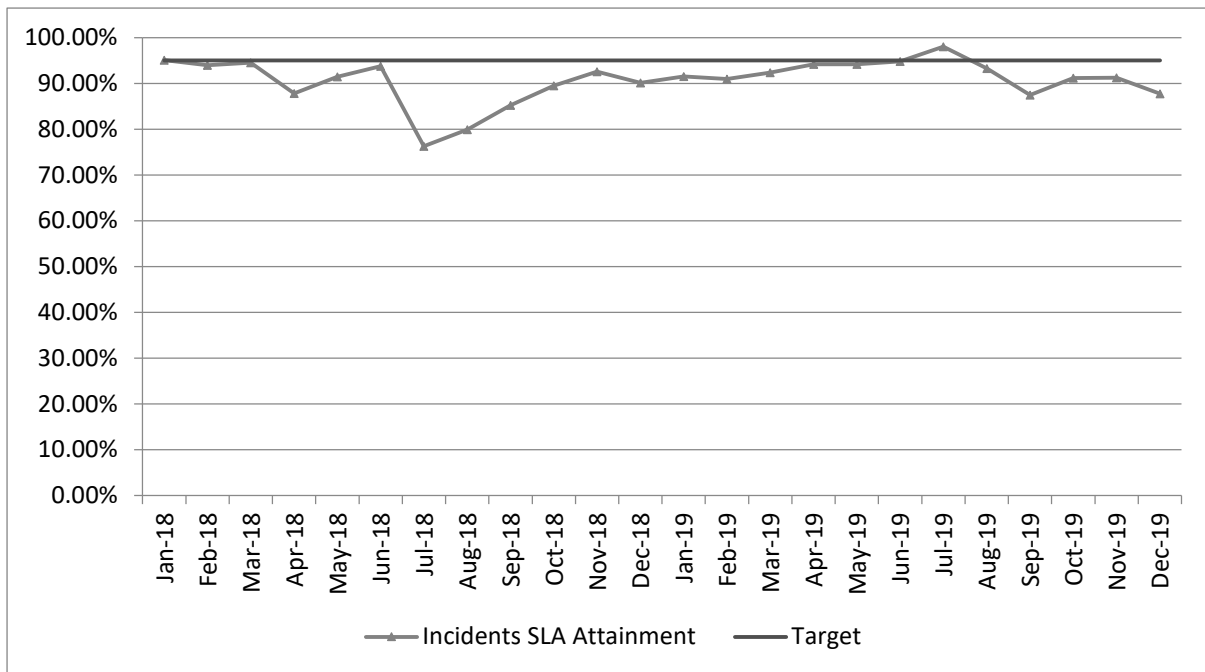
Incidents Received



2.1.1 - Incidents Met/Failed within SLA



2.1.2 - Monthly Service Level Attainment - Incidents



SLA Details

VIP Users

Priority	Target Resolution Time
Critical	3 hours
High	4 hours
Normal	7 hours
Low	21 hours
Long Term	No target

Standard Users

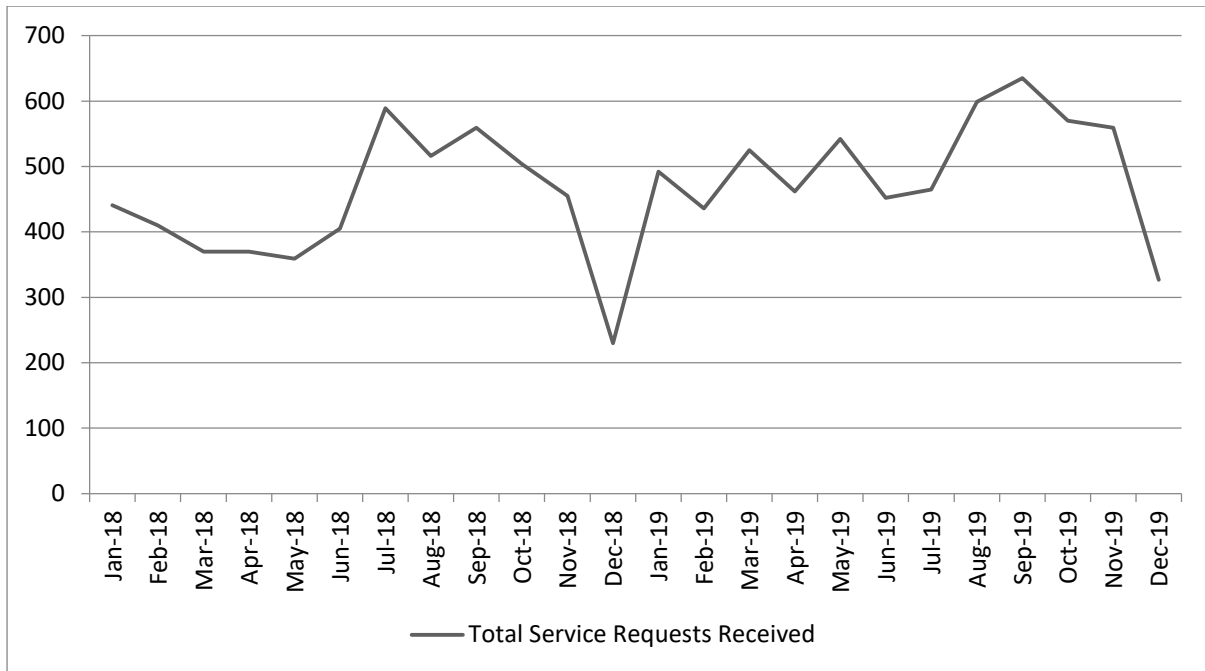
Priority	Target Resolution Time
Critical	4 hours
High	7 hours
Normal	21 hours
Low	35 hours
Long Term	No target

SLA Attainment is 95% of incidents resolved within Target Resolution Time (90% until July 2017)

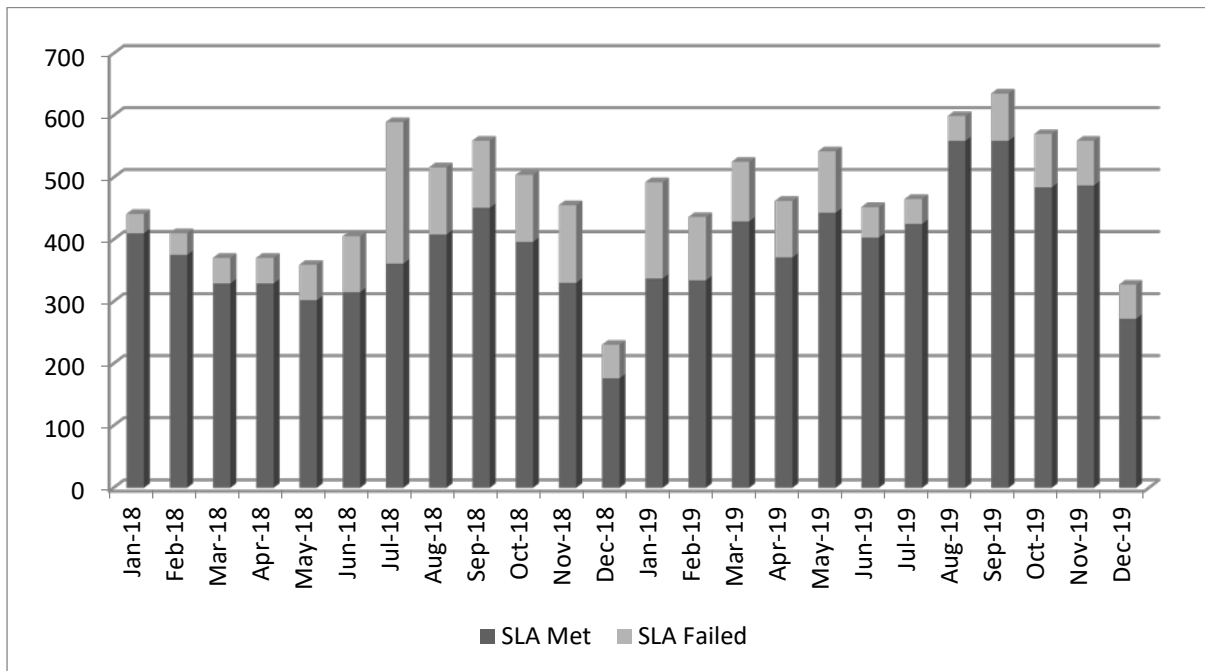
A typical Service request is unlocking a user account or password, software errors, PC faults, PDA, whiteboard and projector issues.

2.2 - Service Requests

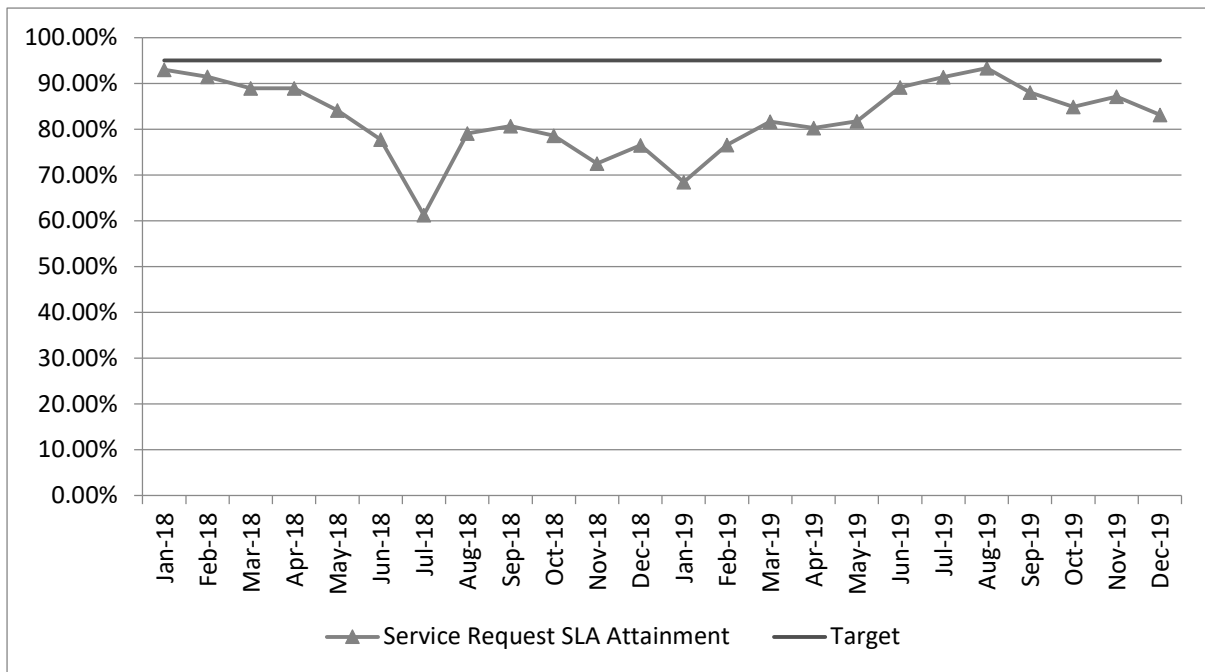
2.2.1 - Service Requests Received



2.2.2 - Service Requests Met/Failed within SLA



2.2.3 - Service Level Attainment – Service Requests



SLA Attainment is 95% of incidents resolved within Target Resolution Time (90% until July 2017)

A typical Service request is provision of a new user account, a new PC or Laptop, relocation of existing services.

Report To: Policy and Resources Committee **Date:** 4 February 2020

Report By: Steven McNab **Report No:** PR/01/20/KM
Head of Organisational Development,
Policy & Communications

Contact Officer: Louise McVey, Corporate Policy,
Performance and Partnership Manager **Contact No:** 01475 712042

Subject: Corporate Services Progress Report

1.0 PURPOSE

- 1.1 The purpose of this report is to update the Committee on the delivery of the improvement actions by the Council’s Corporate Services, as detailed in the Education, Communities and Organisational Development and the Environment, Regeneration and Resources Corporate Directorate Improvement Plans (CDIPs) 2019/22. Details are provided in the Appendices.
- 1.2 The report focuses on improvement actions that are the responsibility of the following services: Finance and ICT; Legal and Property; Procurement; Organisational Development and Policy and Communications.

Appendix
1
Appendix
2

2.0 SUMMARY

- 2.1 The Council’s CDIPs 2019/22 were approved by the Policy and Resources Committee on 21 May 2019. This is the second progress report on the delivery of the year 1 actions within the Plans. Full details of the progress that has been made are provided in Appendix 1. The latest information for the CDIP key performance indicators (KPIs) is provided in Appendix 2.
- 2.2 The status of the CDIPs’ improvement actions as at January 2020 is shown below:

Status	blue - complete	red - significant slippage	amber - slight slippage	green - on track
January 2020	2	0	3	16

- 2.3 In addition to the improvement activity being taken forward in the CDIPs, a new programme of service self-assessment using the Public Service Improvement Framework (PSIF) has been approved by the Corporate Management Team. The PSIF is used by services that do not have their own formal self-evaluation or inspection framework. The services that will participate in a facilitated self-assessment in 2020 are as follows:

- Culture, Communities and Educational Resources
- Organisational Development, Policy and Communications
- Environment and Public Protection
- Finance and ICT

The purpose of the self-assessment is for each service to identify strengths and areas for improvement, which will be prioritised and formulated into a service improvement plan and where appropriate, included in the CDIPs.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee notes:

- a. the progress made by the Council's Corporate Services during 2019/20 in delivering the year one improvement actions, as detailed in their respective CDIPs; and
- b. the programme of PSIF assessments that will be carried out in 2020.

Ruth Binks
Corporate Director
Education, Communities and
Organisational Development

Scott Allan
Corporate Director
Environment, Regeneration and
Resources

4.0 BACKGROUND

- 4.1 Improving corporate and service performance is a key priority for Inverclyde Council. Information is regularly given to key stakeholders to allow them to evaluate and make informed judgements about performance and the delivery of strategic priorities.
- 4.2 CDIPs are a key component of the Council's Strategic Planning and Performance Management Framework. They are the principal vehicle for the delivery of the organisational priorities in the Corporate Plan 2018/22, as well as the wellbeing outcomes, which are: Safe, Healthy, Achieving, Nurtured, Active, Respected, Responsible and Included (SHANARRI).
- 4.3 The Environment, Regeneration and Resources CDIP 2019/22 was approved by the Environment and Regeneration Committee on 2 May 2019, whilst the Education, Communities and Organisational Development CDIP 2019/22 was approved by the Education and Communities Committee on 7 May 2019. Both CDIPs were thereafter approved by the Policy and Resources Committee on 21 May 2019.
- 4.4 Progress in the delivery of these two CDIPs is reported to every second meeting of the relevant service Committee. Additionally, because the CDIPs include improvement actions that are corporate in nature, a separate Corporate Services Performance Report is submitted to every second meeting of the Policy and Resources Committee. The aim of this is to provide Members with a summary of progress and to give the Committee and officers the opportunity to make appropriate judgements on where performance across the Council is improving, good or where performance has declined.
- 4.5 This report focuses on improvement actions that sit within the following Services: Finance and ICT; Legal and Property; Procurement; Organisational Development, Policy and Communications.
- 4.6 As shown in Appendix 1, improvement actions have been allocated a 'BRAG' status:
blue - complete; red - significant slippage; amber - slight slippage; green - on track.
- 4.7 The CDIPs also contain a number of key performance indicators, comprising statutory performance indicators and local performance indicators. These indicators provide a measure of how our Corporate Services contribute to the Council's overall performance. Information on indicators is gathered either quarterly or annually and performance reported to Committee at the appropriate time. The most recent performance data is provided in Appendix 2.

5.0 YEAR ONE IMPROVEMENT PLAN - PROGRESS 2019/20

- 5.1 This is the second progress report on delivery of the CDIPs' Corporate Services improvement actions during 2019/20. The current status of the improvement actions is:

Status	blue - complete	red – significant slippage	amber - slight slippage	green - on track
January 2020	2	0	3	16

Appendix 1 details the present status of all the improvement actions, together with a commentary from the appropriate Service.

5.2 Improvement actions with green status – on track

Progress with a number of improvement actions is on track; examples of which include:

The Community Empowerment Act

Building on the community consultation and engagement that was carried out in August and September 2019, Locality Action Plans are being developed for each of the six localities and the first action plan will be published on the Council's website by the end of January 2020.

Child Poverty

Partners across Inverclyde are working closely with NHS Health Scotland on a 'deep dive' into local and national data. Two workshops have taken place to take this forward. The first workshop involved process mapping the services that are available within Inverclyde to help families living in poverty whilst the second workshop looked at local data and what could be sourced. The next step is to prioritise local need.

People and Organisational Development Strategy

Following a series of workshops and stakeholder engagement, a new People and Organisational Development Strategy has been developed and is on the agenda of this Committee for consideration and approval.

Welfare Reform – Employees

A Service Level Agreement is in place and office space has been allocated for up to four Social Security Scotland Agency employees to be located on the mezzanine in the Customer Service Centre.

5.3 Improvement actions with amber status – slight slippage

Three actions have an amber (slight slippage) status, the details of which are provided below:

Asset Management Strategy

The majority of updates and strategy content has been received and developed into a draft Asset Management Strategy. The Strategy will be finalised by the end March 2020.

Information Governance

A review and prioritisation of actions has been carried out to bring back this workstream back on track in the next cycle.

Channel Shift

The development of a bulky uplift process and street lighting fault reporting and management included in the first tranche of service has been delayed to allow the development of new Garden Waste Permit Scheme that has been delivered and is in testing. Completion of the bulky uplift process and street lighting fault reporting and management is to be concluded early in the new year.

5.4 Improvement actions with blue status – complete

Two improvement actions are complete as noted below:

Pay and Grading Model

The revised Pay and Grading Model has now been fully implemented.

Payroll System

The 'Version 8' upgrade has been fully implemented and rolled out across the Council.

5.5 Performance Indicators – 2019/20 Performance

The latest available data shows that performance targets were met, or were better than target, for the following indicators:

- The speed of benefits processing in the second quarter of financial year 2019/20 was 3.47 days, which is better than the performance target of 4 days.
- The percentage of revenues and benefits calls to the Customer Service Centre that were abandoned was 5% in the second quarter 2019/20 and improved again to 3% in the third quarter 2019/20, significantly better than the target of 20%.
- The percentage of general calls to the Customer Service Centre that were abandoned was 3% in the second quarter 2019/20 and improved again to 2% in the third quarter 2019/20, better than the target of 7%.

Data for the third quarter 2019/20, which ended on 31 December 2019, is currently being finalised for a small number of performance indicators.

5.6 In addition to the improvement activity being taken forward in the CDIPs, a new programme of service self-assessment using the Public Service Improvement Framework (PSIF) has been approved by the Corporate Management Team. The PSIF is used by services that do not have their own formal self-evaluation or inspection framework. The services that will participate in a facilitated self-assessment in 2020 are:

- Culture, Communities and Educational Resources
- Organisational Development, Policy and Communications
- Environment and Public Protection
- Finance and ICT

The purpose of the self-assessment is for each service to identify strengths and areas for improvement, which will be prioritised and formulated into a service improvement plan and, where appropriate, the CDIPs.

6.0 IMPLICATIONS

6.1 Finance

Financial implications

One-off costs:

Cost centre	Budget heading	Budget year	Proposed spend this report	Virement from	Other comments
n/a	n/a	n/a	n/a	n/a	n/a

Annually recurring costs/(savings):

Cost centre	Budget heading	With effect from	Annual net impact	Virement from	Other comments
n/a	n/a	n/a	n/a	n/a	n/a

6.2 Legal

There are no direct legal implications arising from this report.

6.3 Human Resources

There are no direct human resources implications arising from this report.

6.4 Equalities

Equalities

(a) Has an Equality Impact Assessment been carried out?

YES

NO - This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.

NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.

NO

6.5 **Repopulation:** The provision of services that are subject to close scrutiny with the aim of delivering continuous improvement for current and potential citizens of Inverclyde supports the Council's priority of retaining and enhancing the local population.

7.0 CONSULTATIONS

7.1 Updates on progress with the Corporate Services improvement actions included in the CDIPs have been provided by the nominated officer with lead responsibility for each action.

8.0 BACKGROUND PAPERS

8.1 None.

Appendix One – Improvement Actions

CORPORATE SERVICES ANNUAL PROGRESS REPORT 2019/20

Corporate Improvement Actions 2019/20

These improvement actions have implications for the whole Council or more than one Directorate

Corporate Improvement Actions 2019/20						
	Where do we want to be?	How will we get there?	Status January 2020		Commentary January 2020	Corporate Plan priority
1.	<p><u>The Community Empowerment Act</u></p> <p>The council and its partners can demonstrate that it is effectively delivering on the statutory requirements of the Community Empowerment (S) Act 2015</p> <p>All Inverclyde Alliance Partners are investing in building the capacity of communities so that they feel confident about exercising their rights, as set out in the Community Empowerment (S) Act.</p> <p>Locality Plans are used by Services and CPP partners and communities to plan service delivery, target inequalities and work together to reduce them.</p> <p>Communities feel supported and empowered.</p>	<p>Respond to Scottish Government guidance.</p> <p>Continue to gather data from partners around the three localities.</p> <p>Facilitate improved community engagement in the implementation of the Locality Plans and the development of more robust community engagement methods.</p> <p>Hold an annual event for the three localities, aimed at engaging with communities to ensure plans continue to reflect local priorities.</p> <p>Create a Community Food Growing Strategy.</p>	<p>●</p>	<p>Green – on track</p>	<p>An agreed structure is in place for locality planning along with a Communication and Engagement Strategy and Action Plan.</p> <p>Six community events took place over the last two weeks in August / early September. As a result of this targeted community engagement, Locality Action Plans have been developed. The first Action Plan will be published online on the council's website by the end of January 2020.</p> <p>The Food Growing Strategy is currently out for consultation. A report will be taken to Committee prior to April 2020.</p> <p>A report on the subject of Participatory Budgeting is being</p>	<p>OP1, OP2, OP3, OP4, OP5, OP6, OP7, OP8</p>

Appendix One – Improvement Actions

Corporate Improvement Actions 2019/20						
	Where do we want to be?	How will we get there?	Status January 2020		Commentary January 2020	Corporate Plan priority
		Develop appropriate structures to respond to the Council's decision to allocate a significant budget to Participatory Budgeting (PB) in 2018/19. Review the success of this.			prepared by the Head of Culture, Communities and Educational Resources and will be submitted to Committee in due course.	
2.	<p><u>Child Poverty</u></p> <p>The projects and initiatives within the Inverclyde LAR 2018/19 are implemented and impact monitored.</p>	All partner (CPAG) activity and data linked to child poverty is held centrally to enable partners to measure progress against the national child poverty targets.	●	Green – on track	<p>Inverclyde is working closely with NHS Health Scotland on a 'deep dive' into local and national data to identify that the right services are meeting the needs of the people living in poverty at the most appropriate times of their lives.</p> <p>Two workshops have been held to take this forward. The first workshop involved process mapping the services that are available within Inverclyde to help families living in poverty and the impact this has on their lives whilst the second workshop looked at local data and what could be sourced. The next step is to prioritise local need.</p>	OP1, OP4, OP5, OP6

Appendix One – Improvement Actions

Corporate Improvement Actions 2019/20						
	Where do we want to be?	How will we get there?	Status January 2020		Commentary January 2020	Corporate Plan priority
3.	<p><u>Change Management</u></p> <p>ECOD and ERR services have been reviewed and where appropriate redesigned to ensure they are fit for purpose, meet customer's needs and are efficient.</p>	<p>Continue to meet regularly and progress specific projects.</p> <p>Detailed projects are established.</p> <p>Ongoing work with the Policy and Resources Committee and Members' Budget Working Group.</p>	●	Green – on track	Regular meetings taking place. New projects have been added and resources being sourced to facilitate where necessary.	OP9, OP10
4.	<p><u>Measuring impact on outcomes</u></p> <p>Inverclyde Alliance and Inverclyde Council are better able to demonstrate impact on outcomes, at various levels across services and programmes.</p> <p>Performance reporting is linked to measuring impact on outcomes at an individual, community and population level.</p>	<p>Continue to work with experts and other performance management specialists, to identify processes to better measure impact on outcomes.</p> <p>Publish an Annual Report on the Corporate Plan that sets out progress on the delivery of the Council's priorities for the residents of Inverclyde.</p> <p>Review our public performance reporting to deliver a more streamlined,</p>	●	Green – on track	<p>The SPI/ KPI report containing the refreshed framework was considered and approved by the Policy and Resources Committee its meeting in November.</p> <p>A new 'council performance' web page has been created, which can be found on the performance page of the council's website. Each of the council's organisational priorities has its own web page with performance information collated in the one place, taken from the SPI / KPI report and the</p>	OP1, OP2 OP3, OP4 OP5, OP6 OP7, OP8

Appendix One – Improvement Actions

Corporate Improvement Actions 2019/20						
	Where do we want to be?	How will we get there?	Status January 2020		Commentary January 2020	Corporate Plan priority
		<p>robust set of KPIs, linked to organisational priorities.</p> <p>Identify desired outcomes with key milestones / timescales for the Inverclyde Alliance Partnership Action Plans.</p> <p>Continue to learn from good practice elsewhere.</p>			<p>Corporate Plan Annual Report 2018/19.</p> <p>A performance summary in the form of infographics has also be developed and is also on each individual page. The aim of this is to provide performance information in a more user friendly format.</p> <p>Progress reports on the Inverclyde Outcomes Improvement Plan continue to be considered by the Alliance Board on a quarterly basis. An Annual Report detailing progress in the delivery of the Plan during 2019 and the achievement of outcomes will be prepared for the consideration of a future Alliance Board, with a potential mid-term review being carried out in 2020.</p>	
5.	<p><u>Workforce Planning</u></p> <p>Continue to ensure workforce planning and development is integrated into CDIPs, risk registers</p>	<p>Analysis of workforce data and learning needs with a coordinated approach to WP and L&D solutions.</p>	●	Green – on track	<p>Feedback from the Learning Event around workforce planning has been incorporated into the People and Organisational Development Strategy for</p>	OP1, OP3, OP9, OP10

Appendix One – Improvement Actions

Corporate Improvement Actions 2019/20						
	Where do we want to be?	How will we get there?	Status January 2020		Commentary January 2020	Corporate Plan priority
	<p>and associated plans to address the key workforce challenges over the next 3 years and into the longer term.</p> <p>Continue to ensure Service Workforce Plans are actioned and reviewed.</p>	<p>Assessing future workforce requirements via service workforce plans.</p> <p>Delivery of plans to be monitored by the Workforce Planning & Development Group (ongoing).</p>			<p>2020/23 and has been agreed by the CMT. The Strategy is on the agenda of this Committee.</p> <p>Service workforce plans which identify future workforce planning requirements continue to be updated and monitored through the Workforce Planning and Development Group.</p>	
6.	<p><u>People and Organisational Development Strategy</u></p> <p>A new Strategy is developed for 2020/23 which builds on the work of the 2017/20 Strategy</p>	<p>Workshops to be arranged with relevant stakeholders to determine key priorities and objectives of the strategy</p> <p>March 2020</p>	●	Green – on track	<p>Following a series of workshops and stakeholder engagement, a new People and Organisational Development Strategy has been developed and was approved by the CMT on 5 December 2019. The new strategy also appears on the agenda of this Committee for consideration and approval, after which it will be formally adopted.</p>	OP9,OP10
7.	<p><u>Fairer Scotland Duty</u></p> <p>Ensure we are compliant with the Duty, as appropriate, by actively considering how we can reduce inequalities of outcome caused by socio-economic disadvantage when making strategic decisions.</p>	<p>By taking advantage of the support offered by the Improvement Service to develop and share best practice on the Duty.</p>	●	Green – on track	<p>The council has responded to a questionnaire on the Fairer Scotland Duty, issued in October 2019. The survey sought to establish where bodies subject to the Duty are in the implementation of it; to identify where additional support might</p>	OP2, OP4, OP9

Appendix One – Improvement Actions

Corporate Improvement Actions 2019/20						
	Where do we want to be?	How will we get there?	Status January 2020		Commentary January 2020	Corporate Plan priority
		When making strategic decisions, actively consider, with an open mind, whether there are opportunities to reduce socio-economic disadvantage.			be useful and to gather information across Scotland. Additionally, Equality Impact Assessments were prepared for the forthcoming budget setting process; these documents include a section on the Fairer Scotland Duty which asks for information on how the budget saving proposals will impact on reducing inequalities of outcomes.	
8.	<u>FMS Review / Replacement</u> Conduct a review to determine whether to further extend the FMS contract or have a transition plan in place	Supplier engagement and discussions with other local authorities by the end of 2019/20.	●	Green – on track	A meeting with the Totalmobile Regional Director was held in September 2019. The council is currently in contract until 2020 with Totalmobile confident of product life / support for a “minimum of 5 years”. Monitoring and liaison will continue with Totalmobile.	OP9
9.	<u>2020/23 Budget</u> To develop a balanced three year budget that has been approved by Council.	Initial three year budget developed by March 2020. Calculate funding gap by December 2019.	●	Green – on track	A reduced number of detailed savings proposals have been issued to all Members. The public consultation is now complete and the results have been reported to Elected Members. Further savings were	OP9

Appendix One – Improvement Actions

Corporate Improvement Actions 2019/20						
	Where do we want to be?	How will we get there?	Status January 2020		Commentary January 2020	Corporate Plan priority
					approved by the Policy and Resources Committee in November 2019 and by Inverclyde Council in December. The General Election has delayed the UK and Scottish Government budgets, but how this impacts on statutory timescales is unclear at present.	
10.	<p><u>Asset Management Strategy</u></p> <p>The capital asset management plan is updated to fully reflect current position and links to supporting plans which have been developed.</p>	<p>A co-ordinated approach will be implemented to update the current plan by November 2019.</p>	●	Amber – slight slippage	<p>The majority of updates and strategy content has been received from lead officers and has been developed into a draft strategy. The strategy will be completed by the end March 2020.</p>	OP9
11.	<p><u>Information Governance</u></p> <p>The Council's Freedom of Information Policy and associated guidance to officers is updated.</p>	<p>Freedom of Information Policy and procedures are updated to reflect current practice.</p> <p>Information Management System to manage FOI requests is implemented.</p> <p>A corporate training programme is established.</p> <p>March 2020.</p>	●	Amber – slight slippage	<p>Low level activity undertaken on the workstreams. Review and prioritise actions to progress and bring back on track.</p>	OP9

Appendix One – Improvement Actions

Cross Directorate Actions 2019/20						
	Where do we want to be?	How will we get there?	Status January 2020		Commentary January 2020	Corporate Plan priority
1.	<p><u>Channel Shift</u></p> <p>Move customers away from traditional channels of communication to digital channels such as self-serve and online services.</p>	<p>Improve range of services and systems available online by increasing the number of channels and transactions dealt with via digital routes. Initial projects operational by summer 2019.</p>	●	Amber – slight slippage	<p>The supplier issues have largely been resolved, however the development of a new bulky uplift process and street lighting fault reporting and management included in the first tranche of services has been delayed to allow the development of new Garden Waste Permit Scheme that has been delivered and is in testing.</p> <p>Completion of bulky uplift process and street light fault reporting and management to be concluded early in the new year.</p>	OP9

Appendix One – Improvement Actions

Service Improvement Actions 2019/20

These improvement actions will be implemented by individual Council Services

Service Improvement Actions 2019/20 Finance and ICT						
	Where do we want to be?	How will we get there?	Status January 2020		Commentary January 2020	Corporate Plan priority
1.	<p><u>Welfare Reform – Employees</u></p> <p>There is an adequately resourced Benefit and Customer Service Team in place.</p> <p>The service has effectively joined up working with Social Security Scotland Agency and other key partners.</p>	<p>Communication with employees and Trades Unions.</p> <p>Regular updates to the Policy and Resources Committee.</p> <p>Effective communication with partners will be achieved through the forum of the Welfare Reform Project Board and Financial Inclusion Partnership.</p> <p>Proposals as part of the 2020/23 Budget.</p>	●	Green – on track	The ICT issues are resolved and space has been allocated for up to 4 Social Security Scotland Agency employees to be located on the mezzanine in the Customer Service Centre.	OP4, OP9, OP10
2.	<p><u>Collaboration – Non-domestic rates</u></p> <p>Improved resilience and improved customer service for NDR delivery.</p>	<p>NDR collaboration operational by 2020.</p>	●	Green – on track	Following a cost benefit exercise non-domestic rates is being kept in-house and a new post has been created to increase resilience	OP9

Appendix One – Improvement Actions

Service Improvement Actions 2019/20 Finance and ICT						
	Where do we want to be?	How will we get there?	Status January 2020		Commentary January 2020	Corporate Plan priority
3.	<p><u>Cloud Migration Strategy</u></p> <p>The review is complete and the recommendations arising from it have been implemented.</p>	Engagement with suppliers and other local authorities.	●	Green – on track	The ICT service has engaged with the council's suppliers of Office automation. Networks Storage and Telephony Systems to identify opportunities and costs for migrating systems to Cloud platforms. A report with recommendations is scheduled to be submitted to the CMT and subsequently to the appropriate committee in March 2020.	OP9

Appendix One – Improvement Actions

Service Improvement Actions 2019/20 Legal and Property Services						
	Where do we want to be?	How will we get there?	Status January 2020		Commentary January 2020	Corporate Plan priority
1.	<u>Partnership Working</u> Partnership working is planned and roles and expectations are clear.	Develop SLAs with the relevant services	●	Green – on track	This action is being progressed by the service.	OP10
2.	<u>Elections</u> An Election Team is identified with responsibility for planning / arrangements to deliver the local government election in 2022.	Develop succession planning to ensure that an Election Team is in place to deliver the required actions.	●	Green – on track	Key members of the Election Team are in place and there is an awareness of the need to prioritise the identification of staff resource in the event of a loss of any key team members. The team successfully planned and put in place the necessary arrangements for the General Election held in December 2019.	OP10

Appendix One – Improvement Actions

Service Improvement Actions 2019/20 Organisational Development, Policy and Communications						
	Where do we want to be?	How will we get there?	Status January 2020		Commentary January 2020	Corporate Plan priority
1.	<p><u>Pay and Grading Model</u></p> <p>A revised Pay and Grading model is fully implemented.</p>	<p>Finalise the Implementation Plan, including the creation of a new structure and the migration of employees to this.</p> <p>Appropriate testing and employee communication to be carried out.</p> <p>October 2019</p>	●	Blue - complete	The revised pay model has now been fully implemented.	OP9, OP10
2.	<p><u>Health and Safety Monitoring System</u></p> <p>To record and monitor key action points and control measures which require to be implemented at Service level.</p> <p>To monitor and record that implementation has taken place.</p> <p>To integrate the accident reporting function with Finance's Insurance section, allowing a more streamlined investigation and recording process to ensure that all</p>	<p>Develop and test the relevant modules in the Figtree system.</p> <p>Change over the current incident reporting system to the Figtree system.</p> <p>Bring online the audit and assessment modules and pilot them in selected areas (Fire Risk Assessment, Education and Environmental and Commercial Services).</p>	●	Green – on track	External audits are being placed on the system and hazard and action modules are continuing to be utilised.	OP9, OP10

Appendix One – Improvement Actions

Service Improvement Actions 2019/20 Organisational Development, Policy and Communications						
	Where do we want to be?	How will we get there?	Status January 2020		Commentary January 2020	Corporate Plan priority
	documentation is readily available for use in the event of a claim.	Develop the reporting function to bring statistical information to the Corporate Health and Safety Committee as required. December 2019				
3.	<u>Payroll System</u> A 'Version 8' upgrade is fully implemented and rolled out across the whole Council.	Carry out staff training and stakeholder engagement Conduct a review of processes Significant testing October 2019	●	Blue - complete	The 'version 8' upgrade is now fully implemented.	OP9, OP10
4.	<u>Repopulation and tourism 'place' marketing linked to branding</u> A planned and coordinated place marketing campaign, involving a range of partners, linked to the work of Tourism Inverclyde and using a redevelopment of the 'discover Inverclyde' brand to promote Inverclyde as a place to encourage more visitors, more businesses and more new residents	A new web resource will be created as a new 'discover Inverclyde' website under the support to Inverclyde tourism, the local area tourism partnership in the first half of 2019 supported by a place marketing campaign throughout 2019 and 2020 focused on promoting	●	Green – on track	'Discover Inverclyde' brand guidelines created and new visitor / tourism website under construction. Launch of new site planned for during Scottish Tourism Month in March 2020 as part of promotion and engagement with tourism business in Inverclyde.	OP1, OP9

Appendix One – Improvement Actions

Service Improvement Actions 2019/20 Organisational Development, Policy and Communications						
	Where do we want to be?	How will we get there?	Status January 2020		Commentary January 2020	Corporate Plan priority
		Inverclyde as a place to visit, live and work.				

Appendix Two – Performance Indicators

CORPORATE SERVICES PROGRESS REPORT 2019/20 – PERFORMANCE INDICATORS

January 2020

The Council's key performance indicators help demonstrate performance in terms of strategic and operational objectives. These indicators include statutory performance indicators and local performance indicators. Full year figures for 2017/18 and 2018/19 (where available) are shown below, together with the 2019/20 targets. Data for the second and third financial quarters in 2019/20 is also provided, where this information is available.

Key performance measure	Performance 2017/18	Performance 2018/19	Financial Quarter 2 2019/20	Financial Quarter 3 2019/20	Target 2019/20	Commentary
Council Tax: in-year collection level¹	95.5%	95.7%	54.2%	Not yet available	95.5%	Performance is at a similar level to that in financial quarter 2 of 2018/19 when it was 54.6%
Speed of Benefits processing changes in circumstances to HB	4 days	3.74 days	3.47days	Not yet available	4 days	Performance is better than target.
Speed of Processing new claims for Council Tax Reduction	30days	33 days	37 days	Not yet available	34 days	Performance for the quarter is below target.
Creditor payments: number of invoices paid within 30 calendar days of receipt as a % of all invoices paid	97.13%	95.86%	96.13%	Not yet available	97.13%	Performance is higher than in the same period last year, 96.1% compared to 94.4% in financial quarter 2, 2018/19

¹ This is a year-end target. A higher % of Council Tax is expected to be paid in the first 3 quarters of the year than in the final quarter. Most Council Tax customers pay by 10 monthly instalments from April to January each year; therefore, dividing the annual target by 4 quarters would not give a true reflection of the expected income in each quarter

Appendix Two – Performance Indicators

Key performance measure	Performance 2017/18	Performance 2018/19	Financial Quarter 2 2019/20	Financial Quarter 3 2019/20	Target 2019/20	Commentary
Customer Service Centre – abandoned calls <ul style="list-style-type: none"> • Revenues and Benefits • General 	25%	18%	5%	3%	20%	Performance in both quarter 2 and quarter 3 is better than target.
	7%	7%	3%	2%	7%	
Performance appraisals: the % of performance appraisals completed and the individual development plans agreed	94%	97%	N/A	N/A	93%	This performance information is gathered annually.
Equal opportunities: % of the highest paid 5% of earners among Inverclyde Council employees that are women (excluding teachers)	53.9%	58.7%	N/A	N/A	55%	This indicator is part of the LGBF return 2018/19. Performance was better than target in 2018/19. This performance information is gathered annually. National, comparable performance data will be published in late January 2020 and be brought to the Committee in March 2020.

*An ICT Services Performance Update Report is prepared for every second meeting of the Policy and Resources Committee.

Report To:	Policy & Resources Committee	Date:	4 February 2020
Report By:	Corporate Director Environment, Regeneration & Resources	Report No:	LP/011/20
Contact Officer:	Rona McGhee	Contact No:	01475 712113
Subject:	SiMBA Inverclyde Tree of Tranquility – Request by Councillor McCabe		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of a request received from Councillor McCabe that consideration be given to the attached letter from SiMBA, a charity that supports anyone affected by the loss of a baby during pregnancy or birth, seeking funding of £6,880.26 towards the installation of a Tree of Tranquility in Gourrock Park.
- 1.2 The letter includes a document which explains about Trees of Tranquility and provides details of the proposals for the Inverclyde Tree of Tranquility and the services provided by the charity.
- 1.3 As relevant background, Members should note that Officers have had prior contact with the group.

2.0 RECOMMENDATION

- 2.1 The Committee is asked to consider the request from Councillor McCabe.

Gerard Malone
Head of Legal & Property Services

APPENDIX

Councillor Stephen McCabe
Leader
Inverclyde Council Labour Group
Elected Member for Ward 1
Inverclyde East
Municipal Buildings
Greenock
PA15 1NB



Request for funding to support the SiMBA Inverclyde Tree of Tranquillity supporting bereaved families, across Inverclyde and beyond.

Dear Stephen,

I am writing on behalf of SiMBA; we are a charity that supports anyone affected by the loss of a baby during pregnancy or after birth (www.simbacharity.org.uk). I am reaching out to you to ask Inverclyde Council to support our application and grant £6,880.26 to allow SiMBA to install a Tree of Tranquillity in Gourock Park, Inverclyde.

I have attached a document that explains more about our Trees of Tranquillity, our proposed plans and the vital services that we provide.

If you need any more information at all about this proposal then please do not hesitate to contact me on gillian.wells@simbacharity.org.uk or by telephone on 0131 353 0055.

I very much look forward to hearing from you,

Warmest regards,


Gillian Wells
Events & Partnerships Officer, SiMBA

Request for funding to support the SiMBA Inverclyde Tree of Tranquillity supporting bereaved families, across Inverclyde

The SiMBA Tree of Tranquillity



This proposal document requests funding of £6,880.26 from Inverclyde Council to allow us to install a SiMBA Tree of Tranquillity in Gourrock Park, Inverclyde.



The Tree of Tranquillity is for anyone who has been affected by the loss of a baby, regardless of whether their bereavement has been recent or many years ago. It is important that we acknowledge early pregnancy and historical loss as sadly these families may have received little or no recognition of their baby. The Tree provides the means to express a private and public declaration of the lost hopes and dreams that the family had for their baby. It is a beautiful symbol of remembrance and gives a great deal of comfort to those who visit.

The tree design is unique to SiMBA, it is a life-sized copper sculpture that effectively 'grows' as individually engraved leaves are added to honour each baby's memory. Our aim is to offer bereaved parents the opportunity to honour their baby in a simple, gentle and positive way.

"A leaf on The Tree of Tranquillity means so much as it gives us a lasting memorial for our little boy Robert, where we can go as a family to reflect; even though you never forget your little one that you have lost this gives you somewhere to visit for a little closure to help with the pain." Kirsty Brown

Andrew Fenner created this video for SiMBA which explains the importance of our Trees of Tranquillity. To watch this film please click on the link below:

<https://www.simbacharity.org.uk/what-we-do/trees-of-tranquillity/>

Our proposal for the SiMBA Inverclyde Tree of Tranquillity

The [SiMBA Tree of Tranquillity](#) would be installed in Gourrock Park, on the hill that sits behind the bandstand with beautiful views across the Clyde. We want to create a special place within Gourrock Park that is accessible to the public and local community; a place to honour our babies.

As part of the Tree of Tranquillity site we would also install a small paved circular walkway around the tree so that families can clearly see their leaf/leaves and planters filled with plants and shrubs that are native to the Inverclyde Region and help to support a healthy eco system. Planting wild flowers will also give the butterflies a place to feed when released during our annual Butterfly Release.



We will also install a bench (that would site on paved flagstones), allowing those who visit the opportunity to rest and spend time and a bronze plaque that would read: "The SiMBA Tree of Tranquillity. Where our babies come together, a place where you can share thoughts or have quiet moments".



We are very mindful of the positive impact that green spaces can have in the community:

“**Green spaces** also are important to **mental health**. Having access to **green spaces** can reduce **health** inequalities, improve well-being, and aid in treatment of **mental illness**. Some analysis suggests that physical activity in a natural environment can help remedy mild depression and reduce physiological stress indicators.” Source The World Health Organisation.

Project Costs

Our fundraisers have raised £9,719.74 of their £16,600 target but we need to raise the balance of £6,880.26 to allow us to install a SiMBA Tree of Tranquillity in Gourock Park, Inverclyde.

Our £16,600 target has been broken down as follows :

Cost to manufacture and install the Inverclyde Tree of Tranquillity and paved walkway - £11,640.00

Cost to manufacture and install the SiMBA Bench and flagstones - £2,988.00

Cost to manufacture and install the Inverclyde Tree of Tranquillity Plaque - £378.00

SiMBA costs to cover site visits / administration / initial supply of leaves for the Inverclyde Tree of Tranquillity - £731.40

Contingency to cover ground works costs / plants / shrubs and flowers - £862.60 *

*- we would be grateful if the Council could help us to install and maintain the planters as part of the Gourock Park.

Media & PR

We would work with you and Council's Press Office to promote any partnership on our social media/ website / press and to organise media attendance for the Tree of Tranquillity unveiling and future media for any SiMBA events.

Maintenance and Health & Safety

The Tree of Tranquillity will require very little ongoing maintenance, however we are aware that over time the planters and the flagstones around the Tree and under the bench may become worn or damaged. We would ask for Council support to maintain the planters around the Tree of Tranquillity and to make us aware of any damage to the flagstones so that we could work together to repair any damage.

SiMBA has full public liability insurance in place (up to a maximum of £10,000,000) and we can provide a risk assessment for the Inverclyde Tree of Tranquillity upon request.

What does a Tree of Tranquillity Look Like?



Each of our commissioned hand-crafted trees are unique and individually sized in relation to their location. Once the tree is commissioned it is built in sections and assembled on site. The tree base is bolted and secured onto a concrete foundation, then an area created around it to allow those visiting to easily see their leaf / leaves. Installation of the tree itself would normally take around 2 days.

We attach leaves to our Trees of Tranquillity approximately every 6 months using a braising technique. The Tree of Tranquillity is a place of remembrance, it is not a shrine and we ask that no items are left at the tree site apart from flowers that we would ask to be removed when they are wilted. If any items are left at the Tree site then we ask that they are safely stored until the family can arrange a time to collect it again.



Adding Leaves to the Tree of Tranquillity

Leaves are requested through our website (<http://www.simbacharity.org.uk>). Once a request is received we send out the copper leaf /leaves to those who have requested them to allow them to have their leaf engraved with their own personal message. Leaves are added to the tree approximately every 6 months. We keep accurate records and store pictures of each leaf, should we ever need to re-create or replace any part of our trees.



Our SiMBA Tree of Tranquillity Locations

We currently have 8 Trees of Tranquillity which are installed in the following locations (listed by order of installation).

-  [City of Edinburgh & Lothians – Saughton Winter Gardens](#)
-  [Galashiels, Scottish Borders](#) – Old Gala House
-  [City of Inverness](#) – The Botanic Gardens
-  [Kirkwall, Orkney](#) – Private Garden Space
-  [City of Glasgow](#) – Provan Hall
-  [Airedale, West Yorkshire](#) – the Sunbeam Garden
-  [City of Dundee, Tayside](#) – The Botanic Gardens
-  [Oban, Argyll & Bute](#) – Dunollie Museum Castle and Grounds

Our Annual Awareness Events

The SiMBA Butterfly Release

Each year we hold a butterfly release at each of our Tree of Tranquillity locations. We encourage everyone from the very young to those young at heart to come together and join us to release a butterfly to honour their baby.

The service itself lasts around 30 minutes; it is a short, non-denominational service of readings and poems read by parents and health care professionals, written for us by bereaved families who have been supported by SiMBA. As part of the event we provide entertainment for our younger guests (i.e facepainter / magician / storyteller) and have singers, choirs and musicians performing for us. Afterwards we invite everyone to join us for a tea / coffee and a chance to chat or for quiet reflection.

This beautiful gentle event, provides the opportunity for bereaved families to talk with members of the SiMBA team, chat with other families or sometimes just say nothing at all but know that they are surrounded by those who understand.

The Butterfly is the symbol of SiMBA, their metamorphosis is incredible; they transform from a caterpillar, to a beautiful butterfly in such a short time; their strength, transformation and determination parallels on so many levels with the families that we support.

We ask those joining us to pay £15, to cover the cost of one butterfly and to cover the catering costs for their party and to help towards other event costs incurred.





We work with a supplier who is an award-winning educator in his field, and we release Painted Lady and/or Tortoiseshell butterflies that have been bred to be disease free and help to replenish the dwindling butterfly numbers in the wild. We keep a count of all the butterflies that we release should any of our venues wish to provide this information to any other groups or organisations.


The Glasgow butterfly release is currently the closest to Inverclyde, this event was held in ProvanHall on Saturday 17th August 2019 and is scheduled to be held again on Saturday 15th August 2020.


About SiMBA


SiMBA (<https://www.simbacharity.org.uk/>) was established in 2005, we are here to support anyone who has been affected by the loss of a baby, here's how we do it :

 We donate [Memory Boxes](#), each one made up by a volunteer, to help families to gather everlasting memories of their most precious time spent together with their baby. We currently donate our Memory Boxes to over 300 hospital units across the UK and Ireland, we have donated over 23,000 individual Memory Boxes since the charity started in 2005. Our Memory Boxes are created to support a specific gestational loss. Our smallest box for a loss under 14 weeks, our medium box for a loss between 14-24 weeks and our largest is for a loss over 24 weeks and into the neonatal period. We donate our Memory Boxes to Inverclyde Royal Hospital and the Royal Alexandra Hospital.

 We refurbish [Family Rooms](#) within maternity units, giving families a tranquil, homely place to spend the most precious time with their baby. We are currently working on Family Room refurbishments in the Royal Infirmary Edinburgh, St John's Livingston, The Borders General, The Princess Royal Glasgow, Raigmore Inverness and the Royal Alexandra Neonatal Unit.

 We offer free [bereavement and palliative care study days](#) (in conjunction with CHAS, Children's Hospices Across Scotland) where we train health care professionals, students and any professionals involved in the care and support of bereaved families.

 We offer monthly bereavement [support groups](#) run by volunteers across Scotland, 24-hour on-line support and family friendly awareness events throughout the year. Our nearest support group currently meets in Linwood on the first Tuesday of each month in the Tweedie Hall from 7pm-9pm.

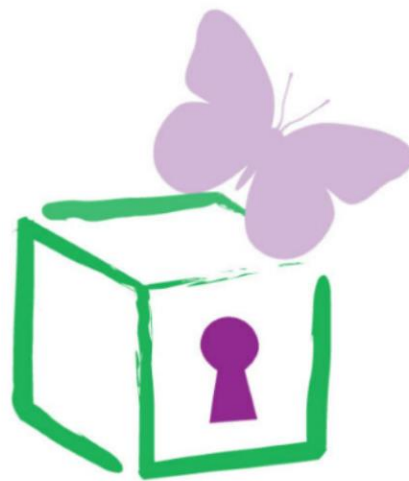
 We hold annual Butterfly Releases at our Tree of Tranquillity sites and we join Baby Loss Awareness Week to host Wave of Light services across Scotland on the 15th of October. We would look to hold a butterfly release at the Tree of Tranquillity site in Inverclyde to unveil the tree then make this an annual event held during the summer months.

**We do not ask for payment to cover any of our services;
we are supported by fundraisers and donations.**





SIMBA



Simpson's Memory Box Appeal ©



Report To:	Policy & Resources Committee	Date:	4 February, 2020
Report By:	Chief Financial Officer	Report No:	FIN/06/20/AP
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Accounts Commission Report - Local Government Financial Overview 2018/19		

1.0 PURPOSE

- 1.1 The purpose of this report is to present the main issues raised in the recent Local Government Financial Overview report by the Accounts Commission and to highlight relevant matters to the Committee.

2.0 SUMMARY

- 2.1 The report presents the annual overview of Local Government Finance by the Accounts Commission. As has been the case for several years, the CMT has reviewed the report and key findings and has prepared an assessment of where the Council is placed against the large number of questions asked.
- 2.2 The report's Key Messages are listed on Page 7 of the document and are summarised as follows:
- Councils are under continued financial pressure with revenue funding from the Scottish Government reducing by 0.7% in real terms in 2018/19 resulting in a 7.6% reduction in real terms funding since 2013/14.
 - Councils are using reserves and increasing Council Tax to balance their revenue budgets. Total reserves fell by £45million in 2018/19 which whilst this is a relatively small amount represents a £27million increase from 2017/18.
 - Medium term financial planning is in place but more work is needed on longer term financial plans.
 - A majority of IJBs have underlying financial sustainability issues and either recorded a deficit or required additional funding from partners.
 - Councils have made preparations for the impact of EU withdrawal but there are implications which cannot be planned for financially.
- 2.3 The report also contains a number of exhibits many of which show where the Council is placed compared to other Councils. The body of this report provides some context and commentary for the Committee to consider but there is nothing in these exhibits over which the CMT would raise any concerns.
- 2.4 The report represents a good summary of the strategic financial matters that Members need to consider when finalising the Council Budget which is due to be approved in March, 2020.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee considers the contents of the Accounts Commission report and thereafter approves the officer assessment of where the Council is placed against the matters raised in Appendix 1.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 For the last number of years the Accounts Commission has produced a Local Government Financial Overview in November in order to assist Councils in the development of their forthcoming budgets. As has been the case previously, the report has been presented to the Policy & Resources Committee for consideration.
- 4.2 A further Accounts Commission report covering the overall performance of Councils is produced in March and will also be presented to the Committee.

5.0 ACCOUNTS COMMISSION REPORT & FINDINGS

- 5.1 The report's Key Messages are listed on Page 7 of the document and are summarised as follows:
- Councils are under continued financial pressure with revenue funding from the Scottish Government reducing by 0.7% in real terms in 2018/19 resulting in a 7.6% reduction in real terms funding since 2013/14.
 - Councils are using reserves and increasing Council Tax to balance their revenue budgets. Total reserves fell by £45million in 2018/19 which whilst this is a relatively small amount represents a £27million increase from 2017/18.
 - Medium term financial planning is in place but more work is needed on longer term financial plans.
 - A majority of IJBs have underlying financial sustainability issues and either recorded a deficit or required additional funding from partners.
 - Councils have made preparations for the impact of EU withdrawal but there are implications which cannot be planned for financially.
- 5.2 The report also contains a number of exhibits many of which show where the Council is placed compared to other Councils.

Exhibit 4 – This shows the proportion of overall income made up by different funding sources. It is hard to get a direct comparison as the Council no longer has an HRA but it confirms that Inverclyde has less ability than most to use Council Tax to close any funding gaps.

Exhibits 7 & 8 – The first table shows that Inverclyde has the 2nd highest level of General Fund Reserves of the 29 mainland Councils. This is in line with previous years. The second table shows that Inverclyde reserves have decreased by more than 12% in the last 3 years. This is in line with expenditure plans reported to the Committee.

Exhibit 10 – This exhibit shows the size of debt and borrowing relative to “turnover”. Inverclyde is ranked quite highly albeit is no longer in the top 5. As has been highlighted previously, the level of debt is largely driven by policy choices and is reflected in the recent significant investment in the School, Leisure, Office and Depot estate plus the ongoing Roads investment.

Exhibit 11 – This exhibit shows the LGPS unfunded pensions liability as a percentage of revenue budget. Placing on this table largely reflects the volume and value of historic early release liabilities and the local added years arrangements.

Exhibit 13 - This final exhibit shows the size of the IJB Reserves as a percentage of the 2018/19 spend. Whilst Inverclyde IJB has the 2nd highest percentage, latest IJB financial report show a 35% reduction in the size of reserves during 2019/20.

6.0 QUESTIONS RAISED IN THE REPORT

- 6.1 The Corporate Management Team has reviewed the large number of questions raised for Members to consider. The assessment of the CMT is that there is nothing raised in the report that comes as a surprise.

- 6.2 The Council has large reserves relative to its size but officers report these each Committee cycle and through the 6 monthly Financial Strategy. Reserves are reducing and are projected to continue to do so in the medium term. The Council also has had an ambitious programme of investment in its key assets and therefore the relative size of its debt is expected to be higher than many other Councils. The critical issue is that this debt remains affordable and that is demonstrated in the medium /longer term within the Financial Strategy and the associated Capital Strategy.
- 6.3 In order to assist the Committee in assessing the report, the CMT has extracted the questions raised and collated them in Appendix 1 along with an assessment of where the Council currently sits. Committee is asked to review and comment on this assessment. It should be noted that the questions relating to the IJB are not addressed as these are a matter for the IJB.

7.0 IMPLICATIONS

7.1 Finance

There are no financial implications arising from this report albeit the report captures many of the strategic financial challenges faced by the Council at this time.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
N/A					

7.2 Legal

There are no legal implications arising from this report.

7.3 Human Resources

There are no HR issues arising from this report.

7.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

7.5 Repopulation

There are no direct repopulation issues arising from this report.

8.0 CONSULTATIONS

8.1 The Corporate Management Team endorses the contents of the report and the associated Action Plan.

9.0 LIST OF BACKGROUND PAPERS

9.1 None

Financial Overview 2018/19 - Actions

Appendix 1

Issue Raised		Officer Response	Further Action/By Whom
1/	How dependent is your Council on the various sources of income compared to other Councils, including: Scottish Government funding, grants, council tax and receipts from customers/clients?	The Council has a low Council Tax base in relation to the size of budget and traditionally has a low level of discretionary charging. As such it is more expose the fluctuations in the level Government Grant. This is factored in to the Financial Strategy figures.	No action proposed
2/	How big is the funding gap for your Council relative to the total budget?	The estimated funding gap for 2020/23 was £19.1million which represents approximately 9.5% of the Revenue Budget	No action proposed
3/	What are your Council's plans for meeting the current and future funding gaps – savings plans, efficiencies, reduction in services, or transformation, increased charges, use of reserves?	Officers generated savings options of over £15million as part of the 2020/23 budget. In addition the Council has a Delivering Differently programme which examines potential service change projects. Finally there remains £3.0million in reserves to smooth the delivery of balanced budgets in the 2020/23 period.	No action proposed
4/	Do committed/earmarked/specific reserves have clear purpose and projected cashflows or are they part of the general contingency or uncommitted general fund?	All earmarked reserves are reviewed for appropriateness annually and members receive updates on spend / progress each reporting cycle.	No action proposed

Issue Raised	Officer Response	Further Action/By Whom
5/ Is the Council using up its reserves and is it likely to deplete these over the medium or long term (within 5 or within 10 years)?	The overall reserves have recently reduced in line with approved plans. The Council continues to have one of the largest level of reserves relative to size which provides flexibility in the medium term.	No action proposed
6/ Are you aware of your council's medium term and long term plans for Capital spending?	The medium term capital plans are approved annually with the longer term plans covered in the Finance Strategy and Capital Strategy.	No action proposed
7/ What is your Council's current debt position relative to its annual revenue?	128.5%. This is reported as part of the Treasury & Capital Strategies with Members advised that it is expected that debt will peak in 2020/21 and thereafter begin to reduce.	No action proposed
8/ How much of the Council's budget is used to pay interest and debt repayments?	13.9% .This is reported as part of the Treasury Strategy with longer term trends reported as part of the Capital Strategy. Projections show a significant reduction in loans charges from 2021/22 as pre reorganisation debt drops out.	No action proposed
9/ Are you given clear and sufficient information to understand risks and support decisions about future borrowing?	Policy & Resources Committee receive 3 reports annually on the Council's Treasury Strategy which covers borrowing plans, risks and performance against target.	No action proposed

<u>Issue Raised</u>		<u>Officer Response</u>	<u>Further Action/By Whom</u>
10/	Does the Council prepare business cases for severance proposals and are these reported to Councillors?	The Council has an approved Value for Money Release Policy. All releases are signed off by the Chief Executive, Corporate Director, CFO and Head of OD & HR and are reported annually to Policy & Resources.	No action proposed
11/	Does the management commentary of the Council (and of the IJB accounts) show the outturn against budget reconciled to movement in the general fund and progress against agreed savings plans?	These matters were picked up in the most recent audit of the accounts and will be incorporated in the 2019/20 Management Commentary	Amend format of the Management Commentary, Chief Financial Officer May, 2020
12/	Does your Council have medium term and long term financial plans and do they include a range of potential funding and financial scenarios?	The Council receives 6 monthly updates via the Financial Strategy which include 3 scenarios for funding , inflation etc	No action proposed

Local government in Scotland

Financial overview 2018/19



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
December 2019


The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Links

 PDF download

 Web link

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Exhibit data

When viewing this report online, you can access background data by clicking on the graph icon. The data file will open in a new window.



These question mark icons appear throughout this report and represent scrutiny questions for councillors.

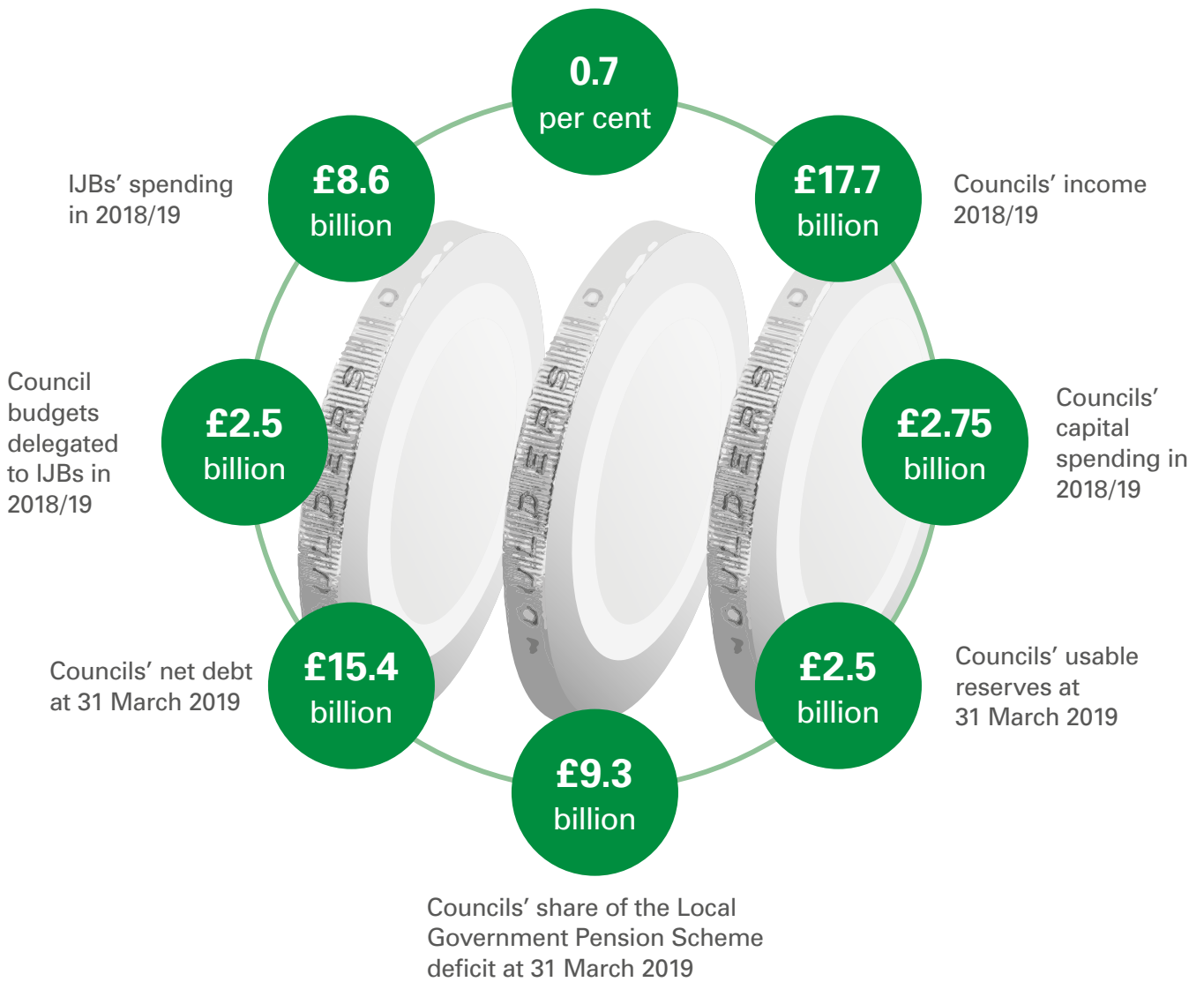
Audit team

The core audit team consisted of: Kathrine Sibbald, Lisa Duthie, Chris Lewis and Lucy Ross, with support from other colleagues and under the direction of Brian Howarth.

Key facts



Real terms reduction in
Scottish Government revenue
funding 2017/18 to 2018/19



Chair's introduction



This report, the Accounts Commission's overview of the 2018/19 financial year, provides an independent, public assessment of how effectively Scottish local government is managing public money and responding to the financial challenges it faces. I believe our overview reports are an important tool to highlight to councillors, officers and the public the issues we are most concerned about.

Of particular note for us this year, Integration Joint Boards (IJBs) continue to face very significant challenges and they need to do much more to address their financial sustainability. The pace of progress with integration has been too slow and we have yet to see evidence of a significant shift in spending and services from hospitals to community and social care. I continue to be concerned about the significant turnover in senior staff in IJBs. This instability inevitably impacts on leadership capacity and the pace of progress. The Commission has a strong interest in the performance and development of IJBs and we are planning arrangements to review their progress in delivering Best Value for their communities.

Our report also sets out that councils face the increasing challenge of meeting changing and growing demands on their services, but their income is straining to keep pace. Although Scottish Government funding to councils has been relatively stable this year, since 2013/14 it has fallen in real terms. Funding is forecast to fall further in the medium term against a backdrop of increasing volatility in public finances. The Commission also notes that two-thirds of councils have reduced their general fund reserves over the last three years rather than maintaining or building their reserves. The signs of a trend in reducing reserves may be emerging. I have previously commented that ongoing use of reserves to manage funding gaps is not sustainable.

After several years of tightening budgets, we recognise councils have already made savings through restructuring and efficiencies, but transformation in terms of service redesign is required to deal with the further reductions forecast. The Commission will continue to have a close interest in how councils and IJBs are redesigning services to meet the needs of their communities.

I also encourage councils and IJBs to continue to do all they can to improve and develop their approaches to medium- and long-term financial planning. This is not easy, but it is a fundamental tool to support councillors and officers to make well-considered decisions and effectively manage the continuing challenges ahead. The Scottish Government has committed to providing three-year indicative budgets in the future, which the Commission welcomes, as this will support improved medium-term financial planning in councils and IJBs.

Finally, we note that again there has been some improvement with the quality of reporting on financial matters in councils. I encourage councils and IJBs to continue to improve the transparency and clarity of management commentaries and wider financial information provided to councillors and the public.

I hope you find this overview useful and would welcome any feedback you may have.

Graham Sharp

Chair of the Accounts Commission

Summary



Key messages




Councils:

- 1** In 2018/19, Scottish council revenue income totalled £17.7 billion, an increase from 2017/18 (£17.3 billion).
- 2** Scottish Government revenue funding remains the most significant source of income and this increased by 1.1 per cent in cash terms in 2018/19, a 0.7 per cent decrease in real terms. Since 2013/14, Scottish Government funding to councils has reduced by 7.6 per cent in real terms.
- 3** In 2018/19, the funding gap was three per cent of total budget. Councils planned to manage this primarily through savings, though a shortfall in savings achieved meant that more of the funding gap was met from reserves than planned.
- 4** Councils are increasingly drawing on their revenue reserves. The net draw on revenue reserves in 2018/19 was £45 million. Twenty-three councils have reduced their general fund reserves over the last three years.
- 5** Capital expenditure increased by £62 million (2.3 per cent) to £2.75 billion, with more spent on housing and less on education.
- 6** All councils have medium-term financial planning covering three years or more. Long-term financial planning has not improved since last year and more progress is needed.
- 7** Councils have made preparations for EU withdrawal but there are many potential implications that cannot be anticipated in financial planning.

Integration Joint Boards (IJBs):

- 8** A majority of IJBs struggled to achieve break-even in 2018/19, either recording a deficit or relying on additional funding from partners.
 - 9** Around a third of the IJBs failed to agree a budget with their partners for the start of the 2019/20 financial year.
 - 10** Medium-term financial planning is improving but no IJB had a financial plan that extended for more than five years. A focus on developing longer-term financial planning is required by IJBs.
 - 11** Over a third of IJB senior staff have changed during 2018/19.
-

About this report

- 1.** This report provides a high-level independent analysis of the financial performance of councils during 2018/19 and their financial position at the end of that year. It also looks ahead and comments on the financial outlook for councils. It is one of two overview reports that the Accounts Commission publishes each year. The second report comments on the wider challenges and performance of councils. It will be published in April 2020.
- 2.** Our primary sources of information for the financial overview are councils' 2018/19 audited accounts, including management commentaries and the 2018/19 external annual audit reports for each council. We have supplemented this with data submitted by councils through local audit teams and to the Scottish Government through the Capital Provisional Outturn and Budget Estimates (CPOBE).
- 3.** We refer to 'real-terms' changes in this report. This means we are showing financial information from past and future years at 2018/19 prices, adjusted for inflation so that they are comparable. Similarly, where 2019/20 comparisons are made we have adjusted for inflation to 2019/20 prices. We also refer to figures in 'cash terms'. This means we are showing the actual cash or money paid or received.
- 4.** Throughout the report, we identify examples of questions that councillors may wish to consider, to help with understanding their council's financial position and to scrutinise financial performance. The Accounts Commission encourages councillors to use an appropriate level of challenge in scrutiny and ensure they receive sufficient information to answer their questions fully. The example questions are also available on our website in [Supplement 1: Scrutiny tool for councillors](#) .
- 5.** Accompanying this report, and to facilitate insight and comparisons across the sector, we have provided additional financial information on our [website](#) . We have also produced a separate document [Supplement 2: Local Government Pension Scheme 2018/19](#) . We hope the data and LGPS supplement will be useful for senior council finance officers, their staff and other interested stakeholders.

Part 1

Councils' income in 2018/19



Key messages

- In 2018/19, Scottish council revenue income totalled £17.7 billion, an increase from 2017/18 (£17.3 billion).
- Scottish Government revenue funding remains the most significant source of income and this increased by 1.1 per cent in cash terms in 2018/19 (0.7 per cent decrease in real terms).
- Since 2013/14, Scottish Government revenue funding to councils has reduced by 7.6 per cent.
- A growing proportion of Scottish Government revenue funding to councils is committed to national policy initiatives.

In 2018/19, Scottish council revenue income totalled £17.7 billion

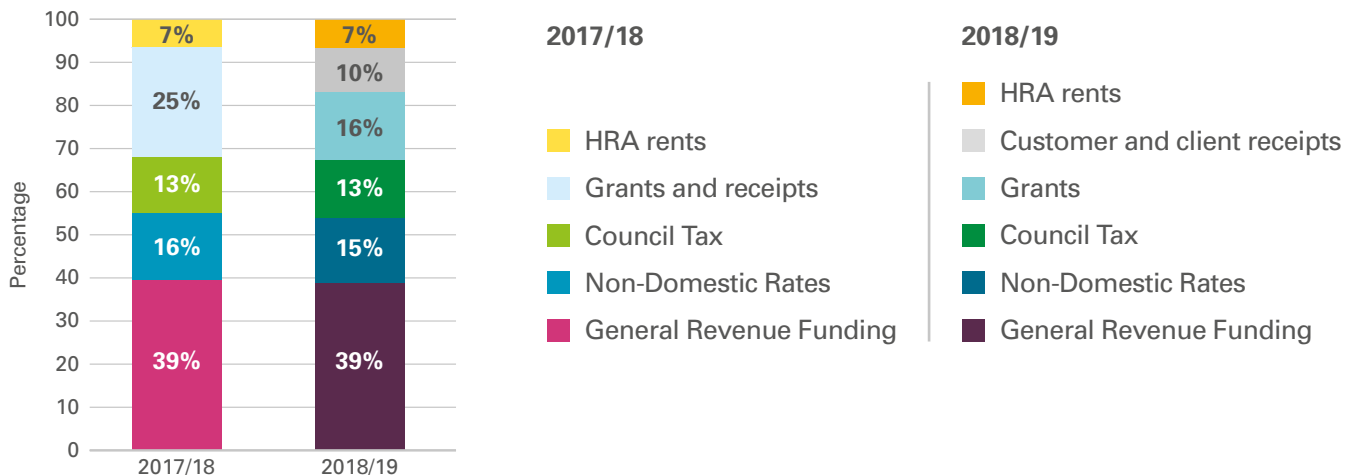
Councils' annual income increased slightly in 2018/19

6. Scottish councils get their annual funding and income from a range of sources ([Exhibit 1](#)). In 2018/19, these totalled £17.7 billion, which is an increase from 2017/18 (£17.3 billion). The main source of funding is the Scottish Government. In 2018/19, the Scottish Government provided £9.8 billion (compared to £9.7 billion in 2017/18).

Exhibit 1

Sources of council revenue income, 2018/19

Funding and income increased from last year to £17.7 billion.



Note: In the 2017/18 data, customer and client receipts are included in grants and receipts.
Source: Audited financial statements 2018/19 and 2017/18



Scottish Government funding

Scottish Government revenue funding fell by 0.7 per cent in real terms in 2018/19


7. In 2018/19, the **total revenue funding**  from the Scottish Government increased by 1.1 per cent in cash terms and decreased by 0.7 per cent in real terms ([Exhibit 2](#)). The total revenue funding of £9.8 billion consists of the general revenue grant funding of £6.9 billion (70 per cent); Non-Domestic Rates (NDR) £2.6 billion (27 per cent); and specific grants making up the remaining £0.3 billion (3 per cent).

Exhibit 2

Changes in Scottish Government revenue funding in 2018/19

Scottish Government revenue funding reduced by 0.7 per cent in real terms in 2018/19.

	2017/18 £m	2018/19 £m	Cash %	Real %
Revenue Grant	7,019	7,159	2.0 ▲	0.2 ▲
NDR	2,666	2,636	-1.1 ▼	-2.9 ▼
Total revenue funding	9,685	9,795	1.1 ▲	-0.7 ▼
Health and Social Care funding via NHS	355	355		
	10,040	10,150	1.1 ▲	-0.7 ▼

Note: On 28 March 2018, the Scottish Government paid £34.5 million of additional funding to councils. This is included in the 2017/18 column above.

Source: Finance Circulars 4/2018 and 2/2019, and Scottish Government budget documents

Since 2013/14, Scottish Government revenue funding to councils has reduced more than to other areas

8. Funding from the Scottish Government to local government between 2013/14 and 2018/19 decreased by 7.6 per cent over these six years, in real terms ([Exhibit 3, page 11](#)). Scottish Government revenue funding across other areas decreased by 0.4 per cent over the same period, demonstrating that local government funding has undergone a more significant reduction than the rest of the Scottish Government budget over this period.

9. However, the gap between local government revenue funding and the rest of the Scottish Government revenue budget narrowed in the last year (between 2017/18 and 2018/19) to 7.2 per cent.

How Scottish Government funding is distributed is to become more transparent

10. Grant-aided Expenditure (GAE) is the main distributing methodology for determining Scottish Government revenue funding provided to councils. The remaining Scottish Government revenue funding is determined by a range of other separate non-GAE methodologies agreed by the Scottish Government and COSLA.¹ Over time, the proportion of the non-GAE element of funding has grown and in 2019/20 represents a third of the total funding.



Total revenue funding

This consists of general resource grants, specific revenue grants (together known as revenue grants) and Non-Domestic Rates income (NDR).

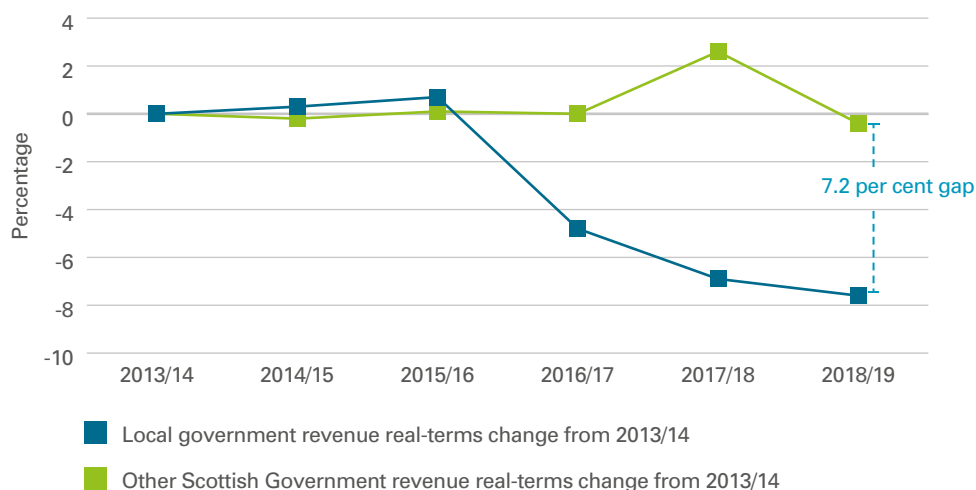
It does not include health and social care funding paid to local government via the NHS.



Exhibit 3

A comparison of real-terms changes in local government and other Scottish Government revenue funding

Over the last six years local government revenue funding from the Scottish Government fell by 7.6 per cent, while other Scottish Government revenue funding fell by 0.4 per cent.



Source: Scottish Government budget documents and financial circulars



11. In our [financial overview report in 2017/18](#) [\(download\)](#), we reported on the lack of transparency of the calculations for the non-GAE distributions to individual councils. The Scottish Government has now provided this information to the Local Government and Communities Committee of the Parliament, SPICe² and COSLA. It is also planning to include the methodologies used for the specific revenue grants and other non-GAE funding within their annual Grant Aided Expenditure [Green Book](#) [\(download\)](#) publication from 2020/21.

A growing proportion of funding is committed to national policy initiatives

12. The Commission commented in its report [Challenges and performance 2019](#) [\(download\)](#) that an increasing proportion of council budgets is committed to national policy initiatives. This reduces the flexibility councils have for deciding how they plan and prioritise the use of funding to respond to local priorities. There are different approaches to describing the scope of this flexibility by stakeholders; different figures and language complicate this.

13. Within the £9.8 billion Scottish Government revenue funding, a relatively small, but growing, element is identified by the Scottish Government as specific revenue grants, set out in the annual settlement to councils. This money is ring-fenced to fund identified policies, such as the Pupil Equity Fund, Criminal Justice and Early Years Expansion. These grants totalled £0.3 billion in 2018/19 (£0.5 billion in 2019/20). The Scottish Government's view is that other funding is not ring-fenced and it is therefore at the discretion of councils how they deliver commitments and services with these funds.

An increasing proportion of council budgets is committed to national policy initiatives. This reduces the flexibility councils have for deciding how they plan and prioritise the use of funding to respond to local priorities

14. In addition to specific revenue grants, funding for other national policy initiatives is set out in the annual settlement but not formally ring-fenced. These are mainly initiatives linked to education and social care. Collectively, ring-fenced and funding linked to other national policy initiatives, increased from £0.6 billion to £1 billion, between 2018/19 and 2019/20. This is around 10 per cent of Scottish Government funding to councils. The Commission has previously highlighted that education and social care represent over two-thirds of councils' spending and, 'although it is possible to make savings in these areas, national priorities, statutory obligations and demand for services make this challenging'.³

COSLA identifies reducing flexibility based on estimated expenditure


15. COSLA has also described its position on the flexibility of councils' budgets. It has taken a different and wider approach to this. It focuses on estimated expenditure. It identifies expenditure areas that have been ring-fenced or are protected through obligations created by current and past Scottish Government policy initiatives, demand pressures, or fixed obligations such as loan charges. For 2019/20, the most significant areas that COSLA identified included:

- primary and secondary teacher staff costs (£2.5 billion)
- all adult social work costs devolved to IJBs (£2.7 billion)
- loan charges (including PPP costs) (£0.7 billion)
- and other areas such as Council Tax Reduction Scheme (£0.4 billion) and Early Learning (£0.4 billion).

16. In its response to the Local Government and Communities Committee on the 2019/20 budget, COSLA's view is that Scottish Government policies and fixed commitments represented 58 per cent of local government revenue expenditure budgets in 2018/19; 60 per cent in 2019/20.

Other income

Council tax increases of three per cent increased total income slightly

17. As identified in our report [Challenges and performance 2019](#)  all councils increased council tax rates by the maximum allowable three per cent in 2018/19. With increases in the number of properties, total council tax increased by £97 million (4.2 per cent increase) in 2018/19. As only 10 to 19 per cent of funding and income is raised through council tax, this only produces an increase of around 0.5 per cent.

Councils rely on a significant element of grant and NHS income

18. This year, for the first time, we have used financial statements and information collected from auditors, to provide an insight into the extent of grant income received by councils. In a small number of councils this was hampered by a lack of clarity in the accounts about grant income credited to services. Our analysis shows that £3.0 billion (16 per cent) of income was revenue grant income received by Scottish councils (and credited as income to services) in 2018/19.



How dependent is your council on the various sources of income compared to other councils, including: Scottish Government funding, grants, council tax and receipts from customers/clients?



Challenges and performance 2019
March 2019 

19. The major components of this grant income include:

- Housing benefit grants from the Department of Work and Pensions totalling £1.4 billion.
- NHS income, £0.7 billion, including resource transfer and integration fund transfers.
- Scottish Government ring-fenced and other non-government grants of £0.9 billion (including criminal justice, pupil equity and attainment funding and early learning grants).

The proportion of income from each main source varies significantly across councils

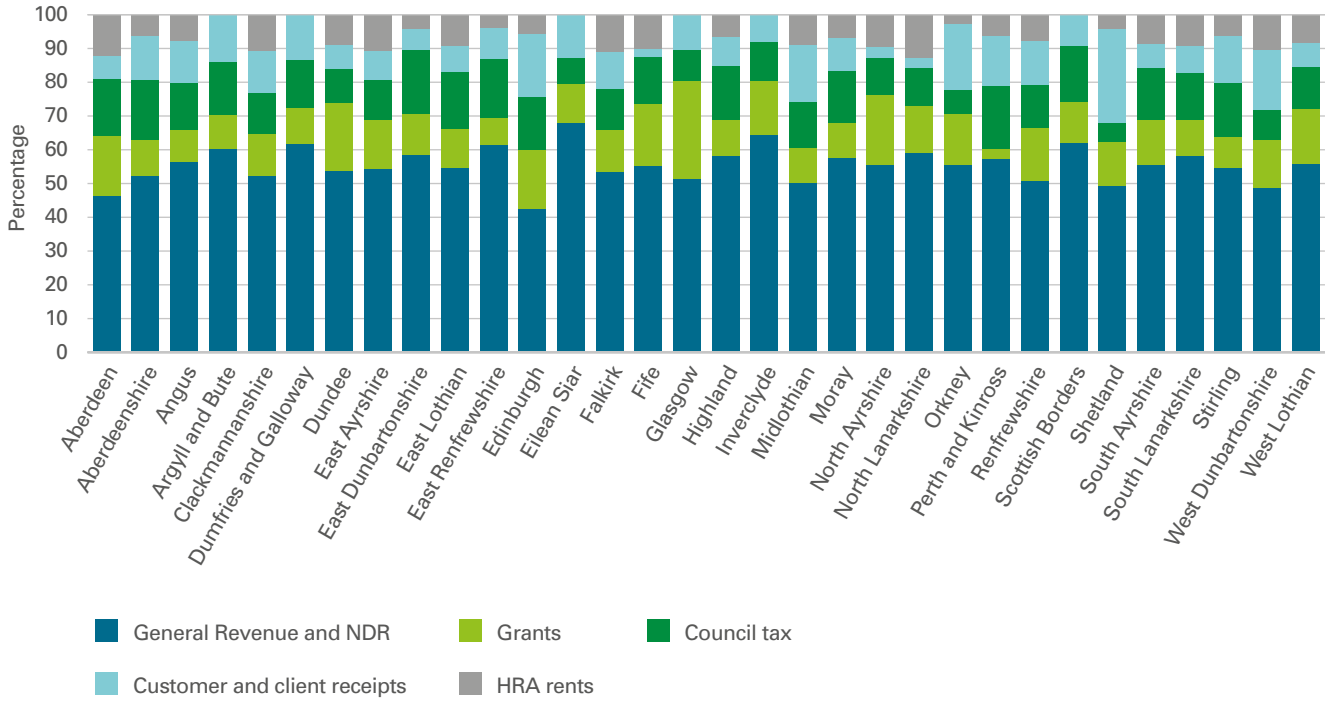
20. There are major differences between councils in the nature and scale of income ([Exhibit 4, page 14](#)). The most obvious of these is house rents, where six councils are not registered social housing providers, and so do not generate income from housing rents. However, there are other major differences between councils when looking at other sources of income:

- Some councils are less reliant on general revenue funding from the Scottish Government and NDR than others. This ranges from City of Edinburgh Council (43 per cent) to Eilean Siar (68 per cent).
- The other two islands authorities, Orkney and Shetland, have significant harbour activities which generate locally significant income streams of £15 million and £30 million, respectively.
- Some councils have relatively low income from fees and charges for services. There may be local policy reasons for this.
- Some councils generate relatively higher levels of income from council tax. East Dunbartonshire and Perth and Kinross councils rely on council tax to provide 19 per cent of their total income and funding (excluding HRA). In comparison, all three island authorities (Shetland, Orkney and Eilean Siar) realise less than 10 per cent of their total income from council tax.
- Some councils receive a greater proportion of income from grants and NHS funding. The most significant of these is Glasgow City Council which has 29 per cent (£680 million) of its total income from this source. This includes £329 million of housing benefit subsidy, £148 million from the NHS and £58 million of ring-fenced grants from the Scottish Government.

Exhibit 4

The proportion of income from each source for each council

Some sources of income are more important to each council.



Source: Audited financial statement 2018/19



Part 2

Councils' financial position in 2018/19



Key messages

- The 2018/19 funding gap of three per cent was less than the previous year (four per cent). Councils planned to manage this primarily through savings, though a shortfall in savings achieved meant that a higher proportion of the funding gap was met from reserves than planned.
- Across Scotland councils increased their use of revenue reserves. The net draw on revenue reserves in 2018/19 was £45 million. Over the past five years the position has changed, with councils increasingly drawing on their revenue reserves.
- Twenty-three councils have reduced their general fund reserves over the last three years. No council has a position where this rate of depletion would eliminate the total general fund within three years.
- Capital expenditure increased by £62 million or 2.3 per cent in 2018/19 to £2.75 billion, with more spent on housing and economic development and less on education.
- The value of pension liabilities in councils increased by £0.5 billion to reflect the impact of the McCloud case.
- Councils should continue to improve the transparency of the management commentary.

Council budgets and outturn 2018/19

The 2018/19 three per cent funding gap was less than the previous year

21. Councils' 2018/19 budgets identified total final net expenditure of £12.2 billion. These were not fully met by budgeted income. The funding gap was £0.4 billion (three per cent). In 2017/18, the shortfall was £0.5 billion (four per cent).

22. Councils planned to manage funding gaps through savings. On average, councils delivered 87 per cent of planned savings. However, there was significant variation in how individual councils performed against their savings targets:



How big is the funding gap for your council relative to the total budget?

- Moray Council, which planned to deliver savings of £6.3 million, achieved savings of £7.2 million or 114 per cent of its target. Inverclyde, North Ayrshire and West Lothian councils also performed well against their savings targets.
- Shetland Islands Council, which planned to deliver savings of £1.9 million, achieved savings of £0.4 million or just 21 per cent of its target.

A higher proportion of the funding gap was met from reserves than planned

23. Some councils planned to use reserves to present balanced budgets. An analysis of data from a sample of 18 councils shows that planned use of reserves for 2018/19 was £52 million. The combined total funding gap for these councils was £272 million, of which planned use of reserves represented 19 per cent. The actual use of reserves by the sample of 18 councils was higher than planned at £71 million.

Usable reserves

24. All councils hold reserves but there is variation in the nature and value of these reserves. Reserves play an important role in good financial management of councils. They may be used to invest in a major project, transform services or respond to unexpected events. Reserves are a one-off resource so councils need to plan carefully for their use. [Exhibit 5 \(page 17\)](#) shows the nature and value of usable reserves in 2018/19. Over 77 per cent of the total balance is made up of revenue reserves which include the general fund, housing revenue account, insurance, repairs and renewals funds and other specific funds, eg harbour. The remainder relates to capital reserves which are used to support the costs associated with capital investment projects.

In 2018/19, 16 councils ended the year with a lower level of usable reserves

25. Across all councils there was a net decrease in usable reserves of £6 million to £2.5 billion. Sixteen councils ended the year with a lower level of usable reserves in 2018/19, which is relatively consistent with 2017/18 (18 councils).

26. Examples of councils with notable reductions in usable reserves in 2018/19 include:

- West Dunbartonshire reduced usable reserves by £6 million (or 28 per cent), which mostly related to the housing revenue account balance being used to fund capital expenditure.
- South Ayrshire used £7 million (or 17 per cent) of its reserves. This relates to a draw on its committed general fund in line with its budget plans.
- Moray drew down £4 million (or 16 per cent) from reserves, using its uncommitted general fund to support the 2018/19 financial position. This was part of the approved budget plan.



What are your council's plans for meeting the current and future funding gaps – savings plans, efficiencies, reduction in services, or transformation, increased charges, use of reserves?

Are there significant elements of unidentified savings in the agreed budget or are all planned savings actions clearly identified?

How well are you kept informed about progress against savings plans?

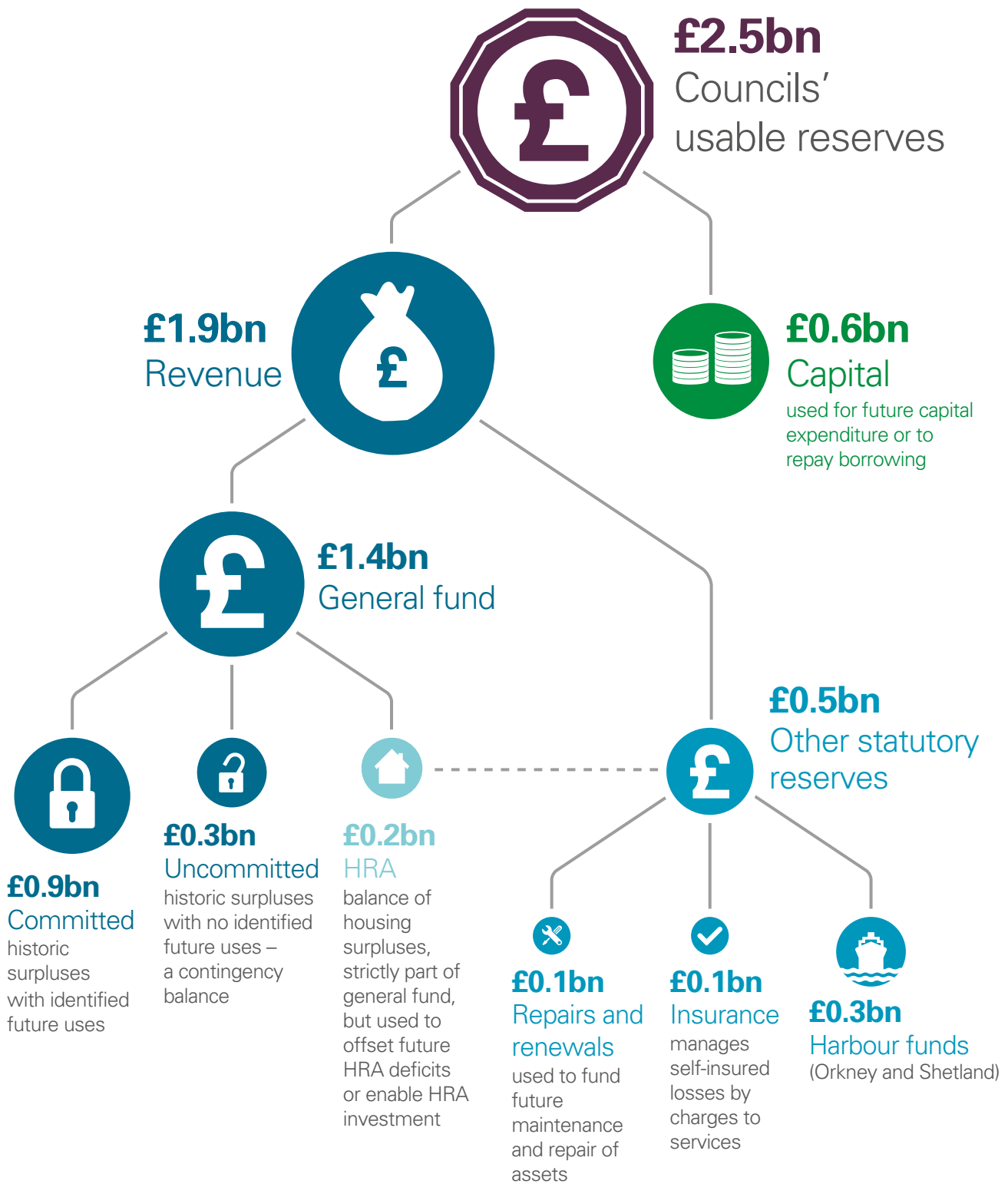
Does your council have a transformation plan? Does it clearly set out the aims and objectives and how and when these will be achieved?

How effectively are you engaged and informed about the council's transformation programme and kept informed about progress?

Exhibit 5

The relative size and nature of councils' usable reserves

In 2018/19, usable reserves held by councils totalled £2.5 billion.



Revenue reserves

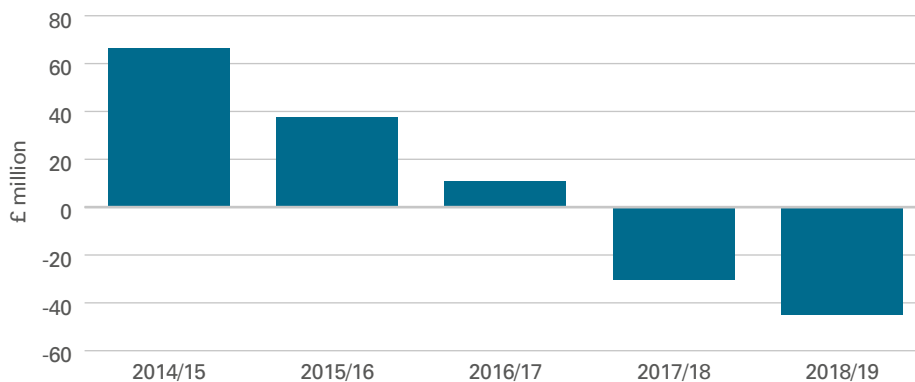
Across Scotland councils increased their use of revenue reserves

27. In recent years, councils have been increasingly turning to reserves to address funding gaps or apply to identified earmarked expenditure. The net draw on revenue reserves in 2018/19 was £45 million. Over the past five years the position has changed from councils adding to revenue reserves to an increasing draw on their revenue reserves ([Exhibit 6](#)).

Exhibit 6

The movement in usable revenue reserves

Councils have been increasing their use of (rather than adding to) revenue reserves over the last two years.



Source: Audited financial statements 2014/15–2018/19

General fund reserves

Councils have committed varying proportions of their general fund reserves

28. The total revenue reserve position includes a general fund reserve and councils can commit to using general fund balances for specific purposes in future years or maintain some as uncommitted. In last year's report, we highlighted the importance of councillors understanding the purpose of committed (or earmarked) reserves. We found that nearly all councils set out the purpose of their earmarked reserves, but the intended timing of this expenditure is not always clear. Knowing when the expenditure is likely to be incurred is an important part of understanding the need for these reserves.

29. The uncommitted element is used to provide against unforeseen circumstances and mitigate the financial impact of these. Councils have different strategies for managing the level at which they maintain an uncommitted balance ([Exhibit 7, page 19](#)). Most have a reserves policy that sets out a minimum level of uncommitted general fund to be maintained. This typically varies from one per cent to four per cent of expenditure across councils. Some councils, including North Lanarkshire and West Lothian, take a risk-based approach to identify an appropriate level for the uncommitted general fund each year. For both these councils this approach has led to a relatively low level of uncommitted general fund.

Across Scotland councils increased their use of revenue reserves. The net draw on revenue reserves in 2018/19 was £45 million.



What is your council's reserves policy?

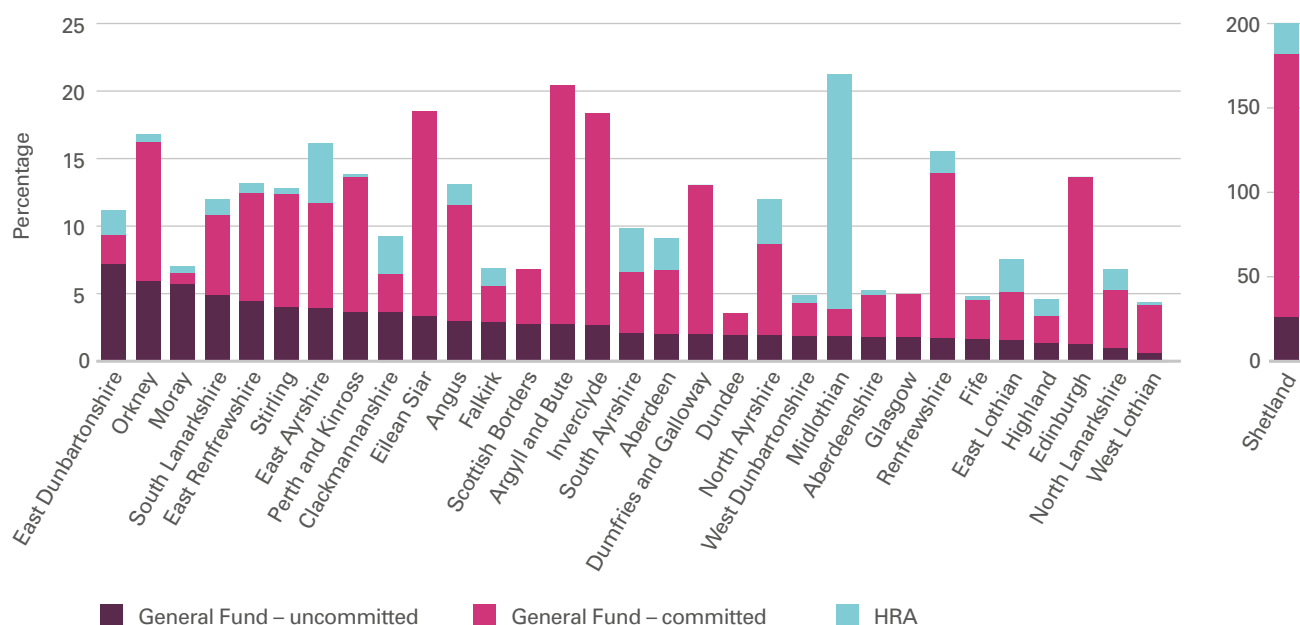
Do committed/ earmarked/specific reserves have clear purpose and projected cashflows or are they part of the general contingency or uncommitted general fund?

30. The Best Value Assurance Reports for [North Lanarkshire](#) and [West Lothian](#) both comment on the low level of uncommitted general fund but recognise that it has been set at a desired level and successfully maintained over several years. However, councils with a low level of uncommitted general fund are more exposed to the risk of an unexpected change in circumstances.

Exhibit 7

General fund as a proportion of net annual revenue split between committed, uncommitted and HRA

All councils hold an uncommitted general fund to protect against unforeseen financial pressures.



Note: Orkney and Shetland also have significant harbour funds which are not included above.

Source: Audited financial statements 2018/19



Twenty-three councils have reduced their general fund reserves over the last three years

31. In recent years, there is significant variation in whether councils have added to, or drawn on, their general fund reserve (including the housing revenue balance).

[Exhibit 8 \(page 20\)](#) shows the average annual movement on the general fund over the last three years (as a percentage of the total remaining balance at 31 March 2019). Shetland has experienced a relative increase in its general fund of 24 per cent while Moray has experienced a similar relative reduction.

32. Although no council has a position where this rate of depletion would eliminate the total general fund within three years, one council (Moray) would deplete its general fund within five years. The total general fund reserve is £14 million and Moray Council has identified that a further £3.7 million draw on reserves will be required to balance the 2019/20 budget (compared to £4.6 million in 2018/19 and an average of £3.6 million over each of the past three years). The council's budget papers clearly recognise that this approach to financial management is not sustainable and that funding gaps over the medium term will need to be funded from savings, which have not yet been identified.

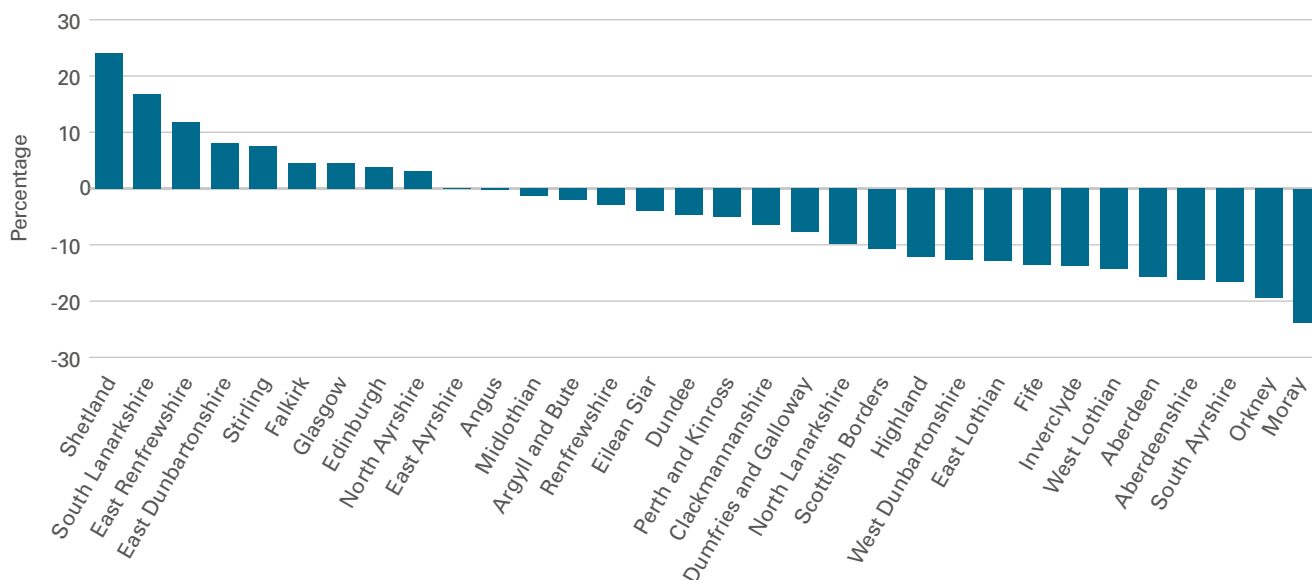


Is the council using up its reserves and is it likely to deplete these over the medium or long term (within 5 or within 10 years)?

Exhibit 8

Average annual movement in general fund over the last three years

Some councils are reducing general fund reserves by significant amounts.



Source: Audited financial statements 2015/16–2018/19



Capital

Total capital spending was £2.75 billion with more spent on housing and economic development and less on education

33. Capital expenditure increased by £62 million or 2.3 per cent in 2018/19 to £2.75 billion. A larger proportion was spent on housing and economic development than in the previous year ([Exhibit 9, page 21](#)). These two areas now account for 44 per cent of total capital expenditure (39 per cent in 2017/18). The proportion of capital expenditure on education has fallen from 27 per cent in 2017/18 to 20 per cent in 2018/19.

34. Some of the major new investments include:

- East Ayrshire Council – Barony Campus. This is the biggest capital investment project ever undertaken by East Ayrshire Council with an estimated total cost of £68 million. On the outskirts of Cumnock, the campus consolidates five schools into one campus.
- City of Edinburgh Council – Additional investment in educational properties, roads and social housing through the housing development fund with over 700 new homes under construction and a further 3,000 homes in design and development stages. The council is also providing funding for homes for mid-market rent from private developers through the National Housing Trust and through the Edinburgh Living LLP.



What are your council's medium-term and long-term plans for capital spending?

How well are you kept informed about progress against capital plans?

How well do you understand the reasons for any underspend against the annual capital budget?

- Midlothian Council – Newbattle Community Campus. A £38 million hub project opened in May 2018 as the council's first 'centre of excellence in digital technology' providing enhanced education and leisure facilities for Newtongrange, Mayfield, Gorebridge and the surrounding communities.

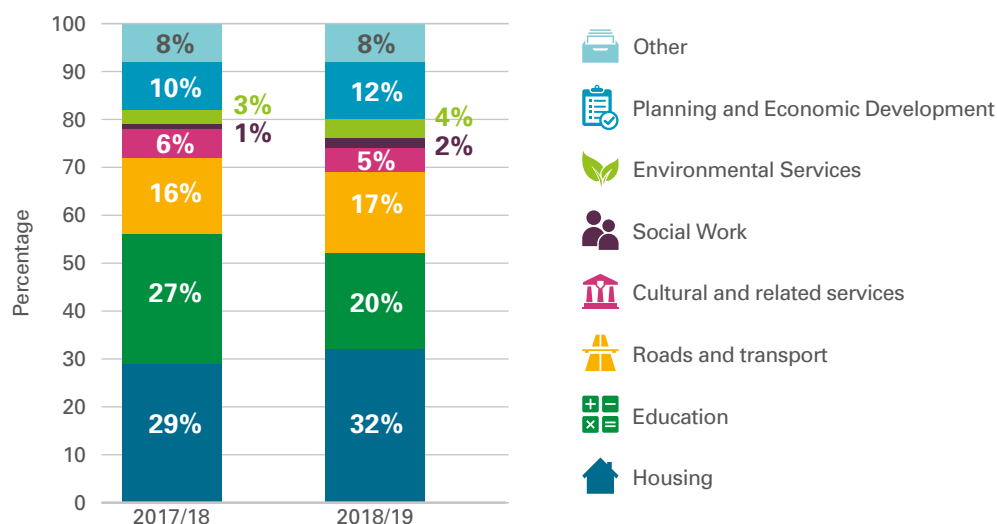
Investment has led to an increase in the number of council houses

35. Across Scotland, social housing is provided by a mix of housing associations and councils. Twenty-six councils in Scotland provide social housing. Fife and North Lanarkshire have the most housing stock (in excess of 30,000 properties each).

Exhibit 9

Capital expenditure by service area 2018/19 and 2017/18

A larger proportion was spent on housing and economic development and less on education in 2018/19.



Source: Scottish government CPOBE – capital provisional outturn (and budget expenditure)



36. We are now seeing the effect of housing investment and the end of the right-to-buy scheme leading to an increase in social housing stock. The total number of houses at 31 March 2019 has increased by 1,950 to 315,649. Edinburgh increased its housing stock by four per cent (719 properties) and West Lothian increased its housing stock by three per cent (434 properties). Falkirk, Highland, North Lanarkshire, Renfrewshire and South Lanarkshire have also increased their housing stock, each by more than 100 homes. East Ayrshire has experienced the biggest decrease, reducing its house numbers by 264.


Government grants and money from councils' revenue budget continue to be the main sources of funding for capital expenditure

37. The sources of capital expenditure funding in 2018/19 are mostly consistent with 2017/18 and include:

- £1.1 billion of government grants (£60 million or six per cent higher than 2017/18).
- £0.9 billion taken from council revenue (capital financed from current revenue and loans fund charges).
- £0.6 billion increase in the underlying need for councils to borrow.

Auditors reported underspends in annual capital budgets at a number of councils

38. A number of the local auditors in their annual audit reports identified that councils had significant underspends against their annual capital budgets:

- Aberdeen City's 37 per cent underspend is in part due to the reprofiling of four proposed new primary schools, delays with the Union Terrace Gardens Project and in settling land claims for the Aberdeen bypass.
- West Dunbartonshire underspent by 41 per cent. We reported in the [Best Value Assurance Report](#)  (June 2018) that there has been a trend of significant levels of capital slippage at the council over a number of years and recommended that the council review its project management processes and consider performing self-assessments to identify areas for improvement.
- Orkney Islands' 50 per cent underspend is due to weaknesses in forward planning arrangements and the auditor reported a history of capital slippage. Capital projects which experienced slippage in 2018/19 include £3 million for the Scapa Flow Visitor Centre and Museum and £4 million for a new tug.

39. There can be local reasons for underspends against annual capital budgets that reflect the phasing of projects over a number of years. The key issue is that councillors understand whether annual underspends of budget are symptomatic of delays in overall capital project delivery and encourage officers to address these or refine the overall capital aspirations.

Debt

There is variation in the relative underlying borrowing position of councils

40. The underlying borrowing position of councils varies across Scotland from 58 per cent of net annual revenue in Renfrewshire and Orkney to 237 per cent in Aberdeen City ([Exhibit 10, page 23](#)). Overall gross debt levels have grown by £0.7 billion (or four per cent) in the last year. Councils with higher borrowing levels usually incur higher annual costs of servicing the debt and may have less headroom for further affordable borrowing.

41. The underlying borrowing position consists of the net debt of the councils at 31 March 2019 (total debt less investments and cash) adjusted for total usable reserves. This is because a council with significant reserves that are not cash-backed would need to borrow more in the future to realise these reserves.

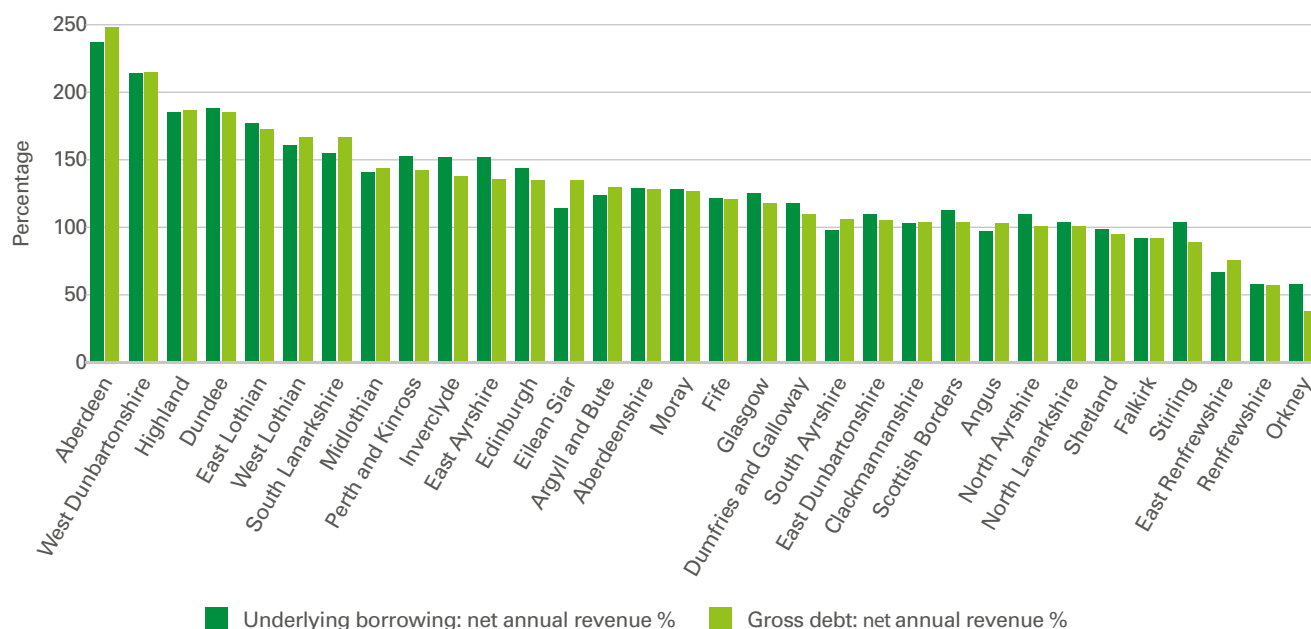


What is your council's current debt position relative to its annual revenue?

Exhibit 10

Underlying borrowing and gross debt as a proportion of net annual revenue

The underlying borrowing position of councils varies from 58 per cent to 237 per cent of net annual revenue.



Source: Audited financial statements 2018/19



Total net debt across councils has increased by £0.3 billion, mainly due to three councils

42. The different sources of debt held by councils comprises:

- The Public Works Loans Board (PWLB), a UK Government agency that issues loans to local authorities and other specified bodies (56 per cent).
- Other market loans (27 per cent).
- Other long-term liabilities from assets acquired through public private partnerships including Private Finance Initiative (PFI), Public Private Partnership (PPP) and Non-Profit Distributing (NPD) models (17 per cent).

43. Total net debt has increased by £0.3 billion (2.3 per cent), from £15.1 billion in 2017/18 to £15.4 billion in 2018/19. Three councils account for most of the movement in net debt this year:

- Aberdeen City Council – an increase of £203 million (21 per cent) due to an increase in PPP liabilities and short term borrowing from other local authorities to fund capital investment.
- East Ayrshire Council – increase of £67 million (20 per cent) due to an increase in finance lease liabilities for an NDP schools project that the council occupied in the year.
- Dundee City Council – increase of £66 million (10 per cent) due to an increase in borrowing to fund the council's capital programme, including £12.4 million for council housing.

The overall cost of servicing debt is unchanged but councils incur different levels of spend on their annual revenue

44. Total interest costs remain consistent year-on-year at £0.8 billion. In 2018/19, these payments varied from 10 per cent of net annual revenue in Aberdeen to two per cent in Orkney with 19 councils spending more than six per cent of their net annual revenue on debt interest. Higher interest costs can reflect the extent, type and age of debt held.

Most debt is fixed interest, but PFI/PPP/NPD schemes are variable interest

45. Most council borrowing comes from the PWLB and this is usually issued at a fixed interest rate. Our analysis from auditors found that fixed interest payments made up around 65 per cent of total interest payments in 2018/19. In October 2019, the UK Treasury announced that interest rates on new PWLB loans would rise from 1.81 per cent to 2.81 per cent. This will make new PWLB borrowing or refinancing of debt for councils more expensive.

46. The remainder relates to interest payments on PFI/PPP/NPD agreements (30 per cent), where unitary charges are typically linked to RPI and variable interest loans (five per cent). Aberdeen City Council issued index-linked bonds in November 2016, raising £415 million to support its capital investment programme. This is also linked to RPI and the income generated by the new Aberdeen Exhibition and Conference Centre is expected to contribute to the cost of servicing the bond each year.

Provisions and equal pay

Glasgow City Council agreed to settle equal pay claims at a cost of £0.5 billion

47. In last year's report, we highlighted that the impact of equal pay claims on Glasgow City Council's financial planning could be significant. In May 2019, the council agreed to settle outstanding equal pay claims at a total cost of £0.5 billion. The council has developed a funding strategy that will spread the cost of settlement over several years and this has been built into the council's baseline budget from 2019/20 onwards. The funding strategy includes one of the council's arm's-length external organisations (ALEOs) refinancing an existing loan with Barclays Bank and remitting this to the council as a member contribution. The second element involves a sale and leaseback arrangement of property with the same ALEO. The local auditor assessed the overarching governance arrangements of the equal pay project, along with the controls in place around the calculation and payment of settlements and considered them to be appropriate.

48. The settlement does not fully extinguish the council's equal pay liability. The council is currently working towards implementation of a new pay and grading system by April 2021, and a liability may remain until the new system is in place.

Pensions and severance

Employer pension liabilities increased as a result of the McCloud case

49. Councils' share of the Local Government Pension Scheme (LGPS) net liability at 31 March 2019 increased by 41 per cent to £9.3 billion, compared to £6.6 billion at 31 March 2018.



How much of the council's budget is used to pay interest and debt repayments?



Are you given clear and sufficient information to understand risks and support decisions about future borrowing?

50. In 2015, the government introduced reforms to public sector pensions. In December 2018, the Court of Appeal ruled, in the McCloud case, that the transitional protection offered to some members of the judicial and fire fighters' schemes as part of the reforms amounted to unlawful discrimination – www.judiciary.uk/. As all care schemes introduced in 2015 contained transitional protection, all schemes are likely to be unlawful. This includes the local government pension funds. On 27 June 2019, the Supreme Court denied the UK Government leave to appeal and the UK Government conceded that the protections in place were discriminatory on grounds of age. In accordance with accounting standards, this was regarded as an adjusting event after the balance sheet and councils were advised to adjust their unaudited financial statements.

51. In June, the Government Actuary's Department (GAD) provided actuarial firms with a methodology for estimating the likely impact of the rulings on pension liabilities. Local government pension fund actuaries were requested to apply the GAD assumptions which generally resulted in an increase in the net pension liabilities.

52. The impact of McCloud on council finances will become clearer at the next triennial revaluation of pension funds at 31 March 2020, when contribution rates are redetermined. There may be a funding pressure, with councils having to make additional future employer contributions to cover the increased liabilities.

Other issues affected revised pension liabilities

53. While the impact of McCloud was the main element in the revised figures, there were other factors involved including Guaranteed Minimum Pension (GMP) equalisation (due to contracting out of the state earnings related pension scheme (SERPS) in April 1978). This provided for reduced employer and employee National Insurance contributions in return for members receiving a GMP from an occupational pension scheme. GMPs are discriminatory in various ways. For example, they are payable at 60 for female members and 65 for male members and they have built up at different rates, reflecting the earlier payment age for women. An interim method of calculating the cost of persons retiring between April 2016 and April 2021 has been agreed by HM Treasury.

54. In a few other cases, there were specific issues which were updated in the revised actuarial valuations. For example, in Aberdeenshire, the actuary had not reflected the impact of the backdated pay award, and in Aberdeen City, Stirling and Dumfries and Galloway, the initial calculations were based on the estimated investment position for the year end and this was revised to actual data in the audited statements.

55. The total impact of the above issues on councils' pension liabilities was £0.5 billion (or 5.5 per cent).

Local auditors reported some issues with severance cases

56. Some auditors reported that business-case calculations of the cost and benefits of severance were not taking into account all costs that they would expect to see. Auditors also found that some councils were using longer than expected payback periods: this is the length of time it would take the council to recoup the cost of the severance through expected savings in salary costs. The Scottish Government recommends this be no longer than two years, but auditors found examples of this being up to five years.

57. These severance cases often came as the result of restructuring at senior levels, with the intention of making future cost savings. Councils need to ensure that a robust business case is prepared for severance or early retirement that considers the long-term financial commitment of these decisions.

All councils have ongoing commitments in respect of unfunded pension liabilities, but the extent of these costs vary

58. Unfunded liabilities are pension amounts that are not met by the pension schemes, but by the individual employer. These can occur when an employer approves an early retirement, without actuarial reduction and with enhanced pension. All councils have ongoing commitments arising from past decisions on early retirements. [Exhibit 11](#) shows that for some councils this ongoing cost represents more than one per cent of their annual net operating expenditure.

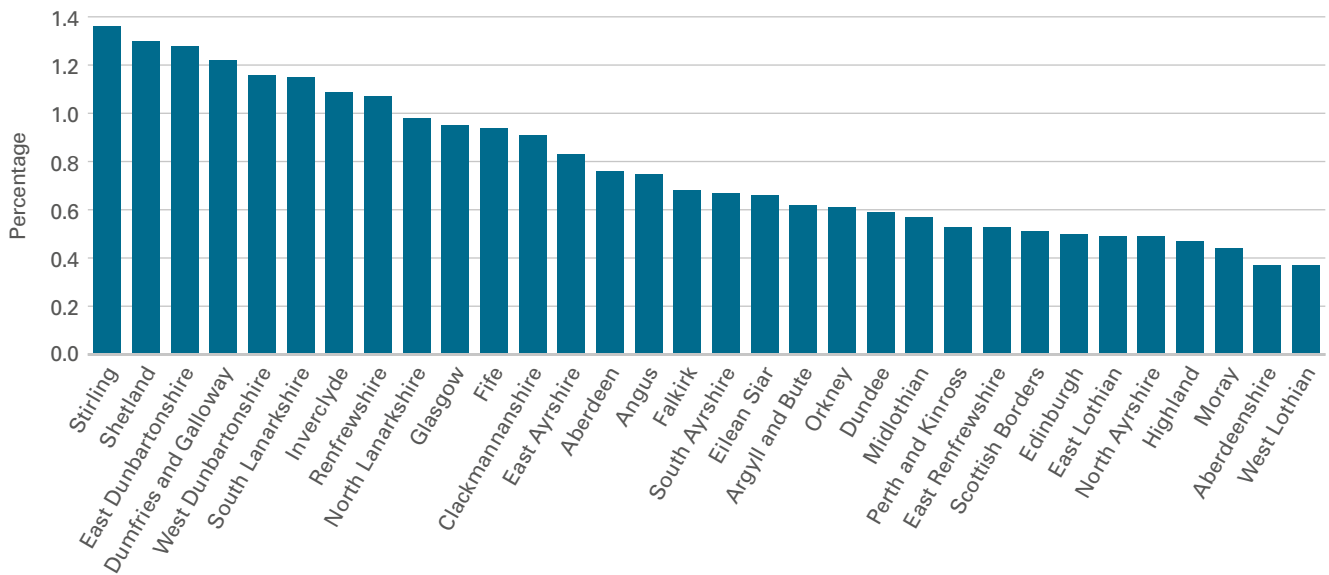


Does the council prepare business cases for severance proposals and are these reported to councillors?

Exhibit 11

Annual cost of unfunded benefits as a percentage of net operating expenditure

Annual payments for historic early retirements vary significantly.



Source: Audited financial statements 2018/19 and IAS19 valuation reports by actuaries



Financial management and transparency

Management commentaries do not always explain the link between budget outturn and the financial performance in the accounts or achievement of planned savings targets

59. In last year's report, we highlighted three key aspects to an assessment of whether financial reporting is transparent in the management commentaries:

- Is the outturn against budget position for the year clearly shown with the reasons for significant variances obvious?
- Is the outturn reported in the narrative reconciled to the movement in the general fund contained in the financial statements and major differences explained?
- Is progress against agreed savings reported?

60. Our review of 2018/19 management commentaries found that:

- Both Comhairle Nan Eilean Siar and The Highland Council included these key aspects of transparency in their management commentaries.
- Nearly all councils reported their year-end outturn, but five councils did not provide explanations for significant variances from budget.
- Nine councils reported the outturn in the management commentary but this was not reconciled to the financial performance in the accounts. This narrative is critical to the understanding of a council's performance against budget and how this translates into the movement on the general fund reported in the accounts.
- Only ten councils reported progress against agreed savings.



Management commentaries

A management commentary is a report by the council, set out with its annual accounts. It should provide information on the council's strategic priorities and key risks, as well as a balanced analysis of the financial and wider performance of the council in the year.



Does the management commentary of the council (and of the IJB accounts) show the outturn against budget reconciled to movement in the general fund and progress against agreed savings plans?

Part 3

Councils' financial outlook



Key messages

- Scottish Government revenue funding to local government in 2019/20 increased by 2.9 per cent in cash terms (0.9 per cent in real terms).
- In 2019/20, the Scottish Government increased the cap on council tax increases. Twelve councils decided to increase council tax by the full amount (4.8 per cent).
- Many councils are also seeking other ways to increase income, including increasing fees and some have introduced new charges in 2019/20. Some councils also continue to pursue new local taxes.
- Councils' 2019/20 financial plans identified a total funding gap of £0.5 billion (three per cent of income). This continues the increasing pressure on councils to find further cost savings, redesign services, reduce services, increase income or use reserves. These decisions are likely to become increasingly difficult for councillors. Councils planned to manage their funding gaps mainly through identified cost savings.
- All councils have medium-term financial planning covering three years or more. Long-term financial planning has not progressed since last year.
- The Scottish Government has made a commitment to set out multi-year budgets, which will assist councils with financial planning.
- Councils have made preparations for EU withdrawal but there are many potential implications that cannot be anticipated in financial planning.

2019/20 funding settlement

Scottish Government revenue funding to local government in 2019/20 increased by 0.9 per cent in real terms

61. The Local Government revenue settlement from the Scottish Government in 2019/20 increased by 2.9 per cent (cash terms) from 2018/19 to £10.1 billion. This was a real-terms increase of 0.9 per cent. Over 80 per cent of the increase is due to growth in specific revenue grant funding.

Medium- and long-term financial planning

The Scottish Government has made a commitment to set out multi-year budgets, which will assist councils with financial planning

62. The funding settlement to councils continues to be provided on an annual basis. This makes it challenging for councils to plan and budget effectively for the medium term. The Scottish Government planned to publish indicative multi-year revenue budgets in December 2019 covering a three-year period,⁴ and to then publish a three-year indicative capital budget in the summer of 2020. However, it is unlikely to produce these this year. The Commission views this commitment to multi-year budgets as a positive step and will monitor and report on progress and the impact on council planning in future overview reports.

63. The Scottish budget is becoming increasingly complex. It is subject to greater uncertainty and volatility than when the majority of its funding was relatively fixed through the block grant from the UK Government. The way the Scottish economy performs relative to the rest of the UK now has a greater influence on public finances than ever before. Given Scottish Government funding remains the most significant source of income for councils, this volatility in the Scottish budget holds uncertainty and risks for funding to councils. This adds to the complexity and challenges for councils in planning for the medium and long term.

64. On 30 May 2019, the Scottish Government published its second medium-term financial strategy.⁵ Income tax forecasts in the strategy suggest that the Scottish Government may need to budget for a significant revenue shortfall in each of the next three years, because forecasts have fallen since budgets were set. This shortfall could total £1 billion over the three years covered by the strategy.

65. The strategy continues to lack detail of proposed spending priorities or plans or how these might address the budgetary challenge. It does set out principles which will be used in a future spending review, although the timing of this remains uncertain. In September 2019, the Auditor General reported⁶ that the strategy 'does not reflect all the basic components of a medium-term financial plan. It does not include indicative spending plans or priorities, or links to outcomes. There is no detail on how the Scottish Government would address a possible £1 billion shortfall due to forecast errors'.

All councils have medium-term financial planning, but the content could be improved

66. In 2019/20, all councils had financial plans that covered at least three years.

67. Medium-term financial plans should be at the core of strategic planning and decision-making. In order to ensure these decisions are made with the most current and accurate information, medium-term financial plans should be reviewed and refreshed annually and maintained as a rolling three- to five-year plan.

68. Local auditors reported that the content of medium-term financial plans varied:

- 28 (or 90 per cent) included estimates for Scottish Government funding
- 25 (or 81 per cent) included a total projection for net expenditure
- 18 (or 58 per cent) included projections of net expenditure at service level




Audit Scotland published a briefing in October 2019, [Scotland's new financial powers: Operation of the Fiscal Framework 2018/19](#)

This sets out an overview of how the Scottish budget operated during 2018/19, how the Fiscal Framework operated, provides an update of the main risks that affect the Scottish budget and what these mean for the management of the Scottish public finances.



The 2018/19 audit of the Scottish Government Consolidated Accounts September 2019

- 17 (or 55 per cent) included projections for service income
- 21 (or 68 per cent) included projections for the costs of borrowing.

69. There is scope for the content of financial planning to improve to include the elements in [paragraph 68 \(page 29\)](#) and assist members and other stakeholders in determining which services are likely to experience the biggest budget pressures, how service income is expected to contribute to the overall position and the extent to which relatively **fixed costs**  such as borrowing and unfunded pension liabilities affect the budget position.

A third of councils have financial plans that cover more than five years

70. Long-term financial planning has not progressed since last year. Financial planning, covering more than five years, was identified in just ten councils. Last year we reported 16 councils, but further work indicates some of these have not been updated and now refer to less than five years or are limited to capital expenditure plans.

71. Long-term financial planning is particularly important in the context of increasing financial challenges and wider demands on services, in order to manage financial challenges and to make well-informed decisions, which are aligned to council priorities.

Financial pressures in 2019/20 budgets

72. Councils' 2019/20 budget papers set out some common themes in the pressures that councils identified:

- Changes to staff-related costs generated significant pressure on budgets. For example, the local government pay offer made by COSLA and accepted by the Scottish Joint Council (SJC), which led to a pay increase of 9.5 per cent over the three-year period from 2018 to 2021.
- Demand pressures, particularly the expected population growth in some council areas, the increasing proportion of the population that is over 65 and over 75 years and other demographic changes.

Councils' identify a total funding gap of three per cent in 2019/20 budgets

73. Councils' 2019/20 financial plans identified a total funding gap of £0.5 billion (three per cent). This is consistent with the three per cent gap in 2018/19. This continues the increasing pressure on councils to find cost savings, reduce services, increase income and/or use reserves and these decisions are likely to become increasingly difficult for councillors.

74. The basis and timing of the reported gap can vary from council to council. For example, two councils stated their funding gap after including a council tax increase, but the majority included council tax as one of their measures to close an identified gap. Councils could be more consistent in their presentation of the funding gap.

75. Funding gaps identified in 2019/20 budgets ranged from one to seven per cent across councils. Councils most frequently reported a gap of between two and four per cent. Aberdeen City and Clackmannanshire councils identified the largest funding gaps, relative to the councils' total funding and income (excluding HRA), of between six and seven per cent.



Fixed costs


Fixed costs remain unchanged in the short term over a wide range of activity. Their presence magnifies the effect of overall budget reductions or demand increases on the remaining budget.



Does your council have medium- and long-term financial plans and do they include a range of potential funding and financial scenarios?

Does the medium-term plan provide sufficient information on estimated Scottish Government funding, projected net expenditure (in total and for each service), projections for service income, projections for cost of borrowing?

Councils managed their funding gaps mainly through identifying planned savings

76. Exhibit 12 sets out the proposed measures to address the funding gap across councils. Savings plans were the most common action, contributing £352 million (66 per cent) to the identified funding gap. This will include plans for cost reduction and service redesign. Of these **savings** , 96 per cent were 'recurrent', with only 4 per cent 'non-recurrent'.

77. Council tax increases provided a further £89 million (17 per cent) of income to bridge the gap. Increase to fees and charges for services made a minor contribution too (three per cent). The planned use of reserves made up the shortfall in the funding gap of £73 million (13 per cent) with 17 councils planning to use reserves to bridge the funding gap.



Savings

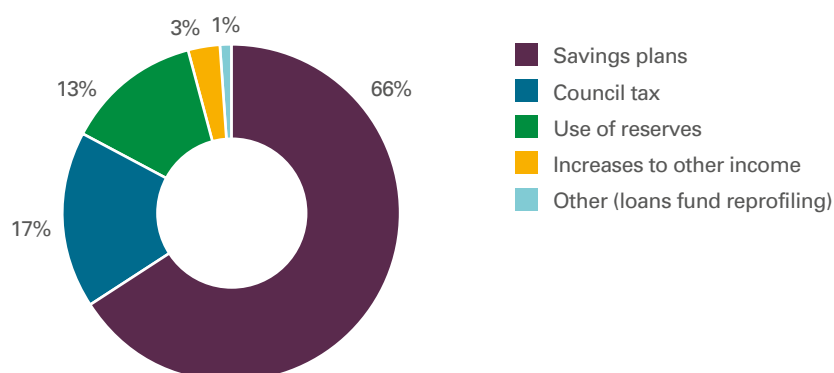
Recurring savings are savings, that once achieved, recur year-on-year from that date.

Non-recurring savings are one-off savings that apply to one financial year and do not result in ongoing savings in future years.

Exhibit 12

Planned savings were the most common way of addressing funding gaps

66 per cent of the funding gap in 2019/20 is to be met through planned savings measures.



Source: Local auditor returns and council budget papers 2019/20



78. The position is unique to each individual council, for example East Renfrewshire Council identified a funding gap of £15.3 million, or five per cent of its funding and income (excluding HRA). The agreed budget identified that the gap was to be met through:

- Planned savings – £9.33 million (61 per cent)
- Use of reserves – £4.31 million (28 per cent)
- Three per cent council tax increase – £1.63 million (11 per cent).

Fees, charges and local taxation

Many councils have been increasing fees and some have introduced new charges

79. Charges for services vary across councils. For example, some councils do not charge for music instruction but the majority have an annual charge. This varies significantly from £117 in Inverclyde Council to £524 in Clackmannanshire Council.⁷

80. Many councils are increasing charges for services. An analysis of 18 types of charges indicates that two of the largest increases from 2018/19 to 2019/20 were applied to:

- Community alarms, 22 councils provided information on this charge and the average increase was 19 per cent.
- Bulky waste uplift, where 27 councils reported an average increase of eight per cent.

81. Some councils continue to introduce new fees and charges. These include:

- garden waste uplift
- the expansion of parking charges
- new charges associated with funerals (for example, use of multi-media)
- licensing (for example, new licences for public entertainment)
- planning services (for example, pre-application meeting charges).

Greater council tax increases were deployed in 2019/20 than in previous years

82. In 2019/20, the Scottish Government increased the cap on council tax increases to 4.8 per cent in cash terms (3.0 per cent in real terms). Twelve councils decided to increase council tax by the full amount (4.8 per cent). Thirteen councils increased it by three per cent and the other seven by between 3.9 and 4.5 per cent.

Councils continue to pursue new local taxes

83. As we reported in our report [Local government in Scotland: Challenges and Performance 2019](#) , local authorities are exploring new ways in which to raise tax locally.

84. The City of Edinburgh Council has endorsed a proposal for an Edinburgh transient visitor levy or 'tourist tax'. This would be based on a charge of £2 per room per night applying all year round for all accommodation types within the council boundary, except for campsites, for a maximum of seven consecutive nights. This scheme is expected to raise up to £14.6 million a year. Implementation of this will require legislation to be passed by the Scottish Parliament. The government has included a Transient Visitor Levy Bill in their 2019/20 programme for Scotland (*Protecting Scotland's Future: the Government's Programme for Scotland 2019–2020*). The Bill aims to provide local authorities with discretionary powers to apply the charge with the income being used to fund local authority expenditure on tourism.

85. In October 2019, the Transport Act was passed. The Scottish Government supported amendments to the Bill at stage two of the legislative process, which provide local authorities with the discretionary power to apply a workplace parking levy.

EU withdrawal

86. EU withdrawal has the potential to exacerbate the existing financial pressures faced by councils. The risk of increased cost of goods and services from the EU is one of the more immediate concerns. Longer term, councils are concerned about the wider economic implications for public finances and the impact on their local areas. For example, increases in interest rates, reduction in business investment or an increase in unemployment and poverty are all risks to councils' communities and therefore to councils' financial planning.

87. The Scottish Government has allocated £1.6 million (£50k per council) to support ongoing work in councils to coordinate preparations for leaving the EU. It has also approved £7 million for a Rapid Poverty Mitigation Fund, to enable councils to respond to anticipated increased demand in the event of a no-deal exit. This includes scaling-up existing measures such as the Scottish Welfare Fund and Discretionary Housing Payments and supporting people in food or fuel poverty.



In December 2019, we plan to publish a briefing on how the public sector in Scotland has responded to EU withdrawal. This will be available on the [Audit Scotland website](#) .

Part 4

Integration Joint Boards overview 2018/19



Key messages


- The pace of health and social care integration has been too slow and there is limited evidence to suggest any significant shift in spending from health to social care.
- Overall, IJB budgets increased by three per cent in 2018/19.
- The identified budget gap reduced from £248 million (2.9 per cent of total income) in 2018/19 to £208 million (2.5 per cent of total income for 2019/20).
- A majority of IJBs struggled to achieve break-even and 19 would have recorded a deficit without additional funding from partners at the year end.
- Around a third of the IJBs failed to agree a budget with their partners for the start of the 2019/20 financial year. For several IJBs, although the budget was set on time, it still had an element of unidentified savings which meant it was unbalanced at the start of the year.
- A focus on long-term financial planning is required by IJBs to assist effective decision making that will support long-term financial sustainability.
- Over a third of IJB senior staff have changed during 2018/19.

Funding and expenditure

Overall, IJB budgets increased by three per cent in 2018/19

88. Overall total IJB funding increased by three per cent in 2018/19 and this was reflected in a three per cent increase in total expenditure of £0.3 billion to £8.6 billion. The total contributions from councils increased from £2.4 to £2.5 billion and NHS contributions from £5.9 to £6.1 billion.

The pace of progress with integration has been too slow

89. The average proportion of NHS and council funding to IJBs (71 per cent/ 29 per cent) and expenditure incurred (64 per cent/ 36 per cent) remains consistent with the previous two years. This does not indicate any significant shift in health and social care spend between partners and this finding is consistent with the Scottish Government's [spending and performance update](#) .

90. As a result of concerns about the pace of health and social care integration, the Cabinet Secretary for Health and Sport commissioned a review of progress. This was conducted in late 2018. The Ministerial Strategic Group for Health and Community Care (MSG) published its findings in February 2019 and set out proposals for ensuring the success of integration. Following publication of its review, the MSG issued a self-evaluation template. This aimed to evaluate the current position on the findings of the review. This exercise will be repeated to demonstrate any progress made.



NHS in Scotland 2019
October 2019 

91. The Auditor General commented in [NHS in Scotland 2019](#) , October 2019, in relation to health and social care reform that the pace of change has been too slow. She recommended that the Scottish Government in partnership with NHS boards and integration authorities should 'develop a new national health and social care strategy to run from 2020 that supports large-scale, system-wide reform, with clear priorities that identify the improvement activities most likely to achieve the reform needed'.

More IJBs now hold reserves, but this varies significantly

92. A further £34 million was added to IJB reserves in 2018/19, which now total £158 million or 1.8 per cent of total expenditure (1.5 per cent in 2017/18). Some of this increase in reserves is as a result of IJBs holding unspent earmarked funding from the NHS, including those associated with Primary Care Improvement Fund and the Mental Health Strategy. More IJBs now hold some level of reserve (26 in 2018/19 compared to 22 in 2017/18) ([Exhibit 13, page 36](#)). The IJBs without any reserve include Fife, Scottish Borders and South Ayrshire. One IJB, North Ayrshire, continues to hold a negative reserve of -£4.9 million. In 2018/19, the IJB started to repay this debt to the council and the remainder will be repaid in future years. This expectation of future 'repayment' of historic overspends is also identified as an issue in Argyll and Bute.

93. Of those IJBs with reserves, the position varies from Argyll and Bute with 0.1 per cent of total annual expenditure held as reserve (£0.3 million) to Eilean Siar with 9.8 per cent (£5.8 million).

2018/19 financial position

The majority of IJBs struggled to achieve break-even

94. In 2018/19, 20 IJBs reported a surplus, two reported break-even and eight reported a deficit. The overall position was an underspend of £34 million. A number of IJBs failed to deliver all of their planned savings in the year and many have struggled to achieve financial balance, requiring additional funding from partners. Without this additional funding, 19 would have recorded a total deficit of £58 million.

Recruitment challenges present a risk to service sustainability

95. Some IJBs have indicated that staffing issues have contributed to either overspends or underspends against budgets.

96. In the case of Eilean Siar, recruitment difficulties contribute to underspends against the IJB budget. The apparent healthy financial position masks issues of service sustainability, which are stated in the IJB's management commentary: 'Recruiting staff is already proving difficult for both nursing and social care staff and is expected to worsen as the available workforce on the islands decreases.'



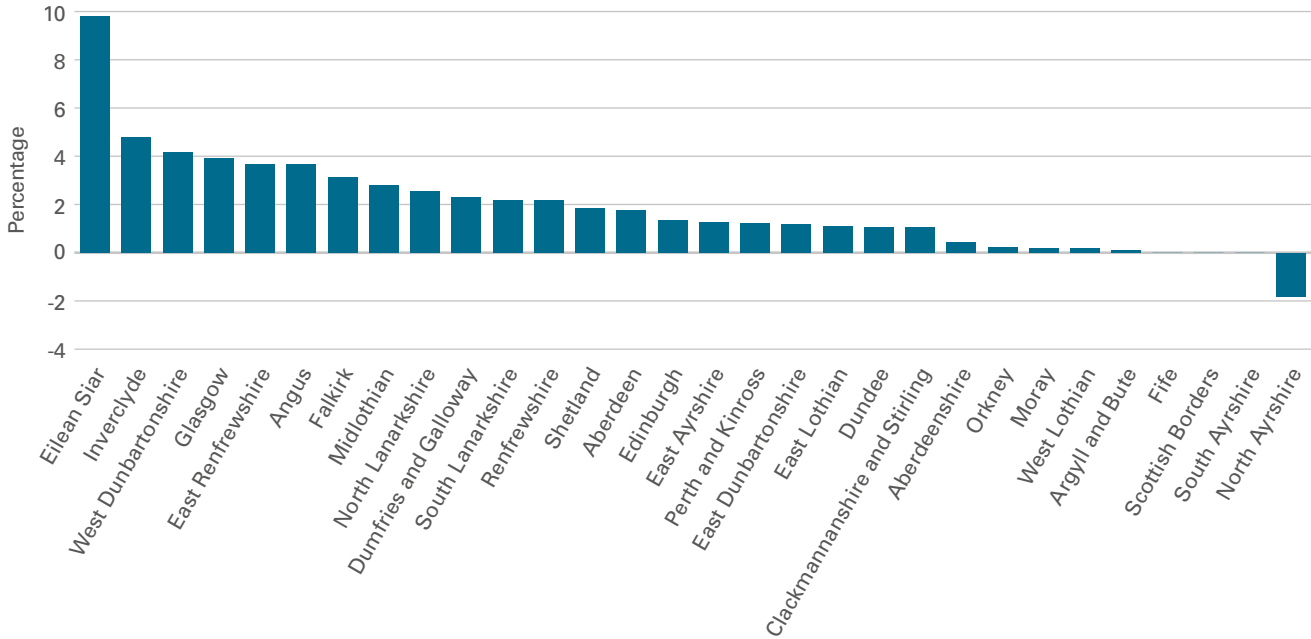
What is your IJB's reserve policy?

Are the commitments made reviewed annually to ensure they reflect the best use of the IJB's reserves?

Exhibit 13

Integration Joint Board reserves as a percentage of total spend, 2018/19

More IJBs (26) now hold a reserve, but this varies significantly.



Source: Audited financial statements 2018/19



97. Other IJBs have highlighted the risks that recruitment difficulties could present for the sustainability of services in the future. In Dumfries and Galloway, consultant vacancy rates have averaged around 20 per cent over the last two years and there has been a seven per cent increase in the use of agency staff. Edinburgh has reported that 45 per cent of their workforce are aged over 50, which could cause capacity and supply issues in the future.

98. Audit Scotland’s report, [NHS workforce planning – part 2](#) , highlights pressures on the primary care workforce linked to recruitment and retention. The Scottish Government acknowledges the pressures on the workforce but has not estimated the impact they will have on primary care services. Integration Joint Boards are responsible for planning, designing and commissioning services and need to think differently about how these services can be delivered with the resources available.



NHS workforce planning – part 2
August 2019

Financial planning

Budgets were not always agreed by 1 April and budgets included unidentified savings plans



99. Having clear, complete and detailed agreed budgets is a fundamental business and governance tool. Fourteen IJBs failed to agree a budget with their partners for the start of the 2018/19 financial year. This position improved for 2019/20, with 11 encountering a delay that meant the budget was not formally agreed by 1 April 2019.



Is a budget agreed by the IJB before the start of the financial year? If not, why not?

100. Just under half of IJBs had budgets that included some unidentified savings. This meant the budgets were not balanced at the start of the year.

101. Our review of annual audit reports found that several IJBs, including Fife and Shetland, failed to deliver planned savings in year. This will have contributed to the financial pressures incurred.

102. The results from the national self-assessment tool developed in response to the Auditor General and Accounts Commission's report, [Health and social care integration: update on progress](#) , and the [Review of Progress with Integration of Health and Social Care](#)  report by the Ministerial Strategic Group for Health and Community Care indicate that IJBs recognise the timely agreement of budgets is an area for improvement. Eighteen IJBs assessed this area as either 'not established' or only 'partly established'.

Financial outlook

Medium-term financial planning is improving

103. Last year we reported that only a third of IJBs had a medium-term financial plan in place and that there was no evidence of longer-term financial planning. Since then, the position on medium-term financial planning has improved with auditors reporting that over two-thirds of IJBs have a medium-term financial plan. Over half of these covered a three-year period, with the remainder covering a longer period of between four and five years. Two thirds of the IJBs with medium-term financial plans reviewed them on an annual basis.

104. The plans typically included projections of net expenditure, income and projected funding gaps. Where estimates were included on pay growth, non-pay costs, demand and changes in government funding the estimated rates were found to vary significantly.

105. No IJBs had a financial plan that extended for more than five years. A focus on longer-term financial planning is required by IJBs as changes under integration are only likely to be achieved in the longer term.

The projected funding gap is £208 million for 2019/20

106. Auditors identified a total estimated funding gap of £208 million for 2019/20, representing 2.5 per cent of total income. This is an improvement in comparison to 2018/19 (£248 million or 2.9% of total income). The 2019/20 funding gap as a proportion of total income varied between zero and 7.6 per cent.

107. [Exhibit 14 \(page 38\)](#) shows how IJBs propose to bridge the 2019/20 funding gap. Of the £208 million, 59 per cent was anticipated to be met by identified savings and 30 per cent by unidentified savings plans. Seven IJBs planned to cover part of the estimated funding gap from reserves.



Does the medium-term plan provide sufficient information on host partner funding, projected net expenditure, projections for income, projections for cost of borrowing?

Does the IJB have a transformation plan?

Does it clearly set out the aims and objectives and how and when these will be achieved?

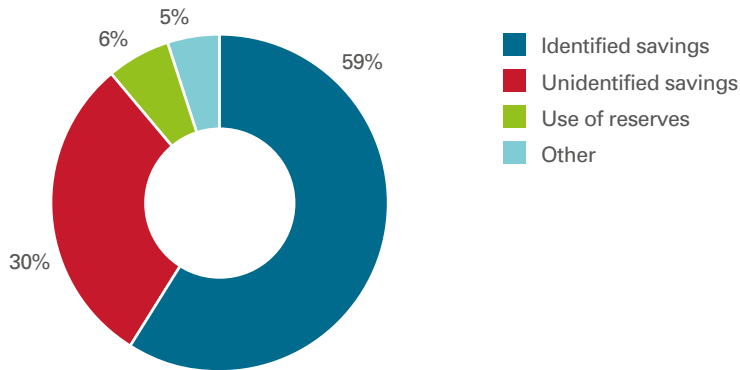


How big is the funding gap for your IJB relative to the total budget?

Exhibit 14

Plans to address 2019/20 funding gap

Savings had not been identified for 30 per cent of the 2019/20 funding gap.




Source: Auditor returns and IJB board papers



Wider governance issues

Over a third of IJB senior staff have changed during 2018/19

108. Based on data returns from auditors we found that over a third of IJBs have experienced turnover in their chief officer or chief finance officer in the year. In some cases, both these postholders have changed. Our report [Health and social care integration](#)  highlighted the risk of leadership changes and capacity to the transformation of services and successful integration.

109. The annual audit report for Argyll and Bute notes that the turnover in key staff led to weaknesses in financial reporting and a reduced focus on the delivery of approved savings. The chief officer changed, and two chief finance officers left the IJB in an eight-month period. Interim cover on a part-time basis was provided by the council's section 95 officer from December 2018 to June 2019, when a permanent appointment was made to the new role of head of finance and transformation.





Health and social care integration: update on progress

November 2018 

Endnotes



- 1 Convention of Scottish Local Authorities.
- 2 Scottish Parliament Information Centre.
- 3 [*Local government in Scotland: Challenges and performance 2019*](#) , Accounts Commission, March 2019.
- 4 SPICe briefing on the Scottish Government's Medium-term Financial Strategy, May 2019.
- 5 *Scotland's Fiscal Outlook*, Scottish Government, May 2019.
- 6 [*The 2018/19 audit of the Scottish Government Consolidated Accounts*](#) , Auditor General, September 2019.
- 7 *Instrumental Music Services: Results from the IMS Survey May–July 2018*, Improvement Service, 2018.

Local government in Scotland Financial overview 2018/19

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Report To:	Policy & Resources Committee	Date:	4 February 2020
Report By:	Chief Financial Officer	Report No:	FIN/12/20/AP/LA
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	2020/23 Revenue Budget Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to provide the Committee with an update in respect of the 2020/23 Revenue Budget and to seek Committee approval for a number of matters.

2.0 SUMMARY

- 2.1 The November meeting of the Policy & Resources Committee approved an updated report from the Chief Financial Officer regarding the 2020/23 Revenue Budget. Following the decisions made by the Committee the estimated funding gap for the period 2020/21 reduced to £2.417million prior to any increase in Council Tax. In addition the Committee agreed to separate the Council Tax setting decision from the finalisation of the 2020/21 Revenue Budget decision in line with the approach taken previously by the Council.
- 2.2 It has been announced that the Chancellor of the Exchequer will present his Budget on 11 March, 2020 which is the day Councils in Scotland are required by law to set their Council Tax. Previous practice has been that there is a gap of around 6 weeks between the UK Budget and the Scottish Budget however the Cabinet Secretary has advised that he intends to publish the draft Budget, including individual Council grant figures, on 6 February with the intention that the Stage 3 approval of the budget takes place the week commencing 2 March. This will be of great assistance to Councils and allows the previously approved timescale of setting Council Tax on 20 February and the 2020/21 Budget on 12 March to be achieved.
- 2.3 Officers have continued to identify adjustments/savings with minimal impact on service delivery and these are presented in Appendix 1 and if agreed will deliver a further reduction in the funding gap in 2020/21 of £418,000.
- 2.4 Appendix 2 summarises the current 3 year Revenue Budget position based on the estimated Scottish Government Grant Settlements and decisions taken to date by the Policy & Resources Committee and those proposed at this meeting.
- 2.5 COSLA launched its Invest in Essential Services campaign on 13 January and the accompanying document is attached in Appendix 3 for the Committee to consider. The paper highlights the important role Councils play within their communities and the impact of the reductions in real terms funding. The paper ends with 5 “asks” which if granted would lead to Inverclyde Council receiving approximately £7.5million more grant in 2020/21. Based on the figures in Appendix 2 this would result in a £5.5million surplus in 2020/21 prior to any increase in Council Tax and balance the 2021/22 budget.
- 2.6 The Corporate Management Team continues to meet with the Trades Unions via the Joint Budget Group. As a result of these ongoing discussions some changes are proposed to the savings options previously issued to all Members and these are detailed in the report.

- 2.7 In addition the Members' Budget Working Group continues to meet on a fortnightly basis and is currently carrying out a detailed review of the savings proposals, considering potential uses for Free Reserves and reviewing the 2020/23 Capital Programme proposals for the Council to consider in March 2020.
- 2.8 A further Budget update will be presented to the Inverclyde Council on 20 February as part of the Council Tax setting report.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the latest position regarding the UK and Scottish Budget announcements and that there is not expected to be any impact on the timescales previously agreed by the Council.
- 3.2 It is recommended that the Committee approves the proposals in Appendix 1 which will further reduce the 2020/21 Revenue Funding Gap by £418,000.
- 3.3 It is recommended that the Committee notes the latest estimated funding gap position of the 2020/23 Budget outlined in Appendix 2.
- 3.4 It is recommended that the Committee agrees that 2 savings in respect of terms and conditions and classroom assistants be added to the Council's Delivering Differently programme and be progressed through that process with reports being presented to the relevant Committees as appropriate.
- 3.5 It is recommended that the Committee considers the COSLA, Invest in Essential Services document and notes the contents and requests.
- 3.6 It is recommended that the Committee notes that a further update on the 2020/23 Revenue Budget will be presented to the Council on 20 February 2020 as part of the consideration of the Council Tax level for 2020/21.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Policy & Resources Executive Sub-Committee on 3 October agreed to amend the previously approved 3 year budget strategy to one where the intention is to set a firm 1 year Budget for 2020/21 whilst preparing indicative Budgets for the 2 years 2021/23.
- 4.2 The Council has agreed to separate the Council Tax setting decision from the approval of the 2020/21 Revenue Budget as has been the case on 2 previous occasions. It has been agreed that Council Tax will be set on 20 February 2020 in order to allow Council Tax bills to be printed and issued in sufficient time for the first collection date in early April. Thereafter the Council will approve the 2020/21 Revenue Budget on 12 March which will allow all budget holders, including the IJB, to be aware of their budget settlement prior to the start of the next financial year.

5.0 LATEST POSITION

- 5.1 It has been announced that the Chancellor of the Exchequer will present his Budget on 11 March, 2020 which is the day Councils in Scotland are required by law to set their Council Tax. Previous practice has been that there is a gap of around 6 weeks between the UK Budget and the Scottish Budget however the Cabinet Secretary has advised that he intends to publish the draft Budget, including individual Council grant figures, on 6 February with the intention that the Stage 3 approval of the budget takes place the week commencing 2 March.
- 5.2 These timescales fit well with the approach previously approved by the Council and set out in 4.2.
- 5.3 Appendix 1 contains further adjustments/savings proposals with minimal impact on service delivery. It can be seen from the Appendix that these total £418,000 in 2020/21 and Officers will continue to identify further opportunities where available in the final weeks prior to Members considering the 2020/21 Revenue Budget.
- 5.4 Appendix 2 shows the estimated 3 year budget position based on decisions already taken, the proposals in this report and the estimated Government Grant Settlement for the next 3 years. Based on these assumptions then the 2020/21 funding gap is currently estimated to be £1.999million prior to any increase in Council Tax whilst the 3 year estimated funding gap is now £13.068million prior to any increase in Council Tax over the 3 year period.
- 5.5 No information has been received in recent weeks which would cause any of the assumptions made within the Financial Strategy and previous reports to Committee to be amended.

6.0 INVEST IN ESSENTIAL SERVICES CAMPAIGN

- 6.1 COSLA launched its Invest in Essential Services campaign on 13 January and the accompanying document is attached in Appendix 3 for the Committee to consider. The paper highlights the important role Councils play within their communities and the impact of the reductions in real terms funding. The paper ends with 5 “asks” which if granted would lead to Inverclyde Council receiving approximately £7.5million more grant in 2020/21. Based on the figures in Appendix 2 this would result in a £5.5million surplus in 2020/21 prior to any increase in Council Tax and balance the 2021/22 budget.

7.0 OTHER ISSUES

- 7.1 The Corporate Management Team continues to liaise with the Trades Unions via the Joint Budget Group on a regular basis in order to minimise concerns from the Trades Unions regarding the savings options. As a result of this it is proposed that 2 current savings proposals be removed from the savings options and addressed via the Council’s Delivering

Differently programme. This allows the proposals to be discussed in detail with the Trades Unions and thereafter reported to the relevant Committee in line with current Delivery Differently process. The savings to be moved to Delivering Differently are a change in Terms and Conditions and the Classroom Assistants saving proposal.

- 7.2 In addition the Members' Budget Working Group continues to meet on a fortnightly basis and is considering a number of matters in relation to the Budget including the detailed review of the Savings Proposals, consideration for the utilisation of any Free Reserves and the finalisation of the 2020/23 Capital Programme. It is planned that in line with previous years the Members Budget Working Group will agreed a Budget Proposal for the Inverclyde Council to consider on 12 March 2020.
- 7.3 The Council has a requirement to intimate its proposed contribution to the Integration Joint Board prior to 31 March in order that the IJB can thereafter consider the 2020/21 Revenue Budget. The delays at a UK and Scottish Level in terms of the Budget will make this more challenging than usual, however Officers have agreed a timescale with Officers from the IJB which will still deliver this requirement.
- 7.4 The Public Consultation closed on 30 November and the results of the consultation were reported to Members via a briefing in December.

8.0 IMPLICATIONS

8.1 Finance

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
Various	Various	1.4.20	(£418,000)		Savings set out in Appendix 1

8.2 Legal

At this point in time there are no legal implications however Officers continue to liaise with COSLA and the Scottish Government to ensure that the statutory requirements regarding Council Tax and Budget setting are met.

8.3 Human Resources

There are no proposals in this report which will have any HR implications however regular discussions with the Trades Unions via the Joint Budget Group on the wider savings proposals are ongoing.

8.4 Equalities

Equalities

- (a) Has an Equality Impact Assessment been carried out?

	YES
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

- (b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

- (c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

8.5 Repopulation

There are no proposals in this report which will impact on the repopulation agenda.

9.0 CONSULTATIONS

- 9.1 The contents of this report have been discussed with the Trades Unions via the Joint Budget Group and have been approved by the Members' Budget Working Group.

10.0 BACKGROUND PAPERS

- 10.1 None

2020/23 Budget
Savings & Adjustments for February 2020 P&R

	Savings 2020/21 £000	Savings 2021/22 £000	Savings 2022/23 £000	Comments	FTE
ERR					
1/					
2/					
ECOD					
1/ NDR Revaluation Appeals	87	87	87	Reduction in the RV for all schools following a national appeal. Saving is net of the current £59k budget shortfall.	0
2/ Recruit Sponsorship	7	7	7	Increased external funding for The Recruit	0
HSCP					
1/					
2/					
Corporate					
1/ Reduction in annual contributions to the Insurance Fund	100	100	100	Action based on recent triennial Actuarial Review of the Insurance Fund	0
2/ Net reduction in Loans Charges	109	109	109	Savings in AMP Loans Charges approved at the December Council	0
3/ Increase target Council Tax rate to 97.0%	65	65	65	Increase of 0.2% based on recent performance	0
4/ Increase prior year's Council Tax collection budget	50	50	50	Relates to debt over 8 years old and based on current performance	0
5/					
6/					
Total	418	418	418		0

AP/LA
9 January 2020

3 Year Budget Position
10 January 2020

	<u>2020/21</u> £000	<u>2021/22</u> £000	<u>2022/23</u> £000	
Cumulative Gap per Financial Strategy	6700	12,900	19100	
Proposals agreed Sept P&R	(2388)	(2837)	(3277)	
School Transport Pressure	52	70	70	
Proposals Agreed Nov P&R	(1947)	(2258)	(2407)	
Savings Proposed Feb P&R	(418)	(418)	(418)	
Cumulative Funding Gap	<u>1999</u>	<u>7457</u>	<u>13,068</u>	Note 1
<u>CMT Saving Proposals</u>				<u>FTE</u>
Corporate (0)	-	-	-	-
ECOD (25)	(1374)	(2118)	(2185)	39.4
ERR (15)	(1397)	(1851)	(1851)	42.4
HSCP (12)	(868)	(1066)	(1088)	21.5
Total	<u>(3639)</u>	<u>(5035)</u>	<u>(5124)</u>	<u>103.3</u>

Notes

- 1/ Funding gap is before any increase in Council Tax. A 3% increase would raise an extra £0.95 million per year.
- 2/ Savings Summary reflects updated position and assumes report recommendations are approved.

AP/LA
9/1/2020

INVEST IN ESSENTIAL SERVICES

LOCAL GOVERNMENT IS THE HEART OF SUSTAINABLE COMMUNITIES



Our vision: Scotland's communities are sustainable, vibrant places to live, work and visit.



COSLA

#essentialservices

Every day of every year, Local Government creates sustainable communities – this needs fair funding



EDUCATING

Over **£5bn** invested each year educating almost **700k** pupils



PROTECTING

vulnerable adults and children, as well as ensuring the wellbeing of **c17k** looked after children & young people



CARING

for a growing elderly population, set to increase by **10.5% by 2023**



SUPPORTING

adults to direct their own care through Self Directed Support, improving wellbeing



DEVELOPING

premises and sites for business start-ups and growth, for example ensuring **3,185ha** of land was immediately available in 18/19



MAINTAINING

paths, parks and open spaces across local areas, allowing people to be more active



BUYING

£7bn worth of goods and services annually to improve lives and communities, and support local economies



REGULATING

so work and public places are safe, trade is fair and legal, and environments promote good health



EMPLOYING

250k people (202k FTE), all spending money with local businesses - the **anchor employer** in many communities



BUILDING

new schools and energy efficient homes that improve quality of life



CONNECTING

£400m spent maintaining **56,250km** of roads, and investment in digital infrastructure



LEADING

game-changing regeneration projects and climate change initiatives locally

Investment in Local Government + decisions made locally = SUSTAINABLE COMMUNITIES

Fair funding for Local Government must be a Scottish Government priority




Fig: Scotland's National Performance Framework, 2018

 The outcomes in the **NATIONAL PERFORMANCE FRAMEWORK** will not be achieved without **sustainable** investment in Local Government.

Local Government works across all of the national outcomes in the NPF and directly delivers over 60% – this unique role should be recognised and invested in.

To achieve the outcomes in the NPF, there are **4 priorities** for Local Government:

 **INCLUSIVE ECONOMIC GROWTH**
We must ensure that the economy provides accessible, fair work opportunities for everyone.

 **TACKLING CHILD POVERTY**
To support families and address persistent, intergenerational issues, Councils have a unique role at all life stages.

 **WELLBEING**
This is not just about the NHS and being healthy; it's about being happy, comfortable, included and supported.

 **ADDRESSING CLIMATE CHANGE**
Strong local leadership is required if ambitious targets are to be met by 2045.

Fair funding for these shared priorities will create sustainable communities

What Councils deliver with communities is key to creating sustainable communities

INCLUSIVE ECONOMIC GROWTH

Regenerating places, supporting businesses, and leading economic development

Spending significant money in every local area in Scotland

Planning, regulating, enforcing, building, connecting, educating, training and employing

WELLBEING

Protecting the most vulnerable and supporting those in crisis

Leading projects focused on early intervention and prevention

Building strong community networks and spaces

Helping people when leaving prison

Maintaining paths, parks and open spaces for all to enjoy

Enabling healthy environs through licensing decisions

TACKLING CHILD POVERTY

Making life enhancing links between education, social work and employability services

Funding holiday lunch clubs to address poverty and provide family support

Supporting and engaging with families who need help

ADDRESSING CLIMATE CHANGE

Investing in renewable technologies and supporting low carbon sectors

Recycling and collecting waste

Educating children and communities on waste reduction

Building energy efficient homes



BUT WITHOUT INVESTMENT, CRACKS ARE STARTING TO SHOW...



- Vacant shops and empty high streets
- Communities losing their sense of pride
- Cuts to public transport
- More roads requiring maintenance



- 240k children still live in low income households.
- Of these, 60% live in a household where someone is in work
- 18% of people earn less than the living wage



- Increasing drug deaths
- Highest prison population in Europe
- Social isolation as community projects and initiatives are cut
- Closures of public buildings, toilets and other local services



- Climate change targets are at risk
- Continued landfill tax diverting money from essential services
- Ongoing payment of landfill tax
- Under-developed renewable sectors and supply chains

Without fair funding, these cracks will get worse

RISK: Our core REVENUE budget is under threat

Local Government has been passed a disproportionate share of cuts.



Local Government's revenue funding from Scottish Government has reduced. Its share of the Scottish Government's revenue budget has declined from 34.7% in 2013/14 to just 33% in 2019/20.

“Between 2013-14 and 2018-19, the Local Government revenue settlement decreased at a much faster rate than the Scottish Government revenue budget.”

(SPICe : Facts and Figures, July 2019)



At the same time, Scottish Government priorities which Councils must deliver continue to grow year on year at the expense of the core budget.

Already for 2020-21, we know there are **£497m** of new Scottish Government commitments which Councils will have to deliver in addition to 2019-20 responsibilities' including:

- Expansion of Early Learning and Childcare (£201m)
- Scottish Government commitment to Teachers' Policy Intervention (£156m)
- Teachers' Pensions (£104m)
- Additional Support for Learning (£15m)
- Carers Act 2016 (£13m)
- Counselling in Schools (£4m)
- Other (£4m)



Local Government supports these policies but they must be fully funded in addition to the core.

Local Government has made over £2.1b in cash efficiencies since 2012, but it's getting more challenging every year – the cracks are starting to show, and communities are feeling the impact

Councils can only make savings from unprotected areas of the budget

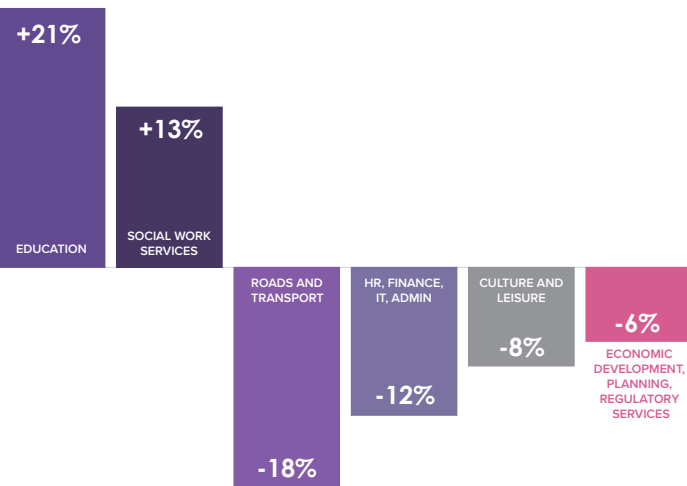
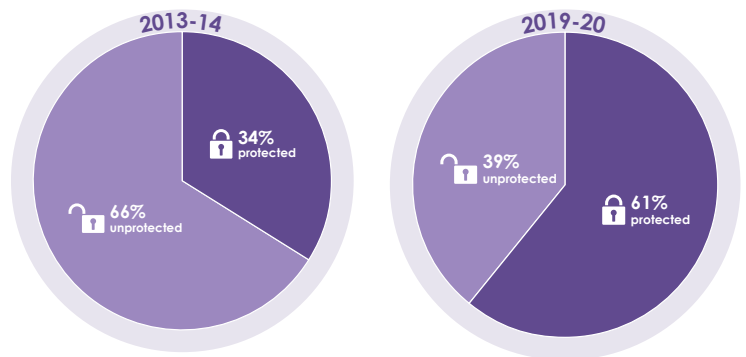
“Scottish Government revenue funding to Councils has reduced in real terms between 2013/14 and 2019/20, while national policy initiatives continue to make up an increasing proportion of Council budgets. This reduces the flexibility Councils have for deciding how they plan to use funding.”

(Audit Scotland)

Ring-fencing, national policy initiatives and protections in education, health and social care continue to grow creating increasing protection.

As a result, more and more has to be delivered from an ever decreasing portion of the budget.

This has a real impact meaning a 4% cut = at least a 10% saving that has to be made from non-protected areas. Continuing to invest in core education and social care is vital but the **whole, inter-related system** is important if we are to create truly sustainable communities.



Source: POBE 19-20

The reality is that service such as roads, buses, paths, planning, community learning, events, sports facilities, libraries, tourism, business support, environmental health, and trading standards all sit within the unprotected portion of the budget and have taken the largest hit since 2013/14.

We cannot achieve the ambitions we all have for Scotland if these building blocks are being eroded.



WARNING: This cannot continue.

Local Government needs a sustainable funding solution.

“Salami-slicing of services avoids headlines but the long years of austerity are having a severe impact on our services and the staff trying to deliver them with limited resources”

(UNISON Pre-budget Scrutiny submission)

RISK: Our core CAPITAL budget is under threat

Every year, Councils invest their capital funding in a huge range of projects that are a key driver for economic growth and make communities sustainable.

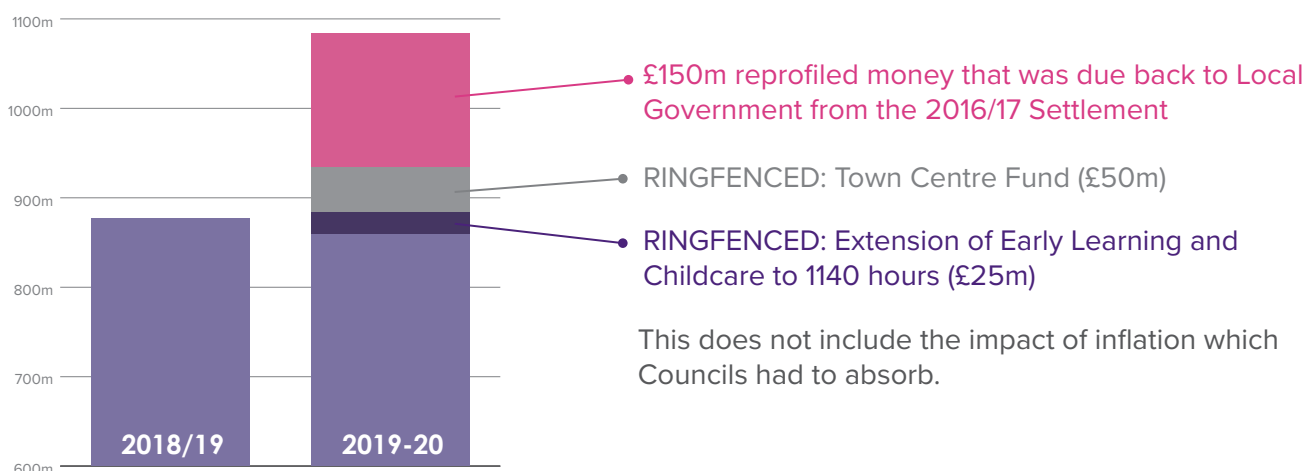


These projects:

- **inject money** directly into local economies, providing **fair work and apprenticeships**
- **create attractive, safe environments** in which to learn, work and live
- **enhance the vibrancy** of communities, which, in turn, enhances wellbeing
- **connect people and places** socially and physically, reducing isolation and opening up employment and training opportunities
- **attract tourists**, who spend money locally in restaurants, shops, and accommodation

Between 2018-19 and 2019-20, Local Government's Core Capital Grant reduced by £17 million.

Presented as a £207m cash increase by the Scottish Government but this included:

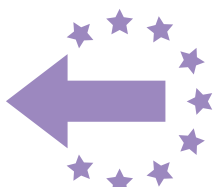


Core capital budgets contribute to sustainable communities so must also be protected

Local Government is facing other unprecedented threats and challenges

IMPACTS OF BREXIT

- Reduced inward migration, impacting on population growth, service delivery and cultural diversity
- Increased workload on Environmental Health and Trading Standards Services to keep goods moving and services and consumers safe
- Future of EU funded projects supporting the vulnerable e.g. around employability
- Staffing issues in relation to EU citizens e.g. in care
- Maintenance of food, medicine and other critical supplies
- Increased reliance on social work, homelessness and welfare benefits services, and the Scottish Welfare Fund



This also impacts on population and, as a result, on recruitment. All population growth in Scotland is due to migration, and especially in the working age group. Since 2016 we have already seen a drop in net migration and population growth.

INFLATION, PAY AND PENSIONS

- When inflation is not built into the Local Government Settlement, there is an impact on front line services. **In 2018/19, Councils absorbed inflation of £198.9m.** This cannot continue
- Employing around 250,000 people (202,000 FTE) comes with a significant pay bill and associated pensions bill
- During 19/20, employer contributions to teachers' pensions have risen by 5.2% - an impact of £110m across Scotland. A third of this will have to be found by Councils
- Key areas such as Social Care, Teaching and Regulatory Services are facing recruitment pressure and need longer term investment



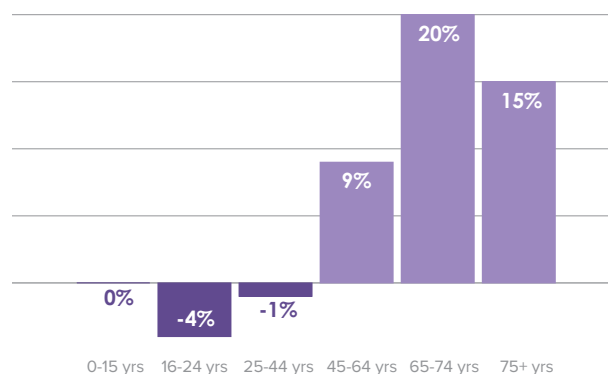
DIGITAL

- Online services need to develop at pace, in line with citizen expectations
- Capacity for digital transformation will require ongoing investment, if we are to attract and retain leaders and innovators



POPULATION AND DEMOGRAPHIC CHANGE

- Changing demographics—since 2007, significant upwards shift in the age profile of Scottish citizens is placing pressure on health and social care

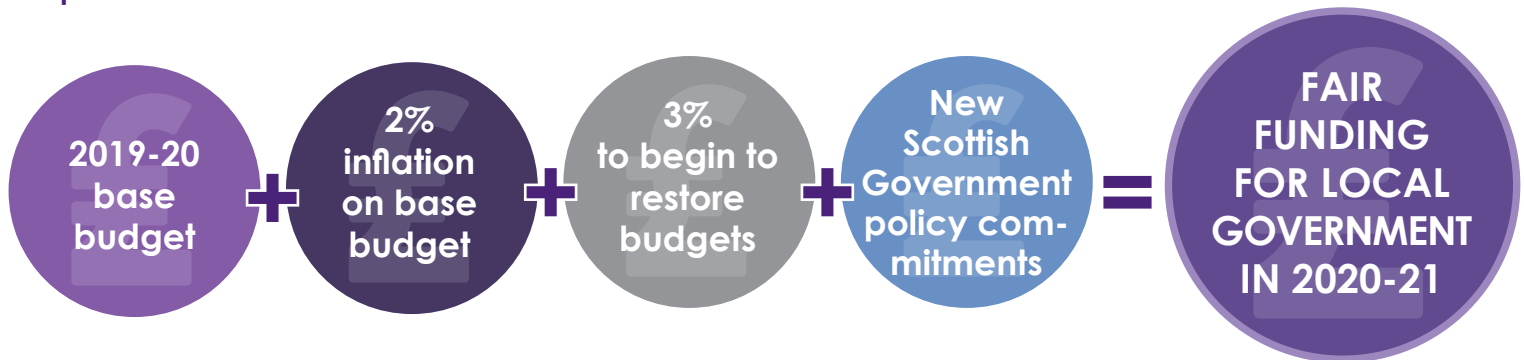


- The Institute for Fiscal Studies estimates that over the next 15 years, social care funding will need to increase by 3.9 per cent in real terms each year to meet the needs of an ageing population and more younger adults living with disabilities unless we can shift our efforts to prevention
- Spend between 2018/19 and 2019/20 alone on social care increased by over £80million, and the rate of change for these older populations is only going to get faster

What Local Government and communities need

We need fair funding for Local Government that looks across the whole system.

All signs are that the Scottish Government will see a cash increase and this must be passed on.



For **Revenue**, this means an additional **£1,007m**.

For **Capital**, this means an additional **£157m**.

	19-20 base budget	Inflation @ 2% (on base budget)	3% to restore budgets (on base + inflation)	Scottish Government commitments	FAIR FUNDING FOR 2020-21
Revenue	£10,078m	£202m	£308m	£497m	£11,085m
Capital	£709m*	£14m	£22m	£121m	£866m

* excludes 19-20 Early Learning and Childcare (£175m), reprofiled money from 16/17 (£150m) and town centre fund

In addition, our asks for *fiscal empowerment* include:

1. Removal of any cap on Council Tax – this must be a truly local tax.
2. More powers for discretionary taxation.
3. Longer-term certainty in relation to budgets, allowing a focus on early intervention, prevention and transformation.
4. An end to small pots of money outside the main settlement.
5. Increased pace in relation to Local Government empowerment – fiscal, community and functional.



INVEST IN LOCAL GOVERNMENT

THE HEART OF SUSTAINABLE COMMUNITIES

*“The role of Local Government cannot be underestimated. Communities rely on Councils - as an anchor employer, as a leader for community empowerment, and to provide everyday **essential services**. Budgets must be protected.”*

(Scottish Trades Union Congress (STUC))

For further information, please see COSLA’s submission to the Local Government and Communities Committee Pre-Budget Scrutiny 2019 available at: www.cosla.gov.uk/sites/default/files/private/coslaresponsetolocalgovernmentandcommunitiescommitteepre-budgetscrutiny2019.pdf

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Report To:	Policy and Resources Committee	Date:	4 February 2020
Report By:	Steven McNab, Head of Organisational Development, Policy and Communications	Report No:	PR/02/20/SMcN/KB
Contact Officer:	Karen Barclay, Corporate Policy Officer	Contact No:	01475 712065
Subject:	Analysis of the Results from the Budget Consultation 2019		

1.0 PURPOSE

1.1 The purpose of this report is to inform the Committee of the analysis of the results from the Budget Consultation 2019.

2.0 SUMMARY

2.1 A total of 802 people responded to the Budget Consultation 2019, a decrease of 42% on the 2018 exercise.

2.2 The Consultation focused on 30 budget saving proposals (excluding charges) which were grouped around the three Council Directorates:

- Education, Communities and Organisational Development
- Environment, Regeneration and Resources
- Health and Social Care Partnership.

2.3 Additionally, questions were included on the following topics:

- Increase charges
- Council Tax
- Profile information.

2.4 Support for the budget saving proposals ranged from 75% (*Stop publication of InView*) to 14% (*Reduction of long term care placements for older people and adults*).

2.5 When reviewing the results of the Consultation, it is important to take into consideration the profile details of respondents. Of the people who answered the profile questions, the majority are in employment and of working age.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee:

- a. takes cognisance of the feedback provided during the Budget Consultation 2019 when considering decisions about the Council's Budget 2020/23.

Ruth Binks

Corporate Director Education, Communities and Organisational Development

4.0 BACKGROUND

- 4.1 Inverclyde Council, like many other public sector organisations, is facing a very difficult and challenging financial situation. As a result of reductions in Government funding and increasing demand for certain services, the Council needs to make substantial savings.
- 4.2 We launched our Budget Consultation 2019 on 21 October 2019 and closed it on 30 November 2019. A total of 802 people responded to the Consultation during that period.
- 4.3 While the number of respondents to last year's Budget Consultation represents a decrease of 42% on the 2018 exercise, it is broadly similar to the number of people (970) who submitted their views during the Budget Consultation 2017/18 and is still a good response rate for a consultation of this type.
- 4.4 It is difficult to determine accurately the reasons for the fluctuation in the response rates. However, a factor that may be relevant is the timing of the Consultations:

Year	Period of Consultation	Number of responses
2017/18	16 November 2016-9 January 2017	970
2018	15 January 2018-11 February 2018	1,373
2019	21 October 2019-30 November 2019	802.

The figures in the above table could suggest that carrying out Budget Consultations in the last quarter of the year is not a popular time for local people to provide their views.

- 4.5 Additionally, when reviewing the response rates, it is important to bear in mind that the range of budget saving proposals that are included in each Budget Consultation will inevitably attract varying attention from individuals or groups of people, depending on what their interests and priorities may be.
- 4.6 A presentation on the headline results from the Consultation was delivered to the Elected Members on 18 December 2019.
- 4.7 A number of stakeholder groups were invited to participate in the Budget Consultation 2019 including Inverclyde residents and visitors; Council employees and Trades Unions; and the local business community. Additionally, to increase the breadth of the Consultation process, a number of so-called *hard to reach* stakeholders were also invited to take part including young people, older people and special interest groups.
- 4.8 If the current budget saving proposals were also included in the Budget Consultations 2017/18 and 2018, the relevant responses have been incorporated into this report, as appropriate. Where the 2017 and 2018 budget saving proposals are not exactly the same, ones that are meaningfully comparable are shown in italics throughout the report.

5.0 METHODOLOGY

- 5.1 The main method by which people were invited to make their views heard on the Council's Budget 2020/23 was via the Council's electronic Budget Simulator. The benefits of utilising an electronic method include:
- it is user friendly – quick to complete
 - the response rate can be easily monitored and publicity tailored to suit
 - sustainable option – zero print and postage costs
 - it supports the Council's digitalisation agenda.
- 5.2 Of the total number of people who took part in the Budget Consultation 2019, around 200 respondents provided their views via paper submissions which were later input to the Budget Simulator.

5.3 Additionally, as reported to the Policy and Resources Committee in 2015, during the Budget Consultation 2015, electronic means were a popular method used by respondents; 43% of people expressed their views via the on-line Budget Simulator while just over a fifth (20.2%) sent an email to yoursay@inverclyde.gov.uk.

6.0 KEY AREAS OF THE CONSULTATION

6.1 The Consultation focused on budget saving proposals which were grouped around the three Council Directorates:

- Education, Communities and Organisational Development
- Environment, Regeneration and Resources
- Health and Social Care Partnership.

6.2 Additionally, questions were included on the following topics:

- Increase charges
- Council Tax
- Profile information.

7.0 RESULTS: BUDGET CONSULTATION 2019

7.1 A total of 30 budget saving proposals (excluding charges) were included in the Budget Consultation 2019. Support for the budget saving proposals ranged from 75% (*Stop publication of InView*) to 14% (*Reduction of long term care placements for older people and adults*).

8.0 RESULTS: EDUCATION, COMMUNITIES AND ORGANISATIONAL DEVELOPMENT

8.1 This section of the Consultation comprised 17 budget saving proposals.

8.2 When asked about the budget savings proposals from the Education, Communities and Organisational Development Directorate, the responses were:

	Agree with budget proposal		
	2019 %	2018 %	2017 %
Stop publication of <i>InView</i> <ul style="list-style-type: none"> • £0.007 million, 0 employees 	75	-	-
Free swimming only available during the school holidays (<i>Swimming for under 16 year olds</i>) <ul style="list-style-type: none"> • £0.1 million, 0 employees 	64	-	49 (introduce a charge)
Reduce Inverclyde Leisure management fee <ul style="list-style-type: none"> • £0.242 million, 0 employees 	63	-	-
Reduce under 19s sports grants and grants to voluntary organisations (<i>Subsidised team sports for under 19 year olds</i>) <ul style="list-style-type: none"> • £0.085 million, 0 employees 	51	37	41
Community hall waivers <ul style="list-style-type: none"> • £0.035 million, 0 employees 	49	-	-

Reduce funding for self-managed community centres • £0.078 million, 0 employees	46	-	-
Remove additional free fruit for primary schools • £0.015 million, 0 employees	44	-	-
Reduction in library services • £0.246 million, 8 employees	43	-	-
Reduction in school music services • £0.103 million, 1.6 employees	41	-	-
Removal of play schemes subsidy • £0.052 million, 0 employees	39	-	-
Reduce the number of educational psychology staff • £0.069 million, 1 employee	38	-	-
Closure of community centres • £0.046 million, 1 employee	37	-	-
Community learning and development budget reduction • £0.123 million, 3 employees	36	-	-
Closure of early years Glenbrae out of school care • £0.032 million, 1.5 employees	34	-	-
Reduction in Home Link Workers • £0.113 million, 3 employees	33	-	-
Reduction in teaching staff • £0.552 million, 11.5 employees	20	-	-
Reduction in Classroom Assistants in schools • £0.2 million, 10 employees	19	-	-

8.3

- **Commentary**

The most popular budget saving proposal from the Education, Communities and Organisational Development Directorate – and indeed from the whole Consultation process - was stopping the publication of InView, with three quarters of respondents (75%) agreeing that the Council newspaper should be discontinued.

Almost two thirds of respondents (64%) agreed with the proposal to make free swimming only available during the school holidays, while, two years ago, just under half (49%) of people agreed that a charge should be introduced for swimming for under 16 year olds.

Meanwhile, only a third of respondents (33%) supported the proposal to reduce the number of Home Link Workers; this may be because, unlike the three most popular budget saving proposals in this Directorate, this one would impact on three members of staff.

The two least popular budget saving proposals in the Education, Communities and Organisational Development Directorate concerned employees who are based in our educational establishments. Only around a fifth of respondents (20% and 19% respectively) agreed with the proposals to reduce teaching staff and to reduce the number of Classroom Assistants in schools.

9.0 RESULTS: ENVIRONMENT, REGENERATION AND RESOURCES

9.1 This section of the Consultation comprised 11 budget saving proposals.

9.2 When asked about the savings proposals from the Environment, Regeneration and Resources Directorate, the responses were:

	Agree with budget proposal		
	2019 %	2018 %	2017 %
Reduction in Community Warden staff <ul style="list-style-type: none"> £0.211 million, 8 employees 	53	59	62
Reduce frequency of the food waste collection service <ul style="list-style-type: none"> £0.104 million, 2 employees 	51	-	-
Reduction in Benefits and Council Tax processing staff (<i>Benefits services</i>) <ul style="list-style-type: none"> £0.102 million, 4 employees 	50	45	-
Reduction in Customer Service Centre and Registration services staff (<i>2018: Customer services, Greenock - reduction in resources; 2017: Customer Service Centres</i>) <ul style="list-style-type: none"> £0.1 million, 4 employees 	46	48	64
Reduction in employability activities (<i>2018: Employability; 2017: Support for getting people into work and job retention</i>) <ul style="list-style-type: none"> £0.1 million, 0 employees 	46	47	46
Reduction in frontline grounds maintenance budget of 15% <ul style="list-style-type: none"> £0.238 million, 6 employees 	38	-	-
Closure of 4 public toilets (<i>2017: Public conveniences</i>) <ul style="list-style-type: none"> £0.047 million, 1 employee 	38	-	53
Further reduction in employability activities (<i>Support for getting people into work and job retention</i>) <ul style="list-style-type: none"> £0.275 million, 0 employees 	36	47	46
CCTV – reduction in monitoring hours (<i>CCTV</i>) <ul style="list-style-type: none"> £0.068 million, 3 employees 	35	30	36
Reduction in the burial grounds and cremation service <ul style="list-style-type: none"> £0.089 million, 4 employees 	29	-	-
Reduction in the frontline street cleaning budget of 15% (<i>Street cleaning</i>) <ul style="list-style-type: none"> £0.243 million, 9 employees 	22	25	26

9.3

- **Commentary**

While reducing the number of Community Wardens was the most popular budget saving proposal in the Environment, Regeneration and Resources Directorate, support for this has declined year-on-year, dropping from 62% in 2017 to 53% two years later.

Just over half of respondents (51%) agreed that the frequency of the food waste collection service should be reduced. It may be the case that local residents are now more accepting of changes to their refuse collection arrangements, following the withdrawal of the kerbside glass recycling service in 2018.

Reducing the number of Benefits and Council Tax processing staff was supported by exactly half (50%) of respondents; this figure represents an increase of 5% from the 2018 budget saving proposal regarding Benefits services.

Following a fall between 2017 and 2018, the number of people who supported a reduction in CCTV monitoring hours (35%) returned to almost the same level as two years ago. (It should be noted that the previous two budget saving proposals around this topic were simply entitled *CCTV*.)

Finally, between 2017 and 2019, there was a small reduction (of 4%) in the number of respondents who supported a reduction in the frontline street cleaning budget, down from 26% to 22%.

10.0 RESULTS: HEALTH AND SOCIAL CARE PARTNERSHIP

10.1 This section of the Consultation comprised two budget saving proposals.

10.2 When asked about the savings proposals under the Health and Social Care Partnership, the responses were:

	Agree with budget proposal		
	2019 %	2018 %	2017 %
Reduction in support workers – fieldwork services <ul style="list-style-type: none"> • £0.091 million, 3.5 employees 	24	-	-
Reduction of long term care placements for older people and adults <ul style="list-style-type: none"> • £0.235 million, 0 employees 	14	-	-

10.3

- **Commentary**

The number of respondents who supported the Health and Social Care Partnership's two budget saving proposals is fairly low at 24% and 14% respectively. In fact, the latter proposal attracted the least support of all during the Budget Consultation 2019.

Local residents' views on these budget saving proposals may reflect the desire to protect services for the more vulnerable members of our community, including young people and older Inverclyde residents.

11.0 RESULTS: INCREASE CHARGES

11.1 The next part of the Consultation asked people's views on the possibility of introducing or increasing charges on five services provided by the Council and the responses were as follows:

	Agree to increase charges		
	2019 %	2018 %	2017 %
New £1 charge for under 16s swimming (<i>Swimming for under 16 year olds</i>) <ul style="list-style-type: none"> £0.04 million 	68	-	51 (introduce a charge)
Increase charities' waste charge to 100% of regular trade rates (<i>Commercial waste</i>) <ul style="list-style-type: none"> £0.024 million 	48	61	-
Increase charging for community alarms (<i>2017: Introduce charges for older persons' community alarms</i>) <ul style="list-style-type: none"> £0.02 million 	44	58	21 (introduce a charge)
New and increased roads services charges (<i>Parking – increase existing charges</i>) <ul style="list-style-type: none"> £0.062 million 	42	44	49 (by \geq 10%)
Introduce charges for older people's day services (<i>Meals on wheels, meals at day centres and support at home charges</i>) <ul style="list-style-type: none"> £0.055 million 	26	36	-

11.2

- Commentary**

More than two thirds of respondents (68%) agreed that a charge of £1 should be introduced for under 16 year olds who wish to swim in Inverclyde; this represents an 8% increase since 2017 when 60% of people agreed that an (unspecified) charge should be introduced for swimming for under 16s. Additionally, it may be helpful to view the response to this budget saving proposal alongside the one around free swimming only being available during the school holidays, as mentioned at paragraph 8.3.

Just under half of respondents (48%) supported the proposal to increase the charities' waste charge to 100% of the regular waste rate. While the charities that would be impacted by this budget saving proposal provide support to many local residents, the response may reflect the fact that some respondents do not consider that they would be directly impacted by the increased charge.

In terms of community alarms, in 2017, just over a fifth of respondents (21%) agreed that the Council should introduce a charge for older persons' community alarms. The following year, 58% of people said that the fees for community alarms should be increased, while, in 2019, this figure dropped by 14% to 44%. It should, however, be noted that, in 2017, the fact that the budget saving proposal was entitled *Older persons' community alarms* may have influenced people's responses at that time.

There has been a year-on-year decrease in the number of respondents who expressed support for increased parking charges, reducing from 49% in 2017 to 42% in 2019. While the 2019 budget saving proposal is entitled *New and increased roads services charges*, it

includes provision to introduce charges for parking permits which are currently available at no cost to householders who reside in the relevant parts of Inverclyde. As this is a service that is used by some people on a regular basis, it is likely that the view of those respondents is that they will be directly impacted by an increase in those charges.

A fairly low number of respondents (26%) agreed that the Council should introduce charges for older people's day services (which include day care, catering and transport). In 2017, the budget proposal entitled *Meals on wheels, meals at day centres and support at home charges* was supported by just over a third of respondents (36%). The reduction in support for this budget saving proposal in 2019 - and for the one around increasing charges for community alarms - may reflect people's view that services for the more vulnerable members of our community should be protected.

12.0 SURVEY RESULTS: COUNCIL TAX

12.1 We introduced the final section of the Consultation by advising participants that a 3% increase in Council Tax would generate £0.95 million in extra income for the Council, adding that this would, in turn, reduce the amount of savings required.

The following table outlines the responses to the question about whether there should be an increase in Council Tax in Inverclyde, together with replies received when the same question was asked during previous Budget Consultations:

	2019 %	2018 %	2017 %
Yes	58	66	68
No	42	34	32.

12.2 The next question asked how much people thought the Council Tax should be increased by; respondents provided the following answers:

	2019 %	2018 %	2017 %
1%	45	36	24
2%	31	20	28
3%	25	44	48.

12.3

- **Commentary**

While more than half of respondents agreed with the proposal to increase Council Tax in Inverclyde, the level of support has reduced by 10% since 2017, dropping from 68% at that time to 58% in 2019.

In terms of the level of the Council Tax rise, an increase of 1% was the most popular. The number of people who agreed with such an increase almost doubled during the last two years, rising from 24% in 2017 to 45% in 2019.

Following a decrease of 8% between 2017 and 2018 (falling from 28% to 20%), we saw support for a 2% Council Tax increase again to 31% in 2019. Meanwhile, between 2017 and 2019, there was a marked drop (of 23%) in the number of people who were in favour of a 3% Council Tax increase, decreasing from 48% in 2017 to 25% two years later.

Some respondents said they were not in favour of increasing the Council Tax, given that a charge is to be introduced for the collection of brown bins.

A number of comments were made relating to the charges for higher Banded properties, which refer to the changes to Council Tax by the Scottish Government which were

effective from April 2017. Additionally, calls were made for a review of Council Tax Bands, something over which the Council has no direct control.

Finally, some people said that a rise in Council Tax could make Inverclyde an unaffordable place for them to live and that they may consider moving away from the area.

- 12.4 As Members will be aware, on 21 February 2019, the Council opted to increase the Council Tax by 4.79% for 2019/20. This means that, in the current financial year, the Council Tax for a Band D property in Inverclyde is £1,293.05.

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13.0 COMMENTS ABOUT THE COUNCIL'S BUDGET

- 13.1 As well as providing their views via the budget simulator, respondents made a number of comments about the budget saving proposals in the three Council Directorates, as well as on the subjects of increasing charges and Council Tax; these are available on request from the Head of Organisational Development, Policy and Communications.

14.0 PROFILE QUESTIONS

- 14.1 So that we can best respond to the needs of different local residents, a set of profile questions was incorporated into the Budget Consultation 2019, the responses to which will help the Council to ensure it treats everyone fairly and equitably. The replies to the profile questions, together with the responses from the Budget Consultations 2017 and 2018, are outlined in paragraphs 14.2-14.6. It should be noted, however, that not everyone who participated in the Consultation chose to answer the profile questions.

14.2 Gender

	2019 %	2018 %	2017 %
Female	56	48	53
Male	43	51	47
Transgender	1	1	0.

14.3 Age

	2019 %	2018 %	2017 %
Under 16 years	4	13	3
16-24 years	5	10	
25-34 years	16	12	15
35-44 years	23	21	25
45-54 years	22	21	29
55-64 years	19	15	21
65-74 years	8	7	7
Over 75 years	2	1	1.

14.4 Employment status

	2019 %	2018 %	2017 %
Full-time employment	49	56	66
Part-time employment	12	12	14
Self-employed	3	4	3

Unemployed	6	2	1
Student	7	10	2
Carer	1	1	0
Long-term illness/disabled	3	1	2
Looking after house/children	3	1	2
Retired	15	11	10
Other	1	2	0.

14.5 Geographical area

	2019 %	2018 %	2017 %
Greenock	56	59	56
Gourock	18	18	20
Port Glasgow	18	13	12
Kilmacolm	3	7	6
Wemyss Bay	6	4	5.

14.6

- **Commentary**

Following an increase of 20% between 2017 and 2018 in the number of respondents aged 24 and under, the number of young people who participated in last year's Budget Consultation fell by 14% to 9%. While it is difficult to say with any certainty why the number of responses from any of the age ranges varies from year to year, the drop in the number of young people who provided their views may be explained by the fact that our secondary school pupils were allocated protected time in school to participate in the Budget Consultation 2018; this was not the case during last year's exercise. However, it should be noted that 2019 figure is still three times higher than the corresponding number of respondents from 2017.

Despite a decrease (of 19% between 2017 and 2019) in the number of employed people who provided their views during the Budget Consultation 2019, this group still make up the majority of respondents at almost two thirds (64%).

Finally, in terms of the Budget Consultation 2019, the split of respondents by geographical area is broadly similar to that of previous Consultations. However, it may be worth noting that the number of respondents from Kilmacolm is down from previous years while we saw a very small increase in the number of people from Wemyss Bay (and Inverkip) who participated in this year's Consultation.

15.0 IMPLICATIONS

15.1 Financial implications - one-off costs:

Cost centre	Budget heading	Budget year	Proposed spend this report	Virement from	Other comments
n/a	n/a	n/a	n/a	n/a	n/a

Financial implications - annually recurring costs/(savings):

Cost centre	Budget heading	With effect from	Annual net impact	Virement from	Other comments
n/a	n/a	n/a	n/a	n/a	n/a

15.2 Human Resources: There are no direct human resources implications arising from this report.

15.3 Legal: There are no direct legal implications arising from this report.

15.4 Equalities

Equalities

(a) Has an Equalities Impact Assessment been carried out?

X	Yes. Equalities Impact Assessments have been carried out on the Budget Saving Proposals 2019.
	No. This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equalities Impact Assessment is required.

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic direction:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

X	Yes. A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed. The details are included in the Equalities Impact Assessments which were carried out on the Budget Saving Proposals 2019.
	No.

(c) Data Protection

Has a Data Protection Assessment been carried out?

X	Yes. This report involves data processing which may result in a high risk to the rights and freedoms of individuals. A Data Protection Impact Assessment was carried out on the Budget Consultation 2019.
	No.

15.5 Budget Consultation 2019 survey and comments.

Budget Consultation 2018 survey and comments.

Budget Consultation 2017 survey.

16.0 CONCLUSION

16.1 The results of the Budget Consultation 2019 are presented for consideration by the Committee with the request that cognisance is taken of the feedback when considering decisions about the Council's Budget 2020/23.

Report To:	Policy and Resources Committee	Date:	4 February 2020
Report By:	Ruth Binks Corporate Director of Education, Communities and OD	Report No:	PR/03/p20/TM
Contact Officer:	Tony McEwan Head of Culture, Communities and Educational Resources	Contact No:	01475 712828
Subject:	Participatory Budgeting in Inverclyde: Evaluation and Next Steps		

1.0 PURPOSE

1.1 This report provides the Policy and Resources Committee with an evaluation of phase 1 of the Participatory Budgeting (PB) approach in Inverclyde and makes proposals for a revised approach towards mainstreaming participatory budgeting in Inverclyde.

2.0 SUMMARY

2.1 This report outlines a revised approach to PB which builds on the Phase 1 PB approach in Inverclyde. It also provides detail on the successes and lessons learned from the pilot model. Appendix 1 gives an overview of how Phase 1 funding was allocated.

2.2 The next phase of PB repositions it as not just a grant-awarding process but as a way of encouraging communities to discuss and deliberate priorities and assist the Council in prioritising its work in localities and across Inverclyde. The revised model focuses on the prioritisation of budgets/services across localities or across Inverclyde rather than the provision of grants, although the model is also compatible with a grant-providing process. A diagram has been provided on how this will work in localities and on an Inverclyde-wide basis and is attached as Appendix 2 to this report.

2.3 Inverclyde's approach to PB will continue to evolve over time and support the Council in its decision-making by empowering communities to work in partnership with the Council to enhance the wellbeing of the people of Inverclyde. The report provides examples of how PB is operating currently in Inverclyde and also highlights, in Appendix 3, areas of budget which would be compatible with a PB approach in the future.

2.4 The revised approach to PB will be implemented throughout 2020/21 and will require a sustained commitment at both officer and Member level to develop the locality model currently being established across Inverclyde.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee:

- notes the evaluation of pilot phase 1 of the PB process in Inverclyde;
- agrees the revised approach to PB in Inverclyde to be implemented by March 2021;
- agrees to use of the current PB earmarked reserve for the establishment of a

temporary CLD worker for 18 months to support the process; and

- agrees that areas of budget that can be taken through the PB process are identified by Committees on an ongoing basis.

Ruth Binks
Director of Education, Communities and Organisational Development

4.0 BACKGROUND

- 4.1 The Community Empowerment (Scotland) Act 2015 requires that Councils establish a framework which enables local people to have a say in how defined budgets can be used to address local priorities. The Act provides a range of powers to strengthen communities to make decisions on issues that matter to them. Importantly, it makes provision for public participation in local decision making and the role that participatory budgeting can play to advance this.
- 4.2 COSLA and the Scottish Government have a framework agreement that at least 1% of a local authority's budget should be allocated through a PB approach by March 2021. This agreement establishes a commitment for PB to be embedded as a natural way of working in local government. Nationally, this will result in around £100m of core local government grant funding, both capital and revenue, being influenced and directed through deliberative community participation.
- 4.3 PB can play a significant role in sustaining the Council's future role in public life. The Christie report in 2011 highlighted the four pillars of the future delivery of public service and PB is compatible with this approach:

Partnership: PB requires collaboration across organisations and can provide new opportunities to local governance partnerships;

Participation: PB can enable significant participation by citizens and communities and can provide a platform for communities and citizenry that are becoming less trusting in, and less deferential towards, traditional forms of local democracy;

Prevention: PB can open up space for rethinking priorities so the difficult decisions that the Council is struggling to make through for example the budget process can be addressed through open public deliberation. PB can often bring to the surface local knowledge which may help to tackle problems relating to inequalities; and

Performance: PB can improve a Council's performance by increasing transparency, monitoring and scrutiny of how money is spent. Like the area of prevention above, it can also foster local creativity and collaboration to articulate new solutions and activities.

- 4.4 Like many Councils across Scotland, Inverclyde's approach to PB in phase 1 was a grants-based 'aggregative' model. Inverclyde Council provided a total of £350k (£50k per ward) in which community groups or projects could bid for funding through the PB process. Community learning and development (CLD) led the support to communities by engaging with every community hub, community council, a number of faith groups, uniformed organisations and a range of third sector providers.

5.0 EVALUATION OF PHASE 1

- 5.1 Since phase 1 concluded, informal discussions have taken place with local communities and other stakeholders on the successes and areas for development around Inverclyde's approach to PB.
- 5.2 Feedback indicates that the process to date has seen some success in engaging with residents and a range of community groups, some of which had no prior working links with the CLD service. Other successes from Phase 1 include:

- improved community engagement due to additional funding having been put into wards for community initiatives;

- some innovative projects being developed which would otherwise not have received funding, for example, environmental improvements to Auchmountain Glen and funding provided to heritage groups and programmes;
- increased use of CCTV in some areas to enhance perceptions of community safety;
- community events taking place in all localities;
- the grants generating stakeholder interest;
- improved partnership working between the Council, communities and organisations such as CVS;
- positive relationships being formed with organisations which the Council had not worked with previously; and
- the Council receiving ongoing feedback on the PB process and community engagement.

5.3 In terms of marketing and communication of Phase 1, there was a consistent approach to communication and branding of PB across Inverclyde which was actively supported by activity by CLD to increase interest and participation. As a result, 36 applications for funding were received and put forward for voting.

5.4 The voting process consisted of a traditional, paper-based format with boxes or manned stands in over 14 locations across Inverclyde. Voters were asked to give preferences (1st, 2nd, 3rd) on the community initiatives they wanted to see receive funding. Appendix 1 provides information on the results of the voting and where awards were made.

5.5 Given the successes of the pilot phase of PB in Inverclyde, the future approach will build on these successes, particularly those relating to increased engagement of communities and the positive relationships which were established between the Council, communities and organisations such as CVS.

5.6 While the Phase 1 approach in Inverclyde of a grant-based model of PB has been the approach used by many Councils, there were also a number of challenges in taking PB forward in this way. Some of the challenges were:

- some community groups were critical of the approach taken in that the voting process was confusing, particularly when the results were announced;
- that the timescale around the process was viewed as too tight with insufficient time given for preparation for both the groups and our own Elected Members and officers;
- communication with communities in terms of improving their understanding of the concept of PB or what it is meant to achieve;
- an insufficient number of venues in which to support the voting process and the absence of online voting which meant that some residents had to travel considerable distances to vote;
- voter numbers being variable between localities meaning that in one ward a fewer number of votes would generate the same amount of grant which in another ward would have required greater support;
- the capping of grants at £50k per ward meant that many groups missed out (for

the reasons given above);

- tactical voting by some groups (voting for themselves) meant that some well-known groups received the most funding;
- some community groups expressing the view that the focus should be working together to achieve better outcomes rather than competing with each other for funding; and
- that it was not made sufficiently clear to Elected Members what their role was in the process. As a result, there requires to be improved engagement with Elected Members to ensure they continue to play an important role in the process.

6.0 PROPOSAL: INVERCLYDE'S APPROACH TO MAINSTREAMING PARTICIPATORY BUDGETING

- 6.1 The most recent citizens' panel survey indicated a downward trend in communities' perceptions that the Council takes residents' views into account when making decisions that affect their local areas. Similarly, only 30% of respondents felt they can influence decisions affecting their local area. PB in Inverclyde should therefore be seen as a positive, progressive and adaptable process which will help the Council re-engage with its communities and give them more say in decisions that matter to them.
- 6.2 There are a few very good, recent examples of community engagement around spend and prioritisation in Inverclyde which could currently be viewed as PB. The recent decisions around the allocation of £80k to Park Farm to improve its multi-use games area and the involvement of the Grieve Road Community Centre Committee in how £200k should be spent to improve the facility, are both examples of participatory budgeting. The budget simulator process, engagement with communities around priorities and budgets and even schools' consultation with its stakeholders around spending of their pupil equity fund can all be viewed as forms of participatory budgeting. However, if PB is to be mainstreamed with continued engagement from communities, it must move beyond supporting the Council to make difficult decisions such as those around savings.
- 6.3 There is therefore a good foundation on which to build a sustainable model of PB in Inverclyde. Our future approach aims to find a balance between encouraging the direct participation of our residents while at the same time accepting that many are content with Elected Members representing their views on their constituents' behalf. It is therefore of critical importance that Elected Members continue to participate in and support the development of locality planning across Inverclyde.
- 6.4 The key differences between the approach taken in phase 1 and our future approach is that we will provide better opportunities for our citizens to discuss and deliberate issues and priorities through the locality planning arrangements before providing the wider community with the opportunity to express their preferences through voting. We will enhance the methods by which community members can vote by using electronic and on-line voting. Similarly the revised approach will also be compatible with deciding what is prioritised in a locality and what would be better considered on an Inverclyde-wide basis.
- 6.5 The six new locality groups being established play an important role in progressing PB in Inverclyde. These groups, once formed will provide a meaningful vehicle for debate and deliberation at a local level on what services should be provided, prioritised, and may at some point in the future, decide on how grants are allocated. PB will be linked to the priorities set out in locality plans. Locality groups will develop as a partnership between community groups/community councils/residents and Elected Members and will be supported in their development by the communities team from CLD services.

- 6.6 Currently, locality groups are being established in partnership with CLD, Your Voice, CVS and Branchton Community Committee. Going forward, CLD will take a more active role in supporting the establishment, maintenance and development of **all** locality groups across Inverclyde to ensure they are supported to work towards achieving the shared aims of the locality, the Council and HSCP as well as supporting future PB activity. Work will commence in the next financial year to revise service level agreements with these organisations to ensure that supporting locality planning and PB forms part of the funding agreement between them and the Council.
- 6.7 Positive work is ongoing with the HSCP, CLD, community organisations and the community planning team to support the ongoing development of locality planning groups and the role of PB in this process.
- 6.8 It is recognised that the development of a sustainable model of participatory budgeting, which ensures communities are supported to participate in the process and which also meets the requirements of the agreement between COSLA and the Scottish Government, requires to be sufficiently resourced. It is therefore proposed to use the balance of the current PB earmarked reserve to increase the capacity of the communities team within CLD for the next 18 months to support the process.
- 6.9 In addition, a dedicated page on the Council's community planning areas of the website is currently under development. This will provide information on, and current examples of, PB and also any current or forthcoming PB opportunities to encourage involvement. Linked to this will be the use of Citizen Space which will be used as the platform for on-line community engagement, surveys and online voting.
- 6.10 **Appendix 2** provides a schematic of the stages in the revised participatory budgeting approach. In essence, the first pathway would be used where decisions on areas of capital spend or other discretionary budgets could be prioritised on a locality basis. Recognising that some areas of spend can only be considered on an Inverclyde-wide basis, the second pathway could be used. If in the future, the Council decides to allocate grants, both pathways are compatible.
- 6.11 **Appendix 3** provides examples of the types of funding which could be considered for PB. It is recommended that the Committees will consider on an ongoing basis areas of budget which can be put through the PB process. The outcome of these will be reported to the Policy and Resources Committee on an ongoing basis.
- 6.12 **Appendix 4** provides a few examples of practices which have been adopted by other authorities.

7.0 IMPLICATIONS

7.1 Finance

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
Earmarked Reserves	PB	2020/22	60k		Funded from the remaining balance of the reserve

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

7.2 Legal

None

7.3 Human Resources

Creation of 1FTE CLD worker for 18 months.

7.4 Equalities

Equalities

(a) Has an Equality Impact Assessment been carried out?

	YES
x	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report’s recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report’s recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
x	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
x	NO

7.5 Repopulation

Participatory budgeting could be utilised to increase participation rates in community decision making and prioritise initiatives to attract people to the local area.

8.0 CONSULTATIONS

8.1 N/A

8.0 BACKGROUND PAPERS

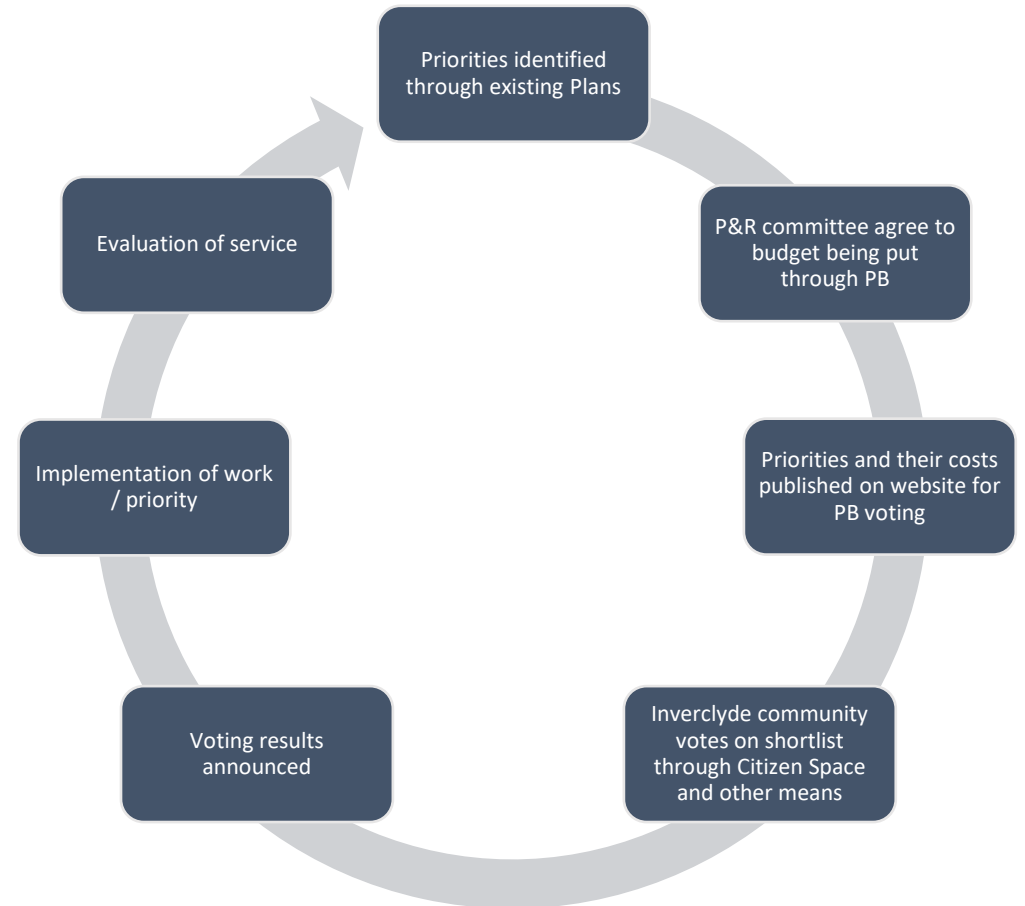
8.1 None

Ward 1	Allocation	Total Votes	No of People Voting	Votes Cast (x3)	Eligibility Threshold (10%)
Port Glasgow Community Association	£13,000.00	8	26	78	8
Greenock Morton Community Trust	£13,049.00	13	See Note 1		
Kilmacolm Art Class	£500.00	17			
Kilmacolm Playgroup and Toddlers	£3,760.34	23			
St Marys Episcopal Church	£1,410.00	15			
Allocation		£31,719.34			
Ward 2	Allocation	Total Votes	People Voting	Votes Cast (x3)	Eligibility Threshold (10%)
Gibshill Community Centre	£16,004.00	60	131	393	40
Parklea Bowling Club	£2,100.00	63			
Port Glasgow Bowling Club	£12,300.00	109			
Port Glasgow West Community Council	£13,000.00	81			
Allocation		£43,404.00			
Ward 3	Allocation	Total Votes	People Voting	Cast (x3)	Threshold (10%)
Auchmountain Resource Centre	£7,150.00	102	147	441	45
Craigend Resource Centre	£25,200.00	88			
Kings Oak Parent Circle	£2,000.00	68			
Auchmountain Glen Project	£10,000.00	71			
Allocation		£44,350.00			
Inverclyde Music Festival Association	£2,000.00	24	See note 3		
Belville Community Garden Trust	£12,600.00	61	See Note 2		
Unallocated		£14,600.00			
Ward 4	Allocation	Total Votes	People Voting	Cast (x3)	Threshold (10%)
Caddlehill Allotment & Gardens	£7,000.00	37	84	252	26
Fort Matilda Bowling Club	£25,000.00	38			
Clydeside Athletic FC	£2,387.60	26			
Allocation		£34,387.60			
Unallocated		£19,612.40			
49f Greenock Squadron ATC	£10,823.00	23	See note 3		
Greenock Central Residents Action Group	£26,009.74	15			
Mind Mosaic Counselling & Therapy	£12,600.00	15			
RIG Arts	£5,311.00	20			
Unallocated		£54,743.74			

Ward 5	Allocation	Total Votes	No of People Voting	Votes Cast (x3)	Eligibility Threshold (10%)
Gourock Golf Club	£16,589.00	154	225	675	68
Gourock Park Bowling Club	£15,200.00	147			
Gourock Heritage & Arts	£16,896.00	94			
Allocation	£31,789.00				
Gourock Creative	£23,500.00	75	See Note 2		
Inverclyde Cricket Club	£1,740.00	91			
Unallocated	£25,240.00				
Ward 6	Allocation	Total votes	No of People Voting	Votes Cast (x3)	Eligibility Threshold (10%)
33rd Greenock & District Scout Group	£9,065.00	72	157	471	48
Children in Poverty	£9,375.00	91			
Inverkip Community Initiative	£12,000.00	103			
Wemyss Bay Community Association	£10,000.00	97			
Allocation	£40,440.00				
Branchton Community Centre	£10,000.00	41	See note 3		
Unallocated	£10,000.00				
Ward 7	Allocation	Total Votes	No of People Voting	Votes Cast (x3)	Eligibility Threshold (10%)
Alzheimer Scotland - Action on Dementia	£2,000.00	17	17	51	6
Inverclyde Gaelic Learners Group	£25,000.00	15			
Allocation	£27,000.00				
Note 1: Voters present at each event were able to cast their preference votes (1-3). The "Eligibility Threshold" is calculated as 10% the total number of available preference votes. When the total funding allocation for eligible projects in each Ward exceeds £50K, the Rank Order is determined using a 3/2/1 points weighting.		Funding: Total available: £350,000; Total allocated: £253,090; Total carried forward to Phase 2: £96,910.			
Note 2: The projects listed did not receive a grant allocation. While they achieved the required 10% of the community vote, their rank order would have exceeded the £50K per Ward allocation. Please note projects listed in rank order after weightings applied.					
Note 3: The projects listed did not qualify for grant funding on the 10% community vote criterion.					

Pathway 1 – developing ideas and projects from locality plans

Pathway 2 – prioritising budgets on an Inverclyde-wide basis



APPENDIX 3

Potential areas of budget / activity which may be compatible with a PB approach

Main PB area	Provision or prioritisation of local services / initiatives	Grants to voluntary organisations	Pupil Equity Funding in schools
Criteria and Service Areas	Budget consultation CCTV and community safety Community facilities' upgrades Grounds maintenance Breakfast clubs / before school clubs Parks and playparks Roads Libraries Arts and culture Transport Capital spend allocation Regeneration funding Repopulation fund Poverty fund	Grants awarded by either elected members or locality groups to support voluntary organisations' contribution to: Improving the local, physical environment Improving wellbeing, sport and health Improving culture and heritage Improving community cohesion Improving participation (examples only)	As per national guidance Restricted to HT / parent council / pupils consultation

APPENDIX 4

There are a number of examples of Councils in Scotland using PB as a process to help them respond to complex local issues. Some of these are detailed below:

Dundee Decides 2018

Dundee City Council allocated £1.2m of the Council's capital budget through PB. Each of the electoral wards were allocated a total of £150,000 to 'spend' on infrastructure improvements. Around 11k voters decided on particular projects from improved street lighting in some areas to dropped pavements play park improvements and tree-planting. Some areas also voted for feasibility studies to be done to improve walkways.

Western Isles Transport

Here there was an allocation of £500,000 from the transport budget decided through PB. Following consultation with communities around existing provision, the results were passed to bus service providers to inform the tendering process. Tenders were then assessed and awarded by resident groups. The Council has stated that the process demonstrated that residents are perfectly capable of engaging with complex information and coming to reasoned decisions. The Council is now looking at particular areas in can include PB.

Your Stirling You Decide

Stirling Council allocates £100k to each of its wards as part of its PB process, 'Your Stirling, you decide' and this year, budget was allocated for projects to improve infrastructure and the local environment. It has designed its process around the idea of 'budget delegates' who are community members. Members of the public submit ideas, and these are turned into projects by a project team and budget delegates. These projects were then put out to the public vote.

Report To	Policy and Resources Committee	Date:	4 February 2020
Report By:	Head of Organisational Development, Policy and Communications	Report No:	HR/01/20/SMcN
Contact Officer:	Alex Hughes	Contact No:	712014
Subject:	People and Organisational Development Strategy 2020-2023		

1.0 PURPOSE

- 1.1 The purpose of this report is to update Members on the delivery of the existing Organisational Development Strategy 2017-2020 and seek approval of the 4th edition of the People and Organisational Development Strategy for 2020-2023.

2.0 SUMMARY

- 2.1 The Organisational Development Strategy 2017-2020 has continued to make considerable progress Council wide and Section 5 of this report outlines some of the key achievements over the past three years. Looking forward, the period 2020-2023 will continue to be challenging for the Council and it is therefore more important than ever to ensure that we have a strategy in place which ensures our employees will be motivated, sufficiently trained, qualified and experienced to deliver quality services which meet current and anticipated service needs.
- 2.2 The 2020-2023 strategy has been developed in consultation with all services and reflects the key objectives within the Corporate Plan and Corporate Directorate Improvement Plans. Stakeholder engagement has included workshops with the Extended Corporate Management Team, Heads of Educational Establishments and feedback from Senior Managers at a recent Leadership Development event. Consultation on the development of this strategy has also taken place with the Trades Unions, the Workforce Planning and Development Group which has representation from all Directorates and the Women's and Staff Disability Forums. The feedback from the recent Employee Opinion Survey has also been taken into account in the development of this strategy.
- 2.3 The key themes of the strategy have also been reviewed and views sought in terms of their continued relevance to the challenges ahead. The overall feedback is that the existing themes continue to be appropriate going forward. The proposed key themes of the People and Organisational Development Strategy 2020-2023 are:

1. *Organisational Development (Planning for the Future)*
2. *Employee Skills Development, Leadership, Succession Planning (Employees our most Valuable Resource)*
3. *Employer of Choice (Continuous Improvement)*
4. *Fairness & Equality (Promoting Equality, Dignity & Respect)*

The Best Value Audit report in 2017 recognised the good workforce planning activity taking place across the Council and the aim is to continue this work into 2020 and beyond.

- 2.4 The themes are designed to continue with the objectives of having a skilled, motivated, flexible and diverse workforce, aiming to develop a modern, innovative organisation which will develop and sustain a positive and recognisable Inverclyde Council culture. Each theme will be supported by a range of work streams.

2.5 Delivery of the actions associated with the proposed strategy will be taken forward in consultation with the Trades Unions and the workforce. The Corporate Workforce Planning and Development Group will have a key role in monitoring and ensuring a consistent implementation of the strategy across the Council.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee:

- a) notes the progress made in the delivery of the Council's Organisational Development Strategy 2017-2020;
- b) approves the People and Organisational Development Strategy 2020-2023 attached at Appendix 1; and
- c) notes that following agreement the Council will start the process of communicating the key messages of the strategy to Council employees and managers to raise awareness.

Steven McNab
Head of Organisational Development,
Policy and Communications

4.0 BACKGROUND

- 4.1 Inverclyde Council formally introduced an Organisational Development Strategy in 2009, shortly after the successful introduction of Single Status. Since then the Council has continued to give Organisational Development (OD) a prominent role, placing a high value on OD activity. The 2009-2012 strategy was followed by our second and third OD strategies of 2013-2016 and 2017-2020 which continued to ensure that positive people management initiatives were supported, introduced and recognised as playing a valuable role in achieving high service delivery standards across the Council. The lifespan of our third organisational development strategy is about to end and this report seeks the approval of a refreshed and revised strategy for the period 2020-2023.
- 4.2 The People and Organisational Development Strategy 2020-2023 has been developed in consultation with all services and reflects the key objectives within the Corporate Plan and Corporate Directorate Improvement Plans. Stakeholder engagement has included workshops with the Extended Corporate Management Team, Heads of Educational Establishments and feedback from Senior Managers at a recent Leadership Development event. Consultation on the development of this strategy has also taken place with the Trades Unions, the Workforce Planning and Development Group which has representation from all Directorates and the Women's and Staff Disability Forums. The feedback from the recent Employee Opinion Survey has also been taken into account in the development of this strategy.
- 4.3 The key themes of the strategy have also been reviewed and views sought in terms of their continued relevance to the challenges ahead. The overall feedback is that the existing themes continue to be appropriate going forward. The proposed key themes of the People and Organisational Development Strategy 2020-2023 are:
1. *Organisational Development (Planning for the Future)*
 2. *Employee Skills Development, Leadership, Succession Planning (Employees our most Valuable Resource)*
 3. *Employer of Choice (Continuous Improvement)*
 4. *Fairness & Equality (Promoting Equality, Dignity & Respect)*
- 4.4 The themes are designed to continue with the objectives of having a skilled, motivated, flexible and diverse workforce, aiming to develop a modern, innovative organisation which will develop and sustain a positive and recognisable Inverclyde Council culture. Each theme once again is supported by a range of work streams.
- 4.5 The proposed People and Organisational Development Strategy 2020-2023 is attached at Appendix 1 for approval. Delivery of the actions associated with the proposed strategy will be taken forward in consultation with the Trades Unions and the workforce. The Corporate Workforce Planning and Development Group will have a key role in monitoring and ensuring a consistent implementation of the strategy across the Council.
- 4.6 The main purpose of the Council's People and Organisational Development strategy is to ensure that the Council can continue to deliver its core business and service objectives, with an engaged and motivated workforce, in a climate of financial and resource constraints. The Council has reduced its workforce as a direct result of the financial pressures it has faced. It is anticipated that the workforce will continue to decrease in many areas over the next three years but other areas like Early Years will see an increase in employee numbers.
- 4.7 The Council is pursuing an ambitious and wide ranging agenda through the recently refreshed and approved Corporate Plan and Corporate Directorate Improvement Plans (CDIP). One of the greatest challenges in the coming years is to continue to deliver high quality services to our customers in extremely challenging financial circumstances. The delivery of the objectives within our CDIPs will require the commitment and hard work of the Council's workforce.
- 4.8 In addition, the Council and its partners are operating in an environment dominated by a public sector reform agenda, involving anticipated changes in employment legislation such as the Good Work Plan as part of the Taylor Review and policy which directly affects the way the Council services are delivered in the future and will make new demands on the skills and

capabilities of our workforce. It is essential therefore that the People and Organisational Development strategy for the next three years responds to these challenges, equips its managers and workforce to enable the Council to continue to work corporately and effectively to deliver on its policy ambitions.

5.0 COMPLETION OF THE COUNCIL'S ORGANISATIONAL DEVELOPMENT STRATEGY 2017-2020

5.1 Key actions and priorities within the Council's Organisational Development Strategy 2017-2020 have been progressed. A summary of the key achievements and progress made over the past 3 years is noted below:

Theme 1: Organisational Development (Planning for the future)

- Performance Appraisal process established across the Council and is measured and reported through our key performance indicators (KPIs). In 2015/16 we reported 91% of our employees having gone through the performance appraisal process rising to 97% in 2017/18;
- The development of a British Sign Language Plan for the period 2018/24 which has been approved and now being implemented;
- To modernise and maximise the use of ICT in our people management and communication processes we developed a service workforce plan template for services to identify workforce gaps and develop actions, all services now have Succession Planning in place;
- With early years and child care provision almost doubling the size of the service by 2020 a detailed Workforce Plan was developed which included retraining existing staff in partnership with the local college;
- Workplace data reports for managers to better inform key workforce planning and development decisions and actions has fed into detailed workforce profiling of potential saving areas, assisting discussions at the Joint Budget Group;
- Partnership working opportunities have been explored and improved with our partners and we have establish closer links in relation to organisational development activity;
- To ensure the efficient management of change to ensure service models and structures are in place which address current budget reductions and service priorities, all service workforce plans are live documents and monitored by the Corporate Workforce Planning Group;
- Employee attendance levels have improved through the implementation of the new Supporting Employee Attendance policy and procedure;
- Continued to work in partnership with the trades unions to identify and address the challenges ahead;
- The composition and operation of the Local Negotiating Committee for Teaching Staff (LNCT) was revised. This effectively modernised the workings of the Committee making it more streamlined and effective;
- The National Recruitment Portal also known as 'My Job Scotland' had another refresh in 2019 and a new application form is being rolled out in January 2020;
- Employee implications of Brexit are considered in our Risk Register with risks being assessed on a regular basis in line with advice from government bodies; and
- A number of targeted voluntary severance trawls have been undertaken to support the implementation of budget savings.

Theme 2: Employee Skills Development, Leadership, Succession Planning (Employees our most valued resource)

- A number of learning and development programmes have been developed including GDPR training which supports employees to deliver service and Council objectives;
- Reviewing our core competency framework for employees, managers and chief officers linked to the Council's priorities and objectives;
- Introduced in partnership with 5 partners a Cross Organisational Mentoring Programme in November 2018 which runs for a year which will be reviewed early 2020;

- Continued to arrange Leadership Development Events for senior managers across the Council. A recent event was organised with the Improvement Service covering Data & Business Intelligence, Employee Survey and Leading Change;
- Continued to support employees with opportunities to attend accredited courses and attain accredited qualifications such as Chartered Management Institute courses and for staff to update their ICT skills on packages such as Word or Excel;
- Rollout of our Talent Management and Succession Planning programmes now embedded and renewed by services;
- Undertook employee training needs analysis as a key part of the performance appraisal process with managers and staff identifying training they require for their roles;
- Continued to promote and develop our eLearning courses and ensure their availability to all Council employees and replacing content with new micro-size courses;
- Increased employment and training opportunities in various occupational areas across the Council and its partners i.e. Modern Apprenticeships by connecting with Skills Development Scotland;
- Reviewed the core training and development matrix for managers to ensure courses undertaken are relevant to managers;
- We have accessed the Flexible Workforce Development Fund which is available to all employers who pay the apprentice levy. This was used to support training awareness of British Sign Language and other training requests via performance appraisal and service workforce plans to offer additional training opportunities for all staff;
- We have upgraded our E-Learning Platform to be responsive for mobiles and tablets etc. along with a new front end. In addition officers continue to work with Clyde Valley colleagues to explore other shared platforms to improve our e-learning package offer for employees;
- The Early Years workforce plan identified other work streams including Modern Apprentices, redeployment of staff (some already qualified) and working with employees to review/increase working hours where appropriate; and
- A new uplifting leadership course was developed and delivered aimed at those who are in or wish to take on leadership roles. The six workshops covered professional reading, leadership theory and change management.

Theme 3: Employer of Choice (Continuous Improvement)

- A new Recruitment Policy was further developed and implemented to ensure we attract and appoint the right people with the right skills;
- The Council's induction programme for new starts joining the Council was updated to reflect health and safety, working arrangements and practices and essential policies and procedures for staff to undertake their roles;
- Developed pathways for employees which support career progression and employee retention via performance appraisal and service succession plans;
- Maintained the Council's long term commitment to the health and wellbeing of employees by retaining the 'Healthy Working Lives' Gold Award, awarded jointly to Inverclyde Council and HSCP;
- Continued to introduce Modern & Innovative HR Policies which support more efficient ways of working including the introduction of an updated severe weather policy;
- The Council achieved a gold level award for the Defence Employer Recognition Scheme;
- Employees leaving the Council are asked to complete an exit survey. The data gathered is reviewed for reasons for leaving to support workforce planning and staff retention; and
- Improved employee engagement, communication and recognition arrangements by building on the encouraging results from the last employee opinion survey.

Theme 4: Fairness & Equality (Promoting Equality, Dignity and Respect)

- Fully implemented a review of the existing grading and pay structure which received a positive Equality Impact Assessment from an independent external expert;
- Fully implemented the 3rd Edition of the Scottish Councils Job Evaluation Scheme in partnership with the Trades Unions;
- We asked employees to update their equality information in 2018 and will do again in 2021. Approximately two thirds of our employees updated their information which assists the Council in equality monitoring and to ensure equality is embedded in all Council policies and procedures;
- Reviewed and strengthened the Council's commitment to Equal Opportunities by introducing a new equality and diversity policy to promote a positive work environment which protects employees from discrimination on the basis of protected characteristics i.e. race, disability, age, religion, gender etc.;
- Introduction of a new Respect at Work policy for our employees which reinforced the adoption of a zero tolerance approach to bullying, discrimination, harassment and victimisation;
- Analysed pay gaps for gender, disability and ethnicity as part of our mainstream report for the Equality Act to assist in identifying actions to reduce gaps;
- The Council has reviewed equality impact assessments process and ensured these are undertaken where necessary and embedded into Council reporting with managers receiving training;
- Delivered equality and diversity training to employees and managers including e-learning where appropriate;
- Continued to work with Trades Unions and partners to eliminate discrimination, advance equality and foster good relations;
- The Council received the Carers award at level 1 in recognition of existing good practice, policies and procedures in this area. We will continue to introduce initiatives which support our employees who are carers; and
- Inverclyde Council signed up to the highest level in the DWP Disability Confident scheme to support disabled people in employment. There are only 12 organisations in Scotland that have this level of award including two other Scottish Councils.

5.2 The success of Organisational Development Strategy 2017-20 can be put down to the appreciation from all stakeholders that while the OD/HR service are the guardians of positive people management initiatives it's every employee's responsibility to shape, follow and revitalise organisational development as we go. This will continue to be a key remit for the workforce planning and development group as well as the Corporate Management Team.

5.3 Evidence of this approach reaping rewards for the Council can be seen with reference to the encouraging results coming out of the recent Employee Opinion Survey and from our latest attendance management statistics with a positive downward trend.

6.0 PEOPLE AND ORGANISATIONAL DEVELOPMENT STRATEGY 2020-2023

6.1 The People and Organisational Development Strategy 2020-2023 is attached for approval and sets out a number of key workforce and organisational development priorities in the following areas:

- Organisational Development (Planning for the Future)
- Employee Skills Development, Leadership, Succession Planning (Employees our most Valuable Resource)
- Employer of Choice (Continuous Improvement)
- Fairness & Equality (*Promoting Equality, Dignity & Respect*)

Subject to Members' approval of the key themes proposed in the strategy, further work will be undertaken by officers on a detailed action plan with progress being reported to the Corporate Management Team and the Policy and Resources Committee on an annual basis.

7.0 PROPOSALS

7.1 It is proposed that the Policy and Resources Committee note the progress made in the delivery of the Council's Organisational Development Strategy 2017-2020 and approves the People and Organisational Development Strategy 2020-2023 attached at Appendix 1.

8.0 IMPLICATIONS

8.1 Finance

N/A

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

8.2 Legal

None - agreed themes and work streams will continue with due regard to legal requirements. Full consultation with Legal Services will be sought as required.

8.3 Human Resources

All Human Resources issues are included within the report.

8.4 Equalities

(a) Has an Equality Impact Assessment been carried out?

	YES
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

8.5 **Repopulation**

Theme three of the Strategy (Employer of Choice) is designed to encourage people to come and work and live in Inverclyde.

9.0 **CONSULTATIONS**

9.1 This strategy has been developed following consultation with the full Extended Corporate Management Team (ECMT); Trade Union colleagues, the Women's and Staff Disability Forums and employees via the recently conducted opinion survey.

10.0 **BACKGROUND PAPERS**

10.1 Appendix 1 People and Organisational Development Strategy 2020-2023

Organisational Development, Policy & Communications

Inverclyde Council People and Organisational Development Strategy 2020 - 2023

1 Introduction

- 1.1 This is the fourth Organisational Development Strategy and covers the period 2020 – 2023. It has been developed to meet the challenges that the Council will face over the next 3 years and aims to ensure that our workforce is positive, motivated, and well managed.
- 1.2 The 2020-2023 strategy has been developed in consultation with all services which has helped to provide a baseline assessment against the key objectives within the Corporate Plan and Corporate Directorate Improvement Plans. Stakeholder engagement has included workshops with the Extended Corporate Management Team, Heads of Educational Establishments, Service Managers and feedback from the recent Employee Opinion Survey. Consultation on the development of this strategy has also taken place with the Trade Unions, the Women's and Staff Disability Forums and the Workforce Planning and Development Group which has representation from all Directorates of the Council.
- 1.3 The People and Organisational Development Strategy is a key element in focussing on our key priorities and delivering our CDIP objectives. It recognises that in order to deliver on the Council's policy ambition in a climate of reducing resources, the Council will need a workforce that remains engaged and motivated. The Best Value Audit report in 2017 recognised the good workforce planning activity taking place across the Council and the aim is to continue this work into 2020 and beyond.
- 1.4 Recent estimates highlight a significant funding gap for the period 2020-2023 of £13.4 million. To address a funding gap of this scale requires a fundamental review of many of the Council's services and extensive consultation which is being progressed through the Council's Delivering Differently Transformation programme. The Council is committed to investing in and supporting staff through these changes with an integrated range of activities which consult, engage, inform and develop our staff to ensure we meet the challenges ahead.
- 1.5 The people who deliver public services in Inverclyde are at the heart of what we aim to achieve in our Corporate Plan. The expertise, energy and creativity of the workforce will be essential if we are to succeed in pursuing our ambitious and wide ranging agenda aimed at improving public services. Public sector spending constraints have placed substantial pressure on local public services, and it is important that all partner organisations work jointly to build multi-agency capacity, share ideas, promote learning and deliver results.
- 1.6 The People and Organisational Development Strategy 2020-2023 sets out a number of key workforce and organisational development priorities across the following four key themes:-
 - Organisational Development (Planning for the Future)
 - Employee Skills Development, Leadership, Succession Planning (Employees our most Valuable Resource)
 - Employer of Choice (Continuous Improvement)
 - Fairness & Equality (Promoting Equality, Dignity & Respect)

1.7 These themes will be supported by key HR Policies and an action plan which will be developed in consultation with services and Trade Unions to ensure it supports the delivery and achievement of key service priorities and outcomes.

2 Theme 1 – Organisational Development (Planning for the Future)

Outcomes – What we plan to achieve

Excellence in people & performance management and organisational design. To continue to identify current and future workforce challenges and solutions.

Actions – The key areas we will focus on over the next three years:-

- Continue to review our employee performance appraisal process with the aim of achieving a consistent approach across key employee groups by benchmarking other authorities. Review when appraisal training would be best required to fit service needs;
- Continue to modernise and maximise the use of ICT in our people management and communication processes;
- Further develop workplace data reports for managers to better inform key workforce planning and development decisions and actions by reviewing the effectiveness of the Workforce Information Analysis Report.
- Identifying future skill requirements and work with partners to address potential gaps;
- Explore partnership working opportunities with our partners and establish closer links in relation to organisational development activity;
- Ensuring the efficient management of change to ensure service models and structures are in place which address current budget reductions and service priorities;
- Maximising employee attendance through the implementation of policy and procedure focussing resources on priority areas;
- Review SEEMIS teaching supply system which is being removed and find a suitable replacement;
- Continue to work in partnership with the trade unions to identify and address the challenges ahead;
- Review the Corporate Management Team Vacancy Approval process to streamline process;
- The impact of Brexit will remain on our risk register and we will continue to support our employees who are EU nationals;
- Review the temporary / permanent contract ratio with better workforce plans to support recruitment and retention to attract candidates with skills and experience;
- Increase the use of Inverclyde Performs as a performance management tool;
- Review of internal HR processes to ensure we streamline employee equality and diversity;
- HR will keep up to date with relevant legislation such as the Good Work Plan as part of the Taylor Review.

2.1 This theme will focus on organisational arrangements, processes and policies which aim to maximise the performance of our people, ensure resources are deployed in the right areas and ensure efficient and effective structures are in place across the council.

- 2.2 As the Council continues to tackle legislative changes, public sector reform and financial constraints, there will be significant workforce challenges ahead which will affect how services are delivered in the future. These include health and social care integration, the Community Empowerment Act, welfare reform and the impact of 'Brexit' on local government. The Council is also committed to maximising the use of ICT which will change the way we do business across the council.
- 2.3 The Council will continue to investigate all creative, flexible and sustainable employment models. It is expected that further restructuring of services will be necessary in the future given the financial challenges ahead.
- 2.4 Effective HR policy development and implementation will play a key role in improving the performance of our people. For example supporting employee attendance is a major focus for the Council and will continue to be so in future years to ensure acceptable levels of service delivery and minimise the impact of absenteeism on other employees. In times of economic constraint, managing the costs of absence becomes even more important. Similarly good health and safety management arrangements must be in place across the Council.

Evaluation – How will we know we are succeeding:-

- Our employee performance appraisal process will be reviewed and implemented consistently across key employee groups (Chief Officers & Local Government Employees);
- Our HR & Communication processes will be reviewed to maximise the use of ICT resulting in our people management and communication processes being more streamlined and efficient;
- More effective workforce data will be made available to managers on a regular basis to better inform decision making;
- Better joint working arrangements with our partners will be achieved improving the delivery of organisational development initiatives;
- Target resources in areas with high absence rates and increase attendance levels;
- Monitor progress on work streams to achieve workforce compliance on 1140 early years expansion;
- We will have a replacement for the SEEMIS Supply Teachers booking system;
- We will have reviewed and streamlined the vacancy management process;
- We will have reviewed the temporary / permanent ratio of the workforce with better workforce plans to support recruitment and retention;
- We will have streamlined HR processes to embed equality and diversity;
- There will be an increase in usage of Inverclyde Performs;
- Continue to monitor Brexit position and support our employees who are EU nationals;
- Service models and structures will be in place which address current budget reductions and service priorities;
- Effective succession plans will be in place to ensure knowledge transfer and eliminate single point of dependency;
- Positive and effective relationships will be maintained with the Trade Unions.

3 Theme 2 – Employee Skills Development, Leadership, Succession Planning (Employees our most Valuable Resource)

Outcomes – What we plan to achieve

Ensuring our employees are sufficiently trained, qualified and experienced and our leaders are developed to lead, motivate and inspire to deliver quality services which meet service demands.

Actions – The key areas we will focus on over the next three years:-

- Developing learning and development programmes and opportunities which support employees to deliver service and council objectives;
- Reviewing our core competency framework for employees, managers and chief officers linked to the Councils priorities and objectives;
- Continue to arrange Leadership Development Events for senior managers across the Council
- Provide employees with access to relevant accredited qualifications such as Chartered Management Institute and for staff to update their ICT skills on packages such as Word or Excel;
- Rollout of our Talent Management and Succession Planning programmes now embedded and renewed by services;
- Continue to undertake employee training needs analysis as a key part of the performance appraisal process with managers and staff identifying training they require for their roles;
- Continuing to promote and develop our eLearning modules and ensure their availability to all council employees. The learning platform front end will be updated to a more modern design. Liaise with ICT on development of kiosks for staff without a computer to access e-courses;
- Aiming to increase employment and training opportunities in various occupational areas across the Council and its’ partners i.e. Modern Apprenticeships.
- Participate in and influence national workforce planning collaboration groups on issues such as skill shortages for specific groups such as Trading Standards and Building Control.
- Ensure we engage with employees to get their ideas and views around service delivery and improvement, (e.g. utilising the Improvement Services’ Public Sector Improvement Framework);
- Further develop the use of webinars as a training mechanism to replace some face to face training courses;
- Develop an internal coaching / mentoring programme for managers;
- Continue to work with services to identify their top five development needs from their service workforce plans.

3.1 The key to our success as a modern local authority will be heavily dependent on our capacity to match the skills and abilities of our workforce to meet the needs determined by our changing service demands.

3.2 This theme focuses on the development of our employees and improving leadership, management capacity and skills across the Council. Performance appraisal, talent management and succession planning will be critical if we are to continue to meet current and future demands of service users.

- 3.3 Modern Apprenticeships will continue to assist our young people finding a way into the world of work following school. A creative and innovative approach will ensure we continue to get the very best out of what we have.
- 3.4 Managers are regularly required to undertake new and challenging things, often with less time or resources than before. It is important that managers are able to receive the learning and development opportunities they need to be effective leaders who can motivate, inspire and empower staff to deliver what is required.
- 3.5 The Council will continue to work in partnership with the Clyde Valley Learning and Development Consortium and the wider public sector to research, develop and implement a range of shared and enhanced learning and development provisions benefitting all employees.

Evaluation – How will we know we are succeeding:-

- Suitable Learning and development programmes will be available and taken up by increased numbers of employees with evaluation of courses being improved;
- Our core competency framework for employees, managers and chief officers will be reviewed to ensure it continues to be fit for purpose and meets the Councils priorities and objectives;
- Employees will have opportunities to attend accredited courses and gain qualifications relevant to their role;
- Regular Leadership Development Events for senior managers will take place addressing key learning needs with positive feedback from participants;
- Employees will have individual development plans in place based on learning needs linked to service priorities,
- Access to our eLearning modules will be increased and more flexible leading to an increase in learning & development activity for our employees.
- Talent and succession plans will be embedded across all services;
- Employees will be better engaged regarding their ideas and views around service improvements;
- We will develop usage of webinars to replace some face to face training;
- An internal coaching/mentoring programme for managers will be developed;
- Each service of the Councils will identify their top five service development needs and actions to address these will be progressed;
- There will be increased employment and training opportunities in various occupational areas across the Council and its' partners for Modern Apprenticeships.

4 Theme 3 – Employer of Choice (Continuous Improvement)

Outcomes – What we plan to achieve

To enhance our reputation as an employer of choice and as a Local Leader on innovative and modern employment practices, attract future and retain existing employees by promoting Inverclyde Council as a great place to live and work.

Actions – The key areas we will focus on over the next three years:-

- Improve visibility of senior management team with employees;
- Develop pathways for employees which support career progression and employee retention;
- Demonstrate the Councils long term commitment to the health and wellbeing of employees by retaining the 'Healthy Working Lives' Gold Award;
- Continue to introduce Modern & Innovative HR Policies which support new, more efficient ways of working;
- Undertake a review our employee benefits package;
- Review the requirements to apply for level 2 of the Carers Award;
- Review and improve employee engagement, communication and recognition arrangements;
- Review a communication channel for all staff including non-pc users;
- Promote employee recognition schemes such as the Pride of Inverclyde Awards;
- Review our Conditions of Service with a focus on family friendly provisions which reflect best practice;
- Review exit survey arrangements;
- Renew Employee Volunteer Policy in HSCP;
- Develop use of recruitment fairs to attract and promote homecare staff and other groups where there are recruitment and retention difficulties;
- Ensure the Council are compliant with forthcoming changes as part of the UK Government's Good Work Plan (Taylor Review) such as contracts from day one.

4.1 Evidence of our success in the implementation of key organisational development initiatives can be seen with reference to the encouraging results coming out of the recent Employee Opinion Survey and from our latest attendance management statistic which follows a positive downward trend. The Council seeks to build on this success over the next three years.

Evaluation – How will we know we are succeeding:-

- Inverclyde will be recognised as a good employer, locally, regionally and nationally;
- Key skills, experience and knowledge will be retained by improving employee retention;
- Employees will be engaged, motivated and this will be reflected in the results of our next employee opinion survey;
- New starts joining Inverclyde will feel more positive and better equipped to undertake their role by going through our refreshed induction programme and have met their senior managers;
- The Council will retain the 'Healthy Working Lives' Gold Award demonstrating our long term commitment to the health and wellbeing of employees;
- A range of Modern & Innovative HR Policies will be reviewed and implemented which support new, more efficient ways of working;
- We will have reviewed our benefits to staff;

- Employee recognition events will be promoted e.g. Pride of Inverclyde scheme;
- We will review our Family Friendly provisions;
- Maintain our exit surveys;
- Further develop volunteering access;
- Ensure the Council is compliant with employment legislative changes;
- We will have scoped requirements to achieve level 2 of the Carers Award;
- We will have efficient internal communications that reach all employees;
- Staff engagement is improved and their feedback is used to support further improvement.

5 Theme 4 – Fairness & Equality (Promoting Equality, Dignity & Respect)

Outcomes – What we plan to achieve

Continue to work with our community partners to promote equality, dignity and respect and ensure our employees, customers and partners are treated fairly and with respect at all times. Ensure equality requirements are met through our grading and pay model and job evaluation processes.

Actions – The key areas we will focus on over the next three years:-

- Take steps to further gather and improve equality data held on the composition of the workforce;
- Review and strengthen the Councils Equal Opportunities policy demonstrating the Councils commitment to fairness and equality;
- Develop how we advertise posts on the recruitment portal to attract the best candidates;
- Ensure full equality impact assessments are undertaken where necessary;
- Deliver equality and diversity training to employees and managers including eLearning where appropriate;
- Analyse pay gaps for gender, disability and ethnicity as part of our mainstream report for the Equality Act to assist in identifying actions to reduce gaps;
- Aiming to increase employment and training opportunities in various occupational areas across the Council and its' partners. This will include support for looked After Children.
- Continue to maintain Disability Confident Leader status and promote and support other organisations within Inverclyde to achieve this status;
- Further develop the new Staff Disability Forum to all employees;
- Continue to work with our community partners to promote equality, dignity and respect and ensure our employees, customers and partners are treated fairly and with respect at all times as part of the Community Empowerment Act 2015;
- Support staff with serious illness (e.g breast cancer) with paid time to attend a programmes providing information, support and professional guidance;
- Work with Trade Unions and partners to eliminate discrimination, advance equality and foster good relations;
- Continue to develop our British Sign Language Action plan by signing up to the video relay service (contactSCOTLAND-BSL) to allow deaf customers to contact us.

- 5.1 Equality and Diversity issues continue to be a high priority for the Council so all employees, customers and partners are treated fairly and with respect at all times. It is essential, during any period of significant change, that we maintain a focus on our commitments and have processes in place to meet our responsibilities and to monitor the impact on our staff and our workforce profile.
- 5.2 Specific Equality and Diversity training is available to all employees of the Council. Equality and Diversity is also mainstreamed throughout the Council's learning and development programmes.
- 5.3 Equality is embedded in all Council policies and procedures. The Council will continue to ensure that following the introduction of equality legislation, relevant policies, processes and training will be reviewed and amended to ensure compliance.

Evaluation – How will we know we are succeeding:-

- We will increase the equality data held on the composition of the workforce;
- We will analyse pay gaps for gender, disability and ethnicity as part of our mainstream report for the Equality Act to assist in identifying actions to reduce gaps.
- Full equality impact assessments will be undertaken and published where necessary;
- Training and development programme will be evaluated and in place to raise awareness and address equality issues effectively;
- We will have improved how we advertise posts on the recruitment portal;
- We will have reviewed employment and training opportunities for Looked After Children;
- The Staff Disability Forum will have its own web presence to connect to staff and have a closer connection to the Corporate Equality Group;
- The council with its public sector bodies will collaborate better with the third sectors and work effectively with people living across the localities to enable empowerment.
- We will have signed up to the contactSCOTLAND-BSL video relay service;
- There will be evidence of positive partnership working with the Trade Unions and other partners to eliminate discrimination, advance equality and foster good relations.

6. Progress Review

- 6.1 The four key themes within the People and Organisational Development Strategy demonstrate the council's continued commitment to investing in and supporting employees with a range of activities which consult, inform and develop individuals and teams to meet the anticipated challenges of the next three years.
- 6.2 It is important that senior managers are accountable and take responsibility for the implementation of key actions which will be developed from this strategy. The strategy and the underpinning action plan will both be live documents subject to regular review to ensure that the most important actions are addressed. Adjustments may be made in response to changing service delivery priorities and/or external pressures.

- 6.3 The Councils Workforce Planning & Development group will contribute to the development and monitoring of the key components and actions of the plan. It will ensure greater awareness of specific initiatives and plans and also inform policy development. Progress reports will also be brought to the Corporate Management Team.

Report To:	Policy & Resources Committee	Date:	4 February 2020
Report By:	Corporate Director Environment, Regeneration & Resources	Report No:	LP/010/20
Contact Officer:	Rona McGhee	Contact No:	01475 712113
Subject:	Kilmacolm Self Build – Leperstone Avenue Remit from Environment & Regeneration Committee		

1.0 PURPOSE

1.1 The purpose of this report is to request the Committee to consider a remit from the Environment & Regeneration Committee relative to the self build project at Leperstone Avenue, Kilmacolm.

2.0 SUMMARY

2.1 The Environment & Regeneration Committee at its meeting on 16 January 2020 considered a report by the Corporate Director Environment, Regeneration & Resources (1) seeking approval to vary the conditions associated with the self build project at Leperstone Avenue, Kilmacolm in order to stimulate development with the site; and (2) to settle any funds due to Riverside Inverclyde for their involvement in the project and to remit the decision to the Policy & Resources Committee for the use of the Capital Fund.

2.2 A copy of the report to the Environment & Regeneration Committee is attached as Appendix 1. The Head of Regeneration & Planning advised the Committee that the project sought to create seven self build plots and, accordingly, at paragraph 2.1 the word “six” should read “seven” and, consequently, at paragraph 2.2 the word “five” should read “six”.

2.3 The Environment & Regeneration Committee decided:

(1) to remove the requirement for purchasers of the self build plots at Leperstone Avenue, Kilmacolm to be from outwith Inverclyde and to reduce the period of residence to three years; and

(2) to settle any funds due to Riverside Inverclyde for their involvement in the project and to remit the decision to the Policy & Resources Committee for the use of the Capital Fund.

3.0 RECOMMENDATION

3.1 The Committee is asked to consider the remit from the Environment & Regeneration Committee.

**Report To: Environment and Regeneration
Committee**

Date: 16 January 2020

**Report By: Corporate Director, Environment,
Regeneration and Resources**

Report No: E&R/20/01/04/SJ

Contact Officer: Stuart Jamieson

Contact No: 01475 712402

Subject: Kilmacolm Self Build – Leperstone Avenue

1.0 PURPOSE

1.1 The purpose of this report is to seek Committee approval to vary the conditions associated with the self build project at Leperstone Avenue, Kilmacolm.

2.0 SUMMARY

2.1 In 2014 Riverside Inverclyde, acting as the Council's agent, commenced the Leperstone Avenue Self Build project. The project sought to create six self-build plots under a repopulation agenda. The plots were restricted in sale for families moving into, and staying within, the area.

2.2 To date only one of the plots has been developed, and despite a number of marketing initiatives, there is no current interest in the remaining five plots.

2.3 In order to stimulate interest in development with the site it is proposed to lift the condition which requires the purchaser to provide evidence of moving into the area for the first time, and to reduce the timescale for the end user to occupy the premises to three years.

2.4 Following the recent structural changes in Riverside Inverclyde, it is further proposed to settle any funds due to Riverside Inverclyde for their involvement in the project and for the project to be managed directly within the Environment, Regeneration and Resources Directorate.

3.0 RECOMMENDATIONS

3.1 It is recommended that Committee agrees to:-

- A) remove the requirement for purchasers of the self build plots at Leperstone Avenue to be from outwith Inverclyde and reduce the period of residence to three years; and
- B) settle any monies outstanding to Riverside Inverclyde for their involvement in the project and to remit the decision to the Policy and Resources for the use of the Capital Fund.

**Scott Allan, Corporate Director
Environment, Regeneration and Resources**

4.0 BACKGROUND

- 4.1 In 2014 the Council undertook an initiative to develop self build plots at the surplus site in Leperstone Avenue, Kilmacolm. The project, undertaken by Riverside Inverclyde, received support from a repopulation programme.
- 4.2 The basis of the project was to create fully serviced platforms for a number of self build plots varying in size from just over 400m² to just under 800m².
- 4.3 A number of incentives were offered on the plots however a burden placed on the sale was that the developer of the plot had to come from outwith the Inverclyde boundary.
- 4.4 Despite a number of marketing initiatives, to date only one site has been developed.
- 4.5 Officers now consider it appropriate to remove the boundary burden in order to fully build out the development, which will continue to support our repopulation agenda. It is further recommended that the requirement for the end user to remain in residence for five years should be reduced to three years.
- 4.6 Whilst RI acted as the Council's agent on the project, any financial risk remained with the Council. It is therefore proposed that the existing financial liability which RI currently holds be met by the Council Capital Fund and that any income derived from any future sales would then be allocated to the Council.

5.0 IMPLICATIONS

Finance

- 5.1 The financial implications associated with this report are set out below

Financial implications

One-off Costs

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
n/a	Capital Fund	2019/20	300	n/a	n/a
	Capital Fund	2020/22	(TBA)		

Annually recurring costs/(savings)

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
n/a	n/a	n/a	n/a	n/a	n/a

Legal

- 5.2 The primary relocation burden should be removed along with amendments to the occupancy duration.

Human Resources

- 5.3 There are no personnel issues associated with this report.

Equalities and diversity

5.4 There are no equality issues associated with this report.

Repopulation

5.5 The report supports our repopulation agenda.

6.0 CONSULTATIONS

6.1 Appropriate consultation has been undertaken with Legal and Property and Finance.

7.0 LIST OF BACKGROUND PAPERS

7.1 None.